



ASX MARKET RELEASE

Buddy Technologies Limited – March Quarterly 4C Review (Q3FY20)

30 April 2020 – Adelaide, South Australia

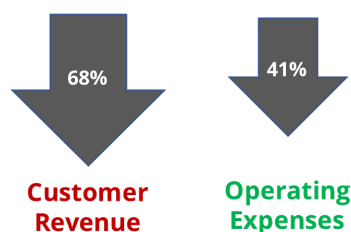
Buddy Technologies Limited (ASX:BUD) (“Buddy” or the “Company”), a leader in IoT and cloud-based solutions for making spaces smarter, has today released its Quarterly Appendix 4C filing for the March 2020 quarter (Q3FY20).

SUMMARY

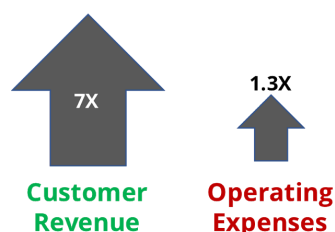
- **Customer revenues: A\$4.3 million** for the quarter (up 7x over the prior year due to the LIFX acquisition and down 68% from the prior quarter)
 - Based on data available, management estimates up to A\$2.4 million in decreased revenues due to the COVID-19 pandemic
- **Customer cash receipts: A\$8.3 million** for the quarter (up 17x over the prior year due to the LIFX acquisition and down 21% from the prior quarter)
- **Cash burned in quarter*: A\$340k** for the quarter (an 89% improvement over the prior year and a 90% improvement over the prior quarter)
- **Adjusted EBITDA: negative A\$4.4 million** for the quarter compared to negative A\$1.4 million last quarter and negative A\$3.2 million for the year-ago quarter
- **Cash on hand** at 31 March 2020 totalled A\$940k, trade receivables totalled A\$4.0 million and inventories totalled A\$6.6 million
 - As at 31 March 2020, the company had utilized A\$398k of its trade finance facility and A\$1.4 million of its inventory finance facility
- **Estimated quarters of funding available**: 7**
 - Cash on hand: A\$940k
 - Unused finance facilities available: A\$2.25 million
 - Total available funding: A\$3.2 million (excluding trade receivables)
 - Net cash used in operating activities: A\$445k

QUICK LOOK

Quarter over Quarter



Year over Year



* Cash burned in quarter is equal to item 1.1 in the Appendix 4C report less the amounts listed under item 1.2 in the Appendix 4C report.

** This is a new line item in the Appendix 4C. It is calculated by taking our total available funding (A\$3.2m) and dividing it by net cash used in operating activities (A\$445k) = 7. It does not consider trade receivables.

Q3 FY2020 FINANCIALS

This quarter's results were significantly impacted by the COVID-19 pandemic with nearly all LIFX's U.S. and European bricks & mortar retail locations ultimately closing, so accordingly the Company recorded substantially reduced revenues and EBITDA. Notwithstanding this, cash receipts were strong and cash burn was very low.

When comparing FYQ3 results to the prior FYQ2, a significant drop in revenue is expected. FYQ2 each year is historically the highest revenue quarter per year (due to the heavy weighting of consumer sales in the holiday quarter) and therefore a meaningful decline in revenues from the prior quarter is expected. Additionally, after acquiring LIFX, we made a significant strategic change to LIFX's prior policy of maximising the number of lights sold (at the expense of margin, and profitability) to maximising the number of lights sold profitably (maximising margin at the expense of unit volume).

However, the impact of COVID-19 is an outsized and clearly very important contributing factor that warrants some detailed discussion.

COVID-19 IMPACT

It is impossible to discuss the performance of the business this quarter without noting the global black swan event that is COVID-19 and the resulting economic and social impact that it has had and is having. In Q3 FY20, LIFX's gross sales were down 42.5% year-on-year, while our average selling price was up 5.7% year on year with prices in general at similar or slightly lower levels than last year (indicating that the mix of products sold has changed in favour of more expensive product - more on that below). Our cost of product (bill of materials, or "BOM" costs) was down across many of our SKUs and so ordinarily, selling higher priced products at lower cost is great news. However, retailers that closed their bricks and mortar locations were unable to shift that buying volume to online fast enough, and many retailers slowed their ordering cadence in anticipation of extended shutdowns.

