



# ASX MARKET RELEASE

## Buddy Technologies Limited – September Quarterly 4C Review (Q1FY21)

### 30 October 2020 – Adelaide, South Australia

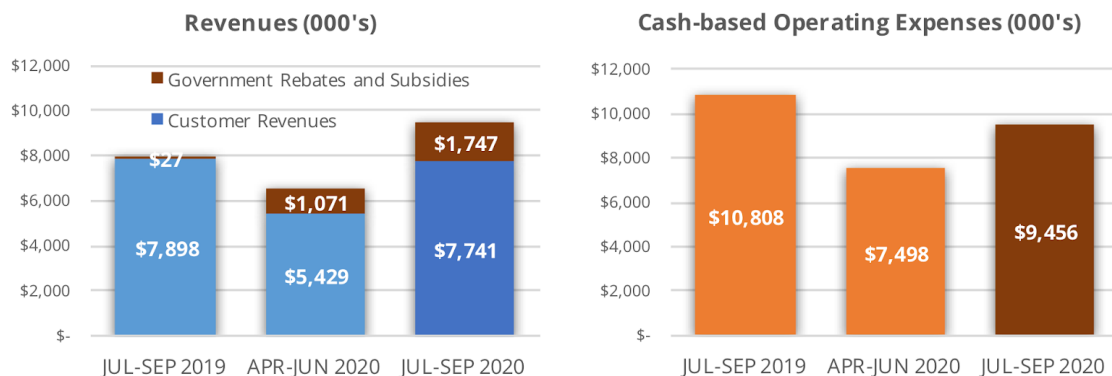
Buddy Technologies Limited (Company) (ASX:BUD), a leading provider of solutions for making spaces smarter, has today released its Quarterly Appendix 4C filing for the September 2020 quarter (Q1FY21).

### SUMMARY

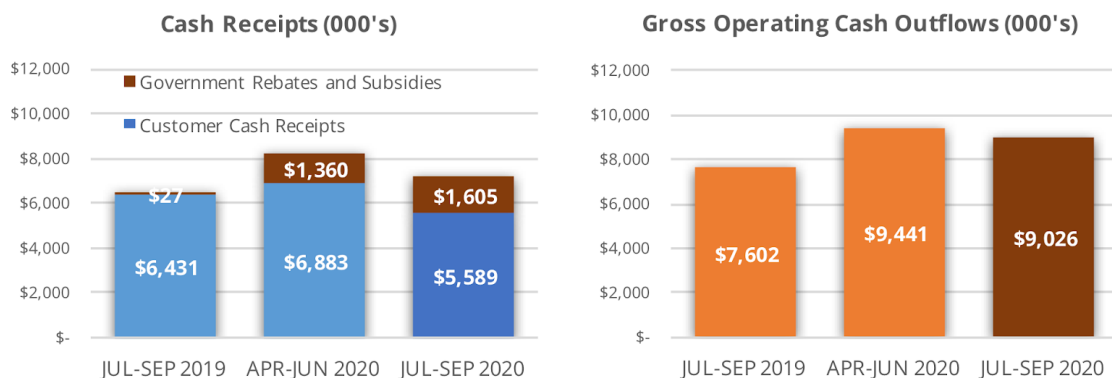
- **Customer revenues: A\$7.7 million** for the quarter (up 43% over the prior quarter, and down 2% from the prior year)
  - Not including an additional A\$1.7 million of government rebates and subsidies (up from A\$27k in the year-ago quarter, and A\$1.1 million last quarter)
- **Customer cash receipts: A\$5.6 million** for the quarter (down 13% from the prior year and down 19% from the prior quarter)
  - Not including an additional A\$1.6 million of government rebates and subsidies (up from A\$27k in the year-ago quarter and \$1.1 million last quarter)
- **Adjusted EBITDA: positive A\$32k** for the quarter (compared to negative A\$2.9 million for the year-ago quarter and negative A\$1.0 million last quarter)
  - Our first positive adjusted EBITDA quarter
- **Net cash change in quarter: increase of A\$105k**
- **Cash on hand** at 30 September 2020 totalled A\$2.6 million, trade receivables totalled A\$4.6 million and inventories totalled A\$2.3 million
  - As of 30 September 2020, the Company had utilised none of its trade finance facility and A\$2.8 million of its inventory/PO finance facility.
- **Major milestones**
  - First EBITDA positive quarter for the Company
  - Most EBITDA positive month for the Company (September)
  - The Company sold its 3 millionth smart light during the quarter; and
  - During Q2FY21, the Company will pass A\$200 million in gross revenues from smart light sales dating back to the first Kickstarter light sold in late 2013.

