



ASX MARKET RELEASE

Buddy Announces Unaudited Pro Forma Impact on 1H FY2021 Half-Yearly Results from Material Subsequent Matters

SUMMARY

- The Company released its 1H FY 2021 half-yearly Appendix 4D results on 26 February 2021
- Those results did not include a series of material subsequent matters that occurred in early January 2021
- On a pro forma, unaudited basis, shareholders are hereby provided with a summary of the financial impact of these events, which will be detailed in the full year, audited accounts (and in the March 2021 quarter Appendix 4C filing)
- On a pro forma, unaudited basis, the 31 December 2020
 - working capital (current assets minus current liabilities) would have been positive A\$349 thousand (rather than negative A\$22.3 million) and the current ratio would have improved from 0.49 to 1.02;
 - net profit would have been A\$6.6 million (up from a net loss of A\$5.6 million);
 - total liabilities would have dropped to A\$33.9 million (from A\$48.6 million);
 - total equity would have increased to A\$49.8 million (up from A\$34.6 million).

1 March 2021 - Adelaide, Australia

Buddy Technologies Limited ("Company") (ASX:BUD), a leader in IoT and cloud-based solutions for making spaces smarter, is pleased to provide further details on the material matters subsequent to the 1H FY2021 Appendix 4D published to the ASX on 26 February 2021.

The 1H FY2021 Appendix 4D makes reference to a series of material transactions that completed in January 2021, and which accordingly, are not reflected in the 31 December 2020 financial statements. These were:

1. Debt Forgiveness: US\$10 million of Deferred Acquisition Consideration and accrued interest was forgiven by the holder of debt, thus reducing the amount of current liabilities by A\$13 million.
2. Term Loan and Credit Line: The company entered into a US\$20 million loan facility with interest of 12.5% with Partners for Growth ("PFG") which included:

- a. US\$10 million Term Loan repayable in equal installments over 40 months beginning 1 April 2021, with proceeds used as follows:
 - i. US\$5.8 million (A\$7.5 million) to pay the unforgiven remainder of the Deferred Acquisition Consideration
 - ii. US\$4.2 million (A\$5.5 million) to reduce borrowings outstanding at 31 December 2020
 - b. US\$10 million revolving Line of Credit with a term of 36 months of which US\$6.5 million (A\$8.4 million) was drawn in January 2021 with proceeds used as follows:
 - i. US\$2.5 million (A\$3.3 million) to fully repay balance on existing working capital loan
 - ii. US\$1.0 million (A\$1.3 million) to pay suppliers
 - iii. US\$579 thousand (A\$751 thousand) to settle fees, expenses and interest related to the facility
 - iv. The balance of the first draw of US\$2.4 million (A\$3.1 million) increased the Company's cash on hand.
3. The Company issued 62,421,349 fully paid ordinary shares in the Company ("Shares") at an issue price of \$0.052 per Share (with an aggregate value of US\$2.5 million, being A\$3.2 million at approximately US\$0.04 per Share) on 5 January 2021 to PFG, which if sold by PFG will reduce the Term Loan at an equivalent value to the proceeds. In the event that PFG sells the Shares issued to them at a price below the issue price, the Company would be required to repay PFG the difference between the sale price of those Shares and US\$2.5 million. For the pro forma results, we have assumed that the proceeds obtained from the Shares sold by PFG will be US\$2.5 million.
 4. 50 million options held by Luminous were cancelled and 50 million warrants (each exercisable into one Share) were granted to PFG, with an expiry date 5 years from date of issue and an exercise price of A\$0.058 per Share. For the pro forma results, we have assumed, based on current market prices and volatility, that the net effect would be a decrease in expenses of A\$323 thousand.

In order to provide shareholders with a better understanding of the impact of the above transactions, the Company has determined to provide shareholders with the following unaudited, pro forma financials. These pro forma financials do not replace the actual historical financials contained in the 1H FY2021 Appendix 4D dated 26 February 2021, but rather, provide shareholders with further details on the magnitude of these material subsequent matters.

The actual impact of these transactions will be detailed in the Company's full year, audited accounts, and in the Company's March 2021 Appendix 4C filing (which will be provided to shareholders at the end of April 2021).

For and on behalf of Buddy Technologies Limited,



David P. McLauchlan
Chief Executive Officer
Buddy Technologies Limited.