Best Buy in the U.S. - our largest retail channel - closed every one of their 1,000+ stores nationwide (offering only online delivery or curbside pickup) and Amazon - our next largest retail channel - ceased offering same, next or "soon"-day deliveries in favour of prioritising groceries, cleaning supplies and emergency/medical products (some customers reported orders of LIFX lights on Amazon taking 4+ weeks to deliver). In short, consumers bought substantially fewer lights, retailers made substantially fewer orders for replenishment stock and the Company recorded substantially lower revenues accordingly. Based on the data available, our estimates are that the COVID-19 pandemic has decreased revenues by up to A\$2.4 million this quarter.

However, signs are now evident that the back half of this quarter was a "COVID-shock" situation, with much better preliminary results coming in for April. While most retail locations remain closed or limited in customer capacity, online sales picked up significantly through April. The month of April has been LIFX's Australian website's best performing non-holiday sales month ever. In the UK, one major retail channel is actually reporting greater online sales for April than they've ever had with their bricks and mortar business before the pandemic. Amazon is now largely back to shipping on a regular schedule, and Amazon UK (one of the hardest hit regions) is back to reporting "normal" sales volumes, after dropping 79% during the worst affected week.

Even with the pandemic, the Company delivered year-over-year growth of 7x while only growing expenses 1.3x. This means that the entire business, prior to the COVID-19 related cuts to expenditure, was running at only 1.3x more than the cost of running just the Buddy Ohm business a year ago - and that includes the cost of goods sold in the LIFX business. This underscores the considerable efforts made to streamline the businesses in the wake of the LIFX acquisition and the re-organisation of the Commercial Division a year ago in April 2019.

Towards the end of the quarter (refer ASX announcement dated 27 March 2020), when the impact of the pandemic became clearer, the Company immediately and aggressively responded by cutting costs across the board - including salaries and operational expenditure. 100% of the cuts in payroll expenses were volunteered across the business. This is an extraordinary outcome, and speaks to the confidence and optimism that the Buddy team is maintaining during the pandemic. Our thanks to the entire Buddy team for their contribution here, and every day.

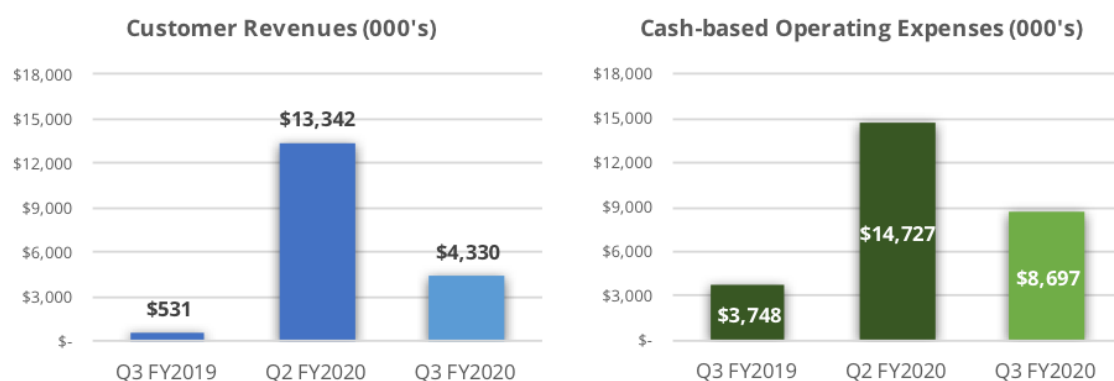
Buddy has applied for a variety of government subsidies in each jurisdiction in which it operates (refer ASX announcement dated 30 April 2020). On 23 April 2020, the Company announced having received the first of these subsidies in the amount of A\$660k.

Given it is too soon to suggest that the impact of the pandemic is over, or that we even have an end in sight, we can reasonably expect that there will continue to be disruptions to the business on account of the pandemic in the coming quarter. While early results that we're seeing for April are encouraging, looking forward, management and the Board are continuing to take a reserved and careful approach.

To that end, the combination of significant further cuts to expenditure (enacted in April), the maintenance of strong margins on product sold, an elevation of the average selling price in the sales mix, and the coming release of the new LIFX White low-cost light (amongst other new products) are all causes for optimism in the consumer business. The long contract term basis of many of our SaaS commercial contracts is also a positive, as was the recent renewal of the Company's relationship with Airstream on still-profitable terms and the coming release of LIFX Switch.