## QUICK LOOK

### Customer Revenues and Cash-based Operating Expenses\*



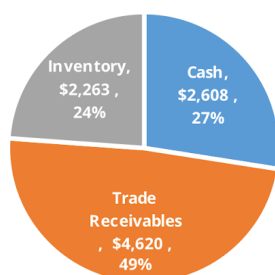
### Customer Cash Receipts and Gross Operating Cash Outflows\*



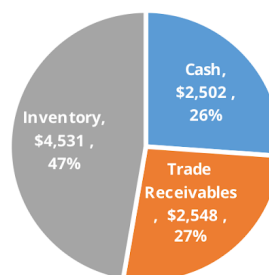
\*Cash-based operating expenses exclude any non-recurring items such as acquisition-related costs, restructuring costs, costs relating to finance facilities and any share-based expenses. Gross operating cash outflows are the amounts listed under item 1.2 in the Appendix 4C report.

### Cash Position and Current Assets

September 2020 Current Assets (000's)  
\$9.5 million



June 2020 Current Assets (000's)  
\$9.6 million



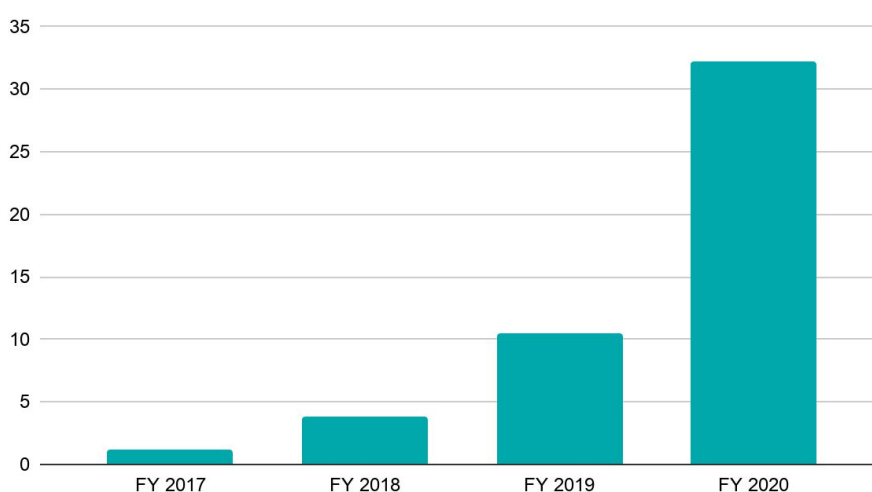
Current assets decreased A\$90k quarter-on-quarter while current liabilities (including the trade finance and inventory finance facilities) decreased A\$4.2 million. As of 30 September 2020, the company had utilized none of its A\$20 million trade finance facility and A\$2.8 million of its US\$6.0 million inventory finance facility.

