



# ASX MARKET RELEASE

## Director Resignations, Appointments and Company Update

### 7 June 2021 - Adelaide, Australia

Buddy Technologies Limited ("Company" or "Buddy") (ASX:BUD), a leader in IoT and cloud-based solutions for making spaces smarter, wishes to provide the following updates in respect to various matters concerning the Company.

#### Director Resignations

The Company advises that Mr. John van Ruth, Mr. Alan Robert Sparks and Ms. Rosemary Batt have resigned as Non-Executive Directors of the Company.

Chairman of Buddy Technologies, Mr Rick Borenstein, said "We wish John, Alan and Rosey all the best for the future."

The Company will appoint Mr. Paul W. Russell and Mr. Jim V. Nelson (who are members of the Company's key management team and have both consented to act as directors) as directors on an interim basis, whilst the Company undertakes a search process to identify and recruit permanent candidates to complement the Board.

Paul is the Company's Vice President of Software Engineering, where he is responsible for leading Buddy's software engineering teams for mobile app development and cloud infrastructure development. Based in Brisbane, Paul has recently taken on the role of enterprise architect driving initiatives to improve core business systems across different business units. Paul spent 17 years consulting globally across different technologies and industries prior to joining Buddy. Paul holds a Bachelor of Information Technology from Queensland University of Technology.

Based in Melbourne, Jim is the Company's Senior Director of eCommerce, in which capacity he is responsible for the LIFX direct-to-consumer eCommerce business globally, including business planning, digital marketing, web analytics and web technologies. Most recently, Jim has been working on online conversion optimisation within the LIFX websites and app to align to the increasing global demand for online shopping, driven by the COVID pandemic. Jim has

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over 15 years of experience leading digital marketing and eCommerce initiatives internationally for some of the Australia leading retailers, including Aesop and Cotton On.

### **Critical Component Shortage and Manufacturing**

The Company refers to the ASX announcement dated 27 April 2021 and advises that:

- 1) the Company's teams in Melbourne and China have evaluated and successfully located a replacement component from an alternative supplier; and
- 2) alternative supply of the critical component was found in batches that permitted a partial resumption of some production runs to proceed.

In respect of a replacement component, one was identified from a competitive supplier and successfully passed electrical and stress testing. Accordingly, the Company has placed orders for approximately 2.8 million pieces (combined) of both the critical component and the replacement component – a quantity that the Company considers would likely meet the Company's production needs for the rest of 2021.

Shareholders are advised that an order is not a guarantee of supply, however it puts a supplier on notice for the desired quantity that the Company wishes to purchase. The Company is notified monthly of the actual quantity of pieces that it may purchase for the subsequent month and, until the full 2.8 million pieces are supplied, there will remain some degree of uncertainty surrounding this component. However, the Company considers that having two suppliers of this component will alleviate the degree of uncertainty to a significant degree.

In respect of the alternative supply of the critical component, the Company was able to make multiple smaller quantity purchases of the critical component on the spot market which permitted resumption of some manufacturing. Accordingly, during the month of May, the Company manufactured approximately 68% of the Company's forecasted production levels for that month.

Turning to June, the Company is in possession of sufficient raw materials and components to manufacture approximately 45,000 units of product. The critical component shortage has necessitated the shifting of production of approximately 355,000 units of product from June to July and August, resulting in an overall net impact to the business of the critical component shortage being an 8-12 week shift in production scheduling.

### **Inventory**

The Company continues to receive weekly shipments to our warehouses in Australia, Europe and North America. These shipments are from manufacturing orders placed in November 2020 and January 2021. Given the critical component shortage and associated delays, the Company now expects to be in receipt of the final deliveries from these orders by the end of July.

### **New Product Releases**

Further to the ASX announcements dated 16 October 2020, 23 October 2020, and 10 March 2021, the Company is pleased to announce that LIFX Clean, the world's first germicidal, anti-bacterial smart light, has launched in 1-pack and 2-pack configurations at Amazon and Best

Buy in the United States. Further, the new two-button LIFX Switch (North America version) has launched in pre-sales and is expected to ship to customers in late June/early July.

**Funding and Financing**

The Company is progressing its funding arrangements as the business approaches what is traditionally the busier quarters of the year (which may include an equity capital raising) and will update shareholders in due course.

**Response to ASX Queries**

The Company is in the process of evaluating its responses to various ASX queries and is endeavouring to address these as soon as possible.

For and on behalf of Buddy Technologies Limited,



**David P. McLauchlan**

Chief Executive Officer  
Buddy Technologies Limited.

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## 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](http://www.buddy.com) and [www.lifx.com](http://www.lifx.com).

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