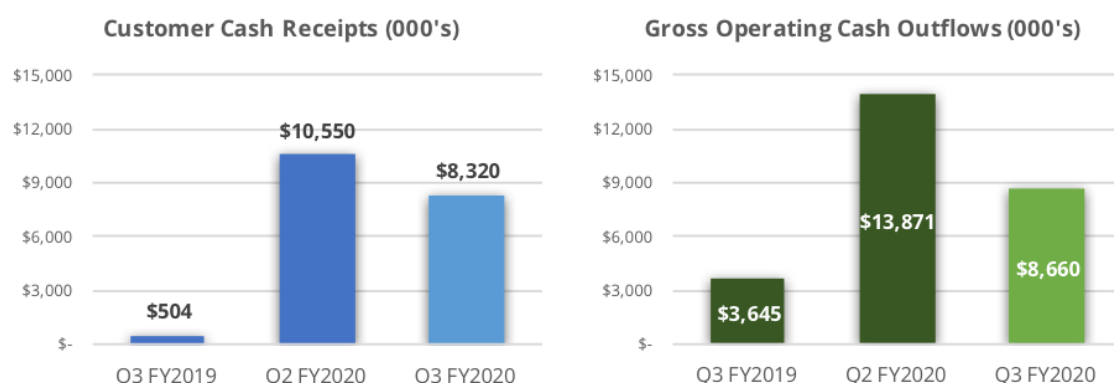
Between the Company's sales, access to government subsidies, effects from reductions in expenditure, access to finance facilities and projected growth from new products like LIFX White into the second half of the calendar year, management and the Board are quietly confident that Buddy can emerge from this crisis well-positioned.

Customer Revenues and Cash-based Operating Expenses



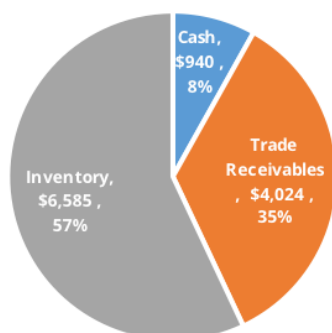
Note: Cash-based operating expenses exclude any non-recurring items such as acquisition-related costs, restructuring costs, costs relating to finance facilities and any share-based expenses. Gross operating cash outflows are the amounts listed under item 1.2 in the Appendix 4C report.

Customer Cash Receipts and Gross Operating Cash Outflows

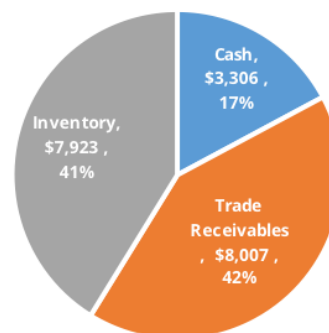


Cash Position and Current Assets

Q3 FY2020 Current Assets (000's) = \$12 million



Q2 FY2020 Current Assets (000's) = \$19 million



As of 31 March 2020, the company had current assets (excluding prepaids and similar current assets) of A\$12 million and had only utilized A\$400k of its A\$20 million trade finance facility and A\$1.4 million of its US\$6.0 million inventory finance facility. Current assets decreased by A\$7 million from last quarter due to the seasonal nature of the business. Neither financing facility was fully drawn at the end of either quarter.

OPERATIONAL COMMENTARY

OVERVIEW

Standing here at the end of April, few of us could have imagined the changes in the world that have occurred in the past few months. Our business, like so many others, has been deeply impacted by the onset of global shutdowns, both in terms of retail locations closing their doors and consumers being forced to stay home. We are seeing an accelerated shift to online commerce, from both consumer buying patterns and bricks and mortar retailers urgently shifting resources to their online portals. However, this shift didn't happen overnight and so this quarter's results reflects the beginnings of that online upside (which, however, has become truly evident in April - more details below).

Earlier this year, the Board assented to an eight goal plan for the business in 2020 (refer to the Investor Webinar dated 11 February 2020). Successful execution of this plan over the full course of 2020 would prime the business for significant success in the coming years, and it was against this plan that budgets and management forecasts were developed.