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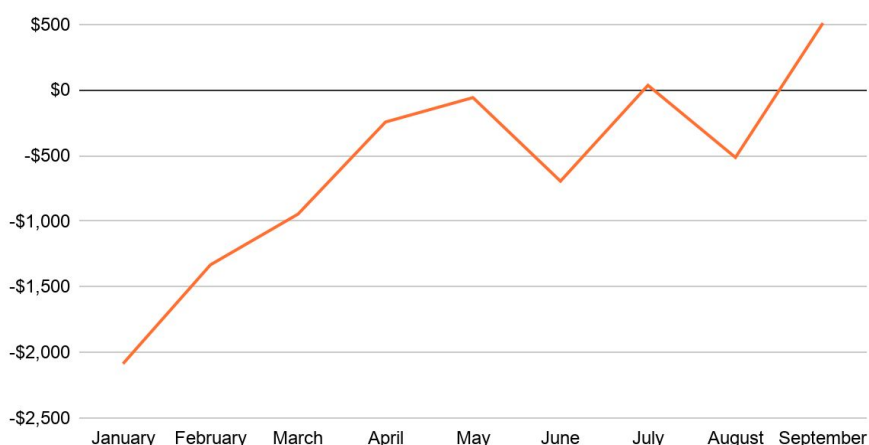
## Q1FY21 FINANCIALS COMMENTARY

We are delighted to report that Q1FY21 has set several new records for the business - most notably, **our first EBITDA positive quarter**, helped considerably by **September 2020 being the Company's most EBITDA positive month** (consolidated revenue for September was A\$2.6 million with EBITDA of A\$510k, which was a significant turn around from September 2019, when negative A\$978k of EBITDA was recorded).

Buddy Technologies Limited Revenue A\$, millions



Buddy Technologies Limited Monthly EBITDA A\$, Thousands (CY 2020)



The charts above demonstrate the pathway the Company has taken to reach this first EBITDA positive quarter milestone, highlighting that were it not for stock shortages that began in the middle of the year due in part to supply chain lag from the impact of COVID-19 on China in the early part of the year, we may have reached this point even sooner.

We've made no secret of the fact that during this quarter we were approaching a stock-low position for the consumer business, with retail stocks of LIFX lights running low or in some cases, sold-out. This has been due to a combination of outsized demand for the product (in line with similar upticks in home renovation and home upgrade retail spend), COVID-related limitations and impact on the supply chain, and the terms-related limitations on manufacturing. While shoppers will notice COVID-related gaps on store shelves for all kinds of products well into the new year, we are finding that our supply constraints are now

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beginning to improve and mid-October should prove itself to be the “stock-low” period of the year. As this report is written, significant deliveries are en route to major retailers in the United States, replenishing stock in advance of the coming Thanksgiving holiday and Black Friday / Cyber Monday shopping period. Further deliveries to all other regions are scheduled.

To help combat low stock positions on LIFX websites, the Company is currently running pre-order and backorder programs. These efforts are allowing us to continue to sell high profile or limited selection items such as LIFX Clean, LIFX Switch and LIFX Filament, while collecting emails of customers seeking to purchase any other products in the range for notification as soon as stock is back in hand. This effort is proving very successful in the first weeks of its deployment, and coincides with the refresh of much of the Company's product range, packaging and in some cases naming, as we kick off the holiday sales effort and roll into 2021.

We are particularly proud to continue to deliver on the Company's Big Eight Goals for 2020, which follow a period of consolidation and integration of the LIFX business into Buddy. Perhaps the best evidence of the success of these efforts is the EBITDA turnaround this quarter from the same quarter last year. To leap from a large EBITDA loss of negative A\$2.9 million in Q1FY20 to EBITDA positivity (A\$32k in Q1FY21) is an exciting and strong result. To do so with the ongoing challenges of COVID-19, stock limitations and a globally distributed work-from-home workforce, is especially impressive.

Finally, consolidated revenues (including customer revenues, government subsidies and rebates) for Q1FY21 were A\$9.5 million (up from A\$7.9 million for Q1FY20) with operating expenses of A\$9.5 million down 12.5% from last Q1FY20 (A\$10.8 million) and up 26% from last quarter (A\$7.5 million), both in line with expectations.

The Company ended the quarter with consolidated margins unusually high at over 62% (up from 41% in August - largely due to the impact of rebates and reduced consumer revenue making commercial margins unusually large in the blend). Margin-wise, the commercial business continues to return highly attractive margins, and the business stands to be rewarded once commercial installations are able to resume in Latin America and the Caribbean.