Income Statement		
Buddy Technologies, Ltd		
Pro Forma for the 6 months ended 31 December 2020		
	Actual	Pro forma
Sale of goods revenue	16,686,034	16,686,034
Service revenue	571,750	571,750
Government grants & subsidies received	1,121,762	1,121,762
Government rebates received	909,185	909,185
Finance and other income	108,234	108,234
Cost of revenues	(11,957,312)	(11,957,311)
Advertising & marketing expenses	(1,219,651)	(1,219,651)
Financial, administration, insurance...	(1,157,079)	(1,157,079)
Depreciation	(196,283)	(196,283)
IT & web costs	(43,501)	(43,501)
Employee benefits expense	(4,960,368)	(4,960,368)
Share based payments	(656,021)	(656,021)
Option based payments	-	323,052
Research & development	(914,553)	(914,553)
Amortization of intangibles	(3,340,000)	(3,340,000)
Refinancing and acquisition related costs	(403,536)	(1,154,908)
Interest costs	(3,786,990)	(4,081,863)
Foreign exchange gains (losses)	2,917,183	2,917,183
Forgiveness of debt	-	12,983,641
Loss before income tax expense	(6,321,146)	5,939,301
Income tax benefit	701,400	701,400
Net Profit (Loss)	(5,619,746)	6,640,701

Balance Sheet		
Buddy Technologies, Ltd		
Pro Forma as at 31 December 2020		
	Actual	Pro forma
ASSETS		
Current Assets		
Cash and equivalents	7,220,340	7,704,400
Trade & Other Receivables	5,976,587	5,976,587
Inventory	2,037,115	2,037,115
Other assets - Prepayments	6,445,531	6,445,530
Total current assets	21,679,573	22,163,633
Property, plant and equipment	979,195	979,195
Right of use asset	253,372	253,372
Intangible Assets	60,271,670	60,271,670
Total non-current assets	61,504,237	61,504,237
TOTAL ASSETS	83,183,810	83,667,870
LIABILITIES		
Current Liabilities		
Trade and other payables	13,819,014	5,705,202
Lease liability	144,885	144,885
Provisions	639,002	639,003
Borrowings - LoC-Eastfield	9,791,897	4,597,081
Borrowings - PFG		8,422,395
Borrowings - Other	2,996,998	-
Deferred acquisition consideration	16,553,746	-
Term debt - PFG (current portion)		2,306,305
Total current liabilities	43,945,542	21,814,871
Lease Liability	104,064	104,062
Term debt - PFG Long-term portion		7,431,426
Deferred taxation	4,559,100	4,559,100
Total non-current liabilities	4,663,164	12,094,588
TOTAL LIABILITIES	48,608,706	33,909,459
NET ASSETS	34,575,106	49,758,411
EQUITY		
Share Capital	138,391,786	141,637,696
Option Reserve	36,112,650	35,789,598
FX Reserve	769,119	769,119
AFS Reserve	(678,266)	(678,266)
Accumulated Losses	(140,020,183)	(127,759,736)
Total Equity	34,575,106	49,758,411

Cash Flow Statement		
Buddy Technologies, Ltd		
Pro Forma for the 6 months ended 31 December 2020		
	Actual	Pro forma
Cash received from customers	13,860,747	13,860,747
Interest & miscellaneous received	108,234	108,234
Government grants & subsidies received	938,118	938,118
Government rebates received	909,185	909,185
Payments for research & development	(914,553)	(914,553)
Payments to suppliers and employees	(16,513,226)	(18,562,960)
Debt raising and acquisition related costs	(403,536)	(403,536)
Interest paid	(3,786,990)	(6,647,584)
Net cash used in operating activities	(5,802,019)	(10,712,350)
Capital Expenditures	(600,573)	(600,573)
Changes in Notes Receivable	-	-
Net cash used in investing activities	(600,573)	(600,573)
Proceeds of issuance of shares	12,824,000	12,824,000
Proceeds from borrowings	2,996,998	24,403,034
Payments of borrowings	(4,763,500)	(20,775,145)
Lease payments	(1,451)	(1,451)
Capital raising costs	(639,780)	(639,780)
Net cash used in financing activities	10,416,267	15,810,659
Net Change in cash	4,013,675	4,497,736
Cash at Beginning of Period	2,502,462	2,502,462
Effect of FX rate changes	704,203	704,203
Cash at end of period	7,220,340	7,704,400

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 well over a million homes, and considered to be the #2 brand of smart lights globally. 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.

###

Buddy Technologies Contact:
Vicky Allinson, Company Secretary
Email: cosec@buddy.com

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