Full details on the plan can be found in the aforementioned Investor Webinar, but in short the “Big Eight” goals are:

1. **Grow LIFX scale** via development of a low-cost, high quality entry point light
2. **Rebalance existing LIFX SKUs** (adjust price, market presentation, remove poorly performing SKUs, etc...)
3. **Enforce profitability** at loss-making U.S. retailers (renegotiate arrangements)
4. **Expand product offerings** with new, high volume, profitable lights
5. **Expand in EMEA** rapidly and profitably
6. **Win additional commercial licensing deals**
7. **Launch & grow LIFX Switch**, including bundles with LIFX and non-LIFX products
8. **Land outstanding major deals** in the pipeline - such as the Asian telco deal, the (2nd half of 2020) U.S. utility deal, and others not disclosed.

Goals #1 through #5 are consumer division goals, while goals #6, #7 and #8 are commercial division goals. We are being extremely disciplined in 2020 to ensure that everything we do in the business drives at least one of these goals closer to completion. While COVID-19 has necessarily had a big impact on our business, it has not changed these goals, which are in effect the lens through which we operate the business.

With that lens in place, let’s review each of our two divisions in more detail.

COMMERCIAL DIVISION UPDATE

The Company’s commercial business continues to be profitable on a stand-alone basis, and has been impacted much less than the consumer business by the COVID-19 pandemic. While acquiring new commercial customers during the pandemic is especially difficult (but not impossible, and deals that we were working on before remain in play), the vast majority of our recurring revenue has continued through the crisis (a decline of nearly 6% in recurring revenues on last quarter is attributable to a mix of COVID-19 and some Buddy Ohm cancellations in Latin America). That said, the commercial business has grown 20% on the year-ago quarter (on a fraction of the team size of a year ago), and while this remains a much smaller business than the consumer business is today, there’s a lot of activity in this team.

In a nod to Big Eight goal #7, LIFX Switch continues to progress although it too has been impacted by COVID-19, with the result being delays in delivery of units to customers. The first production batch will be delivered to customers in the next 4-6 weeks and based on additional customer pre-sales, subsequent manufacturing orders have been placed. Retailer interest in stocking LIFX Switch has been strong - with at least one major consumer electronics retailer in Australia expected to soon place purchase orders (POs) for stock to support national distribution of the product. Given that the market for this product was expected to be through trade channels, capturing the interest of mainstream retail is a big win.

Next, the commercial licensing side of the business is operating at full capacity, which is a function of Big Eight goal #6. The DIYBlinds project remains on schedule at the current juncture, however we do anticipate some level of COVID-19 related disruption in the project. We are highly motivated to see this project reach commercialisation as soon as possible, given that the license fees on each DIYBlinds’ product sold are anticipated to be the source of the vast majority of revenues from this project. Commercialisation is expected in the second half of 2020.

We were very pleased to announce a renewal of Buddy’s relationship with Airstream earlier this week (refer to the ASX announcement dated 27 April 2020). This relationship remains a jewel in the Buddy crown, and a source of real pride for those of the Buddy team working on this project. We are especially grateful to Airstream for elevating this project in the midst of their efforts to manage costs during the pandemic. We believe this highlights how important our Buddy Ohm Cloud-powered functionality is to the Airstream customer experience and buy decision.

In reference to Big Eight goal #8, we continue to seek to close a major commercial deal. Investors will recall a cleansing disclosure last year that revealed an imminent Buddy Ohm customer deal with an Asian-based telecommunications company. While clearly the current timeframe falls beyond "imminent", throughout the entire period we have remained in very close contact with the telco as we progress the arrangement. Buddy personnel maintain close engagement with senior management at the telco and related organisations and report their continued intention to close a deal. The COVID-19 pandemic has impacted the home country of the telco in a very severe fashion, and due to internal restructuring at the telco, a closing timeline is unclear. While the parties continue to remain in regular contact, the pandemic means we simply cannot offer guidance on when or if this deal might close. We will update the market on this and other material transactions by way of ASX announcements.

CONSUMER DIVISION UPDATE

The consumer business at Buddy - also known as the LIFX business - has made some significant strides forward this quarter, which will set the business up for success later this year (despite the impact of COVID-19 this quarter).