Buddy employees continue to be on partially reduced compensation, with most seeing a 10% reduction in cash compensation at the present time (which represents under A\$100k/mo). Management has committed to the global team that a lift to a 5% reduction is imminent (and expected to be timed in alignment with certain internal supply milestones), to be quickly followed by a resumption of full salary

## **BUSINESS UPDATE**

### **OVERVIEW**

During this COVID-19 period of disrupted business operations, the Company has been providing detailed monthly updates on the business in order to keep shareholders and investors appropriately informed. The reader is referred to updates that specifically detail each of July (refer to the ASX announcement dated 24 August 2020), August (refer to the ASX announcement dated 29 September 2020), and September (refer to the ASX announcement dated 19 October 2020).

During the course of the quarter, however, the Company had considerable news flow of a product or commercial impact, summarised here:

- 15 July - LIFX Launches in Apple Stores in Hong Kong and Singapore
- 24 July - LIFX Launches New Smart Light in US with Amazon, Best Buy
  - The Company's new US\$9.99 LIFX White smart light launched as a standalone product at Amazon, and in a \$19.99 two-pack at Best Buy
- 29 July - LIFX Displaces Osram in German DIY Stores, New POS Rollout

- The Company launched brand new retail display systems in support of its growth in European retail and do-it-yourself (hardware) stores
- 30 July - LIFX Restructures Financing, Unlocks LIFX Production at Scale
- 21 August - LIFX Receives Largest Ever Orders for Smart Lights at A\$4.3m
- 28 August - LIFX Announces World-First Disinfecting Antibacterial Smart Light
  - Announcement of "LIFX Clean" - the first antibacterial, germicidal smart light
- 10 September - LIFX Breaks Record for Orders of Smart Lights - A\$10.5m
- 16 September - LIFX Achieves 30 Day Sales Record Exceeding A\$30m

### AMAZON PRIME DAY

Subsequent to the end of the quarter, on 13/14 October, the Company participated in Amazon's global "Prime Day" sales event. LIFX White was selected by Amazon to bundle with their highly popular Amazon Echo Dot product, a device which brings the Alexa voice assistant into the home. Priced at US\$18.99, this was an extraordinary discount from the combined MSRP of US\$59.98, and as such was a highly popular deal.



Figure 1. The Amazon Prime Day deal - US\$18.99 for an Echo Dot + LIFX White (normally US\$59.98).

The sale event was wildly successful, with the Echo+LIFX White bundles hitting a peak sales rate of 4 per second, or some 12,000 per hour. At this rate, the Echo+LIFX White bundle sat atop the table of top deals while it was live, only falling off when Amazon ran out of stock (Amazon had purchased units from LIFX, and all units for sale in the bundle were on hand in their various fulfillment centres around the U.S., Europe, Mexico, Canada and U.K.).

Subsequent to the sale, the Company has seen record traffic to the LIFX Cloud, record new account creation rates, and evidence of very significant traffic lifts to its online stores (described as a "tsunami" of traffic by the Company's Director of E-Commerce in a recent webinar) and Amazon store experiences. Due to all the LIFX lights given as Christmas presents, usually Christmas Day is the busiest day in the calendar for new lights seen by the LIFX Cloud, or new accounts created. Amazon Prime Day purchased bundles drove those figures to more than 3x any prior Christmas Day, and was most comfortably the Company's most successful day of smart light sell-through ever.

### AIRSTREAM UPDATE

The Company has recently successfully completed its 6th and most recent Statement of Work (refer to the ASX announcement dated 27 April 2020) for Airstream, a wholly owned subsidiary of Thor Industries, Inc. (NYSE:THO). Subsequent to the completion of this project, the Company has been advised that Airstream does not expect to initiate any further SOWs under the 2016 Master Services Agreement, and accordingly will amicably terminate the MSA. The Company will continue to service the Airstream account during the 30 day notice

period provided for under the MSA, and looks forward to any future opportunity to work with Airstream or Thor.

Airstream revenue was not a material contributor to overall margin (with the growth of the business, it accounted for less than 4% of Q1FY21 revenues), and the Commercial business looks forward to deploying the Airstream software development and product planning team members on efforts to bring Buddy Ohm based technologies and recurring revenue opportunities to the smart light business.

