



ASX MARKET RELEASE

Interim Report, Appendix 4D and Non Cash Impairment

28 February 2022 – Adelaide, South Australia

Buddy Technologies Limited ("Company") (ASX: BUD) refers to its interim half-year report and appendix 4D for the period ending 31 December 2021 ("Interim Report").

The Company wishes to highlight the following information in the Interim Report:

- In accordance with accounting standard AASB 136 "impairment of assets", the Company reviews intangible assets for impairment twice a year (in conjunction with the interim financial report and the annual report). If an impairment change is warranted, it is measured as the amount by which the carrying amount of the asset group exceeds its recoverable amount based on a discounted cash flow analysis and appraisals.
- In relation to the LIFX cash generating unit ("CGU"), given the Company's market capitalisation as at 31 December 2021, the Company performed an analysis to see if an impairment change was warranted. As a result of the value-in-use calculation using a discounted cash flow model, the Company recorded an impairment charge of \$44,791,669 in the consolidated statement of profit or loss and other comprehensive income (refer to the Interim Report for further details, including the key assumptions).
- The CGU's goodwill and intangible assets have been reduced to \$nil and the deferred tax liability relating to the intangible assets has been written back to \$nil.

The impairment is non-cash and has resulted in a negative total equity position for the Company. Notwithstanding this, the Directors of the Company consider that the Company will be able to continue as a going concern, having regard to:

- the continued application of the Company's restructuring plan (refer to the ASX announcements on 16 July 2021 and 20 July 2021), which is delivering margins ahead of budget, significantly improved EBITDA, while maintaining a substantially reduced cost structure. Noting also that the restructure plan includes the introduction of new products, new services and new customer channels, all of which are scheduled for H2 FY22; and
- the Company's historic track record of being able to raise funds to support its business plan as and when required.

The Company encourages all shareholders and prospective investors to familiarise themselves with the Interim Report.

For and on behalf of Buddy Technologies Limited.



David McLauchlan

CEO & Executive Director
Buddy Technologies Limited.

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