EUROPE

First of all, let's turn to Europe, where the region has its own Big Eight goal. Europe is going to be a very important market for LIFX in 2020, and is already showing why. Consider:

- LIFX's European business grew 2.5x over 2018 to be nearly a A\$5 million business in 2019 (which included the Nordics, the U.K., France, Germany, Italy, The Netherlands and Spain)
- U.K. sales were up approx. 3x year-on-year in Q3, anchored by strong performance at Curry's PC World, the #1 consumer electronics retailer in the U.K.
- E.U. sales were up 4x year-on-year in Q3, driven largely by the introduction of new retailers and territories in all the non-Nordic countries listed above
- Europe's pandemic shutdown was generally quick and decisive, leading to a rapid decline in infections which may permit retail store reopenings earlier
- Notwithstanding the above, European retail transitioned to online much faster than the U.S., leading to (mostly) minimal impact in end customer sell-through
- We launched with our first major telecom operator in Europe (Three Austria), and have concluded smaller pilots with Vodafone and Telefonica in other regions (expansion expected in Q4 and Q1FY21)
- We launched into the German do-it-yourself/hardware retail channel with Bauhaus, one of the top DIY and homewares suppliers in Germany
- We launched into our first major loyalty channel, with Payback Germany which sits within the American Express Group of companies (NYSE:AXP)

Our present inventory position is strong in Europe, and we are engaged in bundle partnerships with major international customers such as Google (we are running a Google Nest Mini + LIFX Mini White bundle at Curry's PC World right now, which is selling very well). Despite the catastrophic impact the pandemic has had on countries like the U.K. and Italy, the European business is strong, growing and at the present time, showing no signs of softening.

AUSTRALIA

Turning to Australia, where the pandemic has certainly had an impact on LIFX domestic sales, but one that is showing signs of reversing in April. The Company's two largest retail channels in Australia - Bunnings and J.B. Hi-Fi, both are performing well, with Bunnings seemingly unaffected by the pandemic. J.B. Hi-Fi stores were not closed down, but did exercise social distancing with limited numbers of people in stores at any given time.

Some localised trends are apparent in Australia - firstly, retail sell-through performance for LIFX has formed somewhat of a "V" shape with mid-late April, with sales now actually outperforming the weeks prior to the COVID-19 pandemic truly reaching Australia. To that end, the third week of April appears to have been the Company's best week of sales in Australia year-to-date, falling less than 10% short of a peak Christmas week. LIFX.com.au -

the Company's online direct to consumer sales website - has had one of its best months of sales ever. In all cases, the LIFX Z Strip (and variants such as extensions and Z TV) are leading the charge - with consumers who are spending extended periods of time working from home, seeking to enhance their TV or computer monitor setup.

The Australian LIFX business is back to being a profit centre (as a standalone business), and with attractive bundles, 2-packs and refurbished product offers on LIFX.com.au, we expect to see continued growth and strong performance in the Company's home market.

UNITED STATES & CANADA

Finally, we turn to the North American business - which historically has been the largest source of revenue for the business, but at very significant financial cost. This remains ever true this quarter, since quite simply - the U.S. retail environment hasn't pivoted to online like Europe and Australia have, nor have consumers' buying behaviours reflected those of Europe and Australia. To this end sales are meaningfully down in the quarter (approximately 50%), even if they are returning upwards in April.

There may be many reasons for such a meaningful downturn in sales - certainly the social safety nets that exist in Europe and Australia mean that social distancing and working from home may be less of a financial strain on consumers. In Australia and Europe, the online retail space is not dominated by Amazon (or at least, not nearly as much as in the U.S.) and of course, Amazon has been focused primarily on delivering food, emergency supplies and cleaning products since the advent of the pandemic. Finally, the major bricks and mortar retail channels have acted quickly to offer online ordering and curbside pickup, but unlike in Europe where legacy bricks & mortar revenues have been more than 100% replaced by online sales (in other words, online sales are exceeding now what bricks and mortar sales were, pre-pandemic), that replacement figure is still comparatively low.

There are signs however, that indicate movement in the right direction. Retail sell-through was down approximately 50%, however online/dotcom sell-through is up 70% in only a few weeks. While this is a positive indicator, Amazon aside, the U.S. is very heavily dominated by bricks & mortar sales, meaning that online is coming from a ways behind. While Amazon had prioritised essential orders due to COVID-19, during the last week the Company was in receipt of our highest replenishment POs from Amazon for the year, coinciding with Amazon sell-through last week being the highest all calendar year. These are strong indicators that we are back on the upward swing with Amazon US. To further bolster these numbers, the Company is working with Amazon to bundle their Echo (Alexa) devices with our lights. Currently there is an Echo + LIFX Mini White bundle on offer, and as is consistently the case, this offer is performing very well.

In Canada, our largest retail partner is Best Buy Canada. We can report that their move to drive online traffic and curbside pickup is getting strong traction, and like nearly every region of the world right now, our new top selling products in Canada are LIFX Z Strips and LIFX Beam.

Right at the very end of the quarter, the Company announced its biggest ever set of purchase orders - totaling A\$3.8m just for LIFX White. This was effectively a first "stocking order" for the product, and as with all LIFX products, retailers need to keep ordering on a consistent basis to ensure that they can maintain stock levels, making it likely that this SKU (with its expected reorder volumes and cadence) becomes the highest revenue product in the Company's portfolio. It should be noted that this A\$3.8m order was only to satisfy North American demand, and so subsequent first stocking orders for EU and Australia are expected in due course. It was initially envisaged that purchase orders for LIFX White would be accepted on an upfront payment basis, however that will no longer be the case (ie: payment terms for retailers will be consistent with all LIFX products), and was not the case for this set of POs. Accordingly, this revenue will be recognised either at the very end of Q4 or early Q1 (or a mix), depending on delivery schedules.

The Company remains excited to see LIFX White launching in the coming months at the ground-breaking price of US\$9.99. We and our retail partners both believe that even upon

the backdrop of a pandemic, consumers will be truly excited about such a high quality smart light at such a modest price. With consumers “nesting” at home right now, outfitting homes with technology that is affordable and can be operated touchless (ie: with a voice assistant like Amazon Alexa or Google Assistant) is a priority.

Two weeks ago we welcomed Donald Hicks to the LIFX team, joining the Company as VP, Global Sales for LIFX. He comes to us from the Ring team at Amazon, and is based in Los Angeles, California. Don has hit the ground running, and is primarily focused on helping fine-tune the North American business back to profitability while supporting and overseeing the efforts of our sales leaders in Australia and Europe.

KEY PARTNERSHIPS UPDATE

There were no other material changes to key partnerships.

SUMMARY

During this period of pandemic-driven disruption, our highest priority is for the safety and well-being of our employees, partners and customers. As a business, we are fortunate that we can operate at near peak capacity while working from home, and that we have all the tools needed to work on a distributed basis as well. While we can't tell how COVID-19 will shape the world in the coming months, I can assure you that our team is prepared and we believe our products will have strong demand through this period of time.

In early April, the Bank of America Global Research team published a report analysing credit card data to understand consumer spend patterns and the impact of COVID-19. Of all the categories of credit card spend listed, only online electronics and groceries were categories that recorded growth (and online electronics recorded double the growth of groceries with 41% year-over-year growth). Every other category - from entertainment to restaurants, furniture to healthy & beauty - recorded significant declines. For this and many other reasons, I believe we have the products for our time and we have the team to see ourselves through this pandemic.

Finally, I'd like to thank all our employees, partners and customers for their amazing support during these difficult times. To our shareholders - thank you all for your continued support and to everyone, please stay healthy!

For and on behalf of Buddy Technologies Limited.



David P. McLauchlan

Chief Executive Officer
Buddy Technologies Limited.

About Buddy

Buddy Technologies Limited (BUD.ASX) helps customers of any size “make every space smarter”. Buddy has two core businesses – its Commercial Business and Consumer Business. **Buddy Ohm** and **Buddy Managed Services** are the company’s core Commercial offerings that empower its customers to fully leverage digital technologies and their impact in a strategic and sustainable way. Buddy Ohm is a resource monitoring and analytics solution that provides energy monitoring, reporting and auditing services for commercial and industrial customers. Buddy Managed Services licenses Buddy’s technology platforms to customers for integration into their own products.

Buddy’s Consumer Business trades under the **LIFX** brand and has established a leading market position as a provider of smart lighting solutions. The company’s suite of Wi-Fi enabled lights are currently used in nearly one million homes, viewed as second only to lighting giant, Philips Hue. LIFX products are sold in over 100 countries worldwide, directly and via distribution and sales partnerships with leading retailers and ecommerce platforms including Amazon, Google, Apple, JB Hi-Fi, Bunnings, Officeworks, MediaMarkt, Saturn and Best Buy (in both the US and Canada).

Buddy is headquartered in Adelaide, Australia, with offices in Melbourne (AU), Seattle (US), Dublin (IE), Shenzhen (CN) and Silicon Valley (US).

For more information, visit www.buddy.com and www.lifx.com.

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Buddy Technologies Limited
Level 3, 12 Pirie Street
Adelaide, SA 5000
AUSTRALIA



Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Buddy Technologies Limited

ABN

21 121 184 316

Quarter ended ("current quarter")

31 March 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	8,320	25,300
1.2 Payments for		
(a) research and development & web costs	(551)	(1,487)
(b) product manufacturing and operating costs	(3,443)	(13,976)
(c) advertising and marketing	(1,350)	(4,469)
(d) leased assets		
(e) staff costs	(3,023)	(8,394)
(f) administration and corporate costs	(293)	(1,811)
1.3 Dividends received (see note 3)		
1.4 Interest received	20	107
1.5 Interest and other costs of finance paid	(549)	(1,259)
1.6 Income taxes paid		(28)
1.7 Government grants and tax incentives	12	40
1.8 Other (FX & acquisition costs)	412	(1,112)
1.9 Net cash from / (used in) operating activities	(445)	(7,089)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(146)	(221)
(d) investments		
(e) intellectual property		
(f) other non-current assets		
2.2 Proceeds from disposal of:		
(a) entities		
(b) businesses		
(c) property, plant and equipment		
(d) investments		

	(e) intellectual property		
	(f) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (notes receivable)	(10)	331
2.6	Net cash from / (used in) investing activities	(156)	110

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		9,437
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities		(459)
3.5	Proceeds from borrowings	2,125	7,365
3.6	Repayment of borrowings	(303)	(6,409)
3.7	Transaction costs related to loans and borrowings		(840)
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities	1,822	9,094

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,306	2,958
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(445)	(7,089)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(156)	110
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,822	9,094
4.5	Effect of movement in exchange rates on cash held	(3,587)	(4,133)
4.6	Cash and cash equivalents at end of period	940	940

5.	Reconciliation of cash and cash equivalents	Current quarter	Previous quarter
	at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	\$A'000	\$A'000
5.1	Bank balances	940	3,306
5.2	Call deposits		
5.3	Bank overdrafts		

5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	940	3,306

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter
\$A'000**

87

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

CEO cash salary of US\$20,833/mo, was lowered to 50% beginning with the 31 March payroll

7. Financing facilities

Note: the term "facility" includes all forms of financing arrangements available to the entity.

Add notes as necessary for an understanding of the sources of finance available to the entity.

- 7.1 Loan facilities
- 7.2 Credit standby arrangements
- 7.3 Other (please specify)
- 7.4 **Total financing facilities**

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
43,614	15,688
43,614	15,688

7.5 Unused financing facilities available at quarter end

2,248

- 7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

Loan facility:

Line of Credit (LoC)

Total drawn at 31 March 2020: A\$13.897 million

Use of funds: Working capital

Lender: Eastfield/Luminous (from acquisition of Lifi Labs, Inc. dba LIFX)

Interest Rate: 12% + 5% on late payments

Secured or unsecured: secured by second position on receivables and inventory

Payment: The remaining balance is due in May 2020 and is being renegotiated with the holder.

Trade Finance Facility

Total drawn at 31 March 2020: A\$0.398 million

Loan: Trade Finance Facility

Total Facility Amount: A\$20 million

Use of funds: Working capital and repayment of above LoC

Lender: Scottish Pacific Bank

Interest Rate: Prime rate plus 6.5%.

Secured or unsecured: secured by receivables

Term: 24 months

Inventory Finance Facility

Total drawn at 31 March 2020: A\$1.393 million

Loan: Inventory Finance Facility

Total Facility Amount: US\$6 million (A\$9.717 million at 31 March 2020)
 Use of funds: Working capital and repayment of above LoC
 Lender: The Challenger Trade Finance Segregated Portfolio of the South Africa Alpha SPC
 Interest Rate: LIBOR plus 9.5%. Plus a drawdown fee of 0.5% of the balance drawn, not to exceed 3% in any year
 Secured or unsecured: secured by inventory at specific locations
 Term: 24 months

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (Item 1.9)	(445)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	940
8.3	Unused finance facilities available at quarter end (Item 7.5)	2,248
8.4	Total available funding (Item 8.2 + Item 8.3)	3,188
8.5	Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	7

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 30 April 2020

Authorised by: Chief Executive Officer
 (Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.