#### **EASTFIELD/LUMINOUS DEBT UPDATE**

As announced to the ASX on 21 October 2020, the Company entered into a binding term sheet with Partners for Growth ("PFG") to provide a US\$20 million combined finance facility, in part to refinance out the Eastfield/Luminous vendor debt.

Concurrent with that news, the Company also announced a forgiveness by Luminous of some US\$10 million of the outstanding deferred consideration vendor debt, an amount equating to approximately 42% of the outstanding vendor debt. This very meaningful forgiveness will take effect upon the financial closure of the new term debt facility provided by PFG, and is expected to be concluded before the end of the year.

In addition to having the effect of significantly reducing the price paid by Buddy for LIFX back in March 2019, closing the finance facilities offered by PFG will also have the effect of removing exclusivity provisions around the use of Eastfield for manufacturing, provide the ability to negotiate market competitive pricing for the manufacture of the Company's products and return LIFX to market competitive commercial terms with Eastfield (terms that will be wholly compatible with the US\$10 million working capital facility offered by PFG).

Preparations of final definitive documentation and the conclusion of the remaining diligence items are both underway, and the Company and PFG both remain on track for the targeted completion date at this juncture. The Company will provide further updates by way of ASX announcements as appropriate.

#### **COVID-19 UPDATE**

As was reported in the prior quarter, Buddy has had the good fortune of being able to nimbly respond to the COVID-19 situation, including and most importantly, the ability for the Company to support our team members working from home. While the team is currently taking a 10% reduction in compensation to help support the business during this time of reduced revenue, productivity and morale amongst the team remains very strong.

It is our expectation that the worldwide Buddy team will work from home for at least the balance of 2020, and there is no certainty that offices will reopen immediately in 2021. The Company's Seattle office lease, which was a WeWork facility, has been terminated (a new office, or return to that facility will be evaluated in the new year), and any effort to trim expenses from existing facilities is being explored. Our registered headquarters in Adelaide remains, and our space in Melbourne is on a multi-year, attractively priced lease arrangement, and so that will continue as well. There is no plan to eliminate offices in general, and our remaining offices continue to remain accessible for staff who may wish to periodically stop by for a change of pace or to access materials or devices.

As a tech-first, internationally deployed team, the use of technology such as video conferencing and group chat tools is second nature, and some groups have even reported productivity improvements from not having to commute to the office. We've committed to our team that the business will do everything in its power to facilitate a safe, comfortable and productive working environment wherever that may be, and whatever form that may take.

## ASX LISTING RULE DISCLOSURES

### CASH FLOW DISCUSSION

As at 30 September 2020 the Company's cash balance was \$2.6 million, and cash flows regarding the Company's activities reported above are summarised below.

Cash flows from operating activities during the quarter comprised:

- Receipts from customers of A\$5.6 million from the sale of LIFX products and provision of commercial services/products
- Expenditure of A\$530k on research and development and web costs for new products and the Company's online presence
- Product manufacturing and operating costs for manufacturing LIFX and commercial products of A\$5.057 million
- Staff costs totaling A\$2.418 million
- Administration and corporate costs of A\$487k
- Interest and other income received of A\$16k
- Payment of interest, other finance costs and the like of A\$661k
- Receipt of A\$1.6 million of government rebates and subsidies, A\$909k of which was for the Federal Government's Research & Development tax rebate and the remainder was for COVID-19 support.

Cash flows from investing activities during the quarter was primarily made up of the payment of A\$444k for capital expenditures

Cash flows from financing activities during the quarter included A\$1.4 million in borrowings less A\$238k repaying borrowings.

### RELATED PARTY TRANSACTIONS

As noted in Item 6 of the Company's Appendix 4C for Q1FY21, payments to related parties and their associates totalled A\$76k during the quarter for the CEO's cash salary. This salary was reduced in the quarter (along with other executives) as part of the Company's COVID-19 response measures.

### WHAT'S NEXT

The business is currently in the peak of its lead-up to holiday 2020, and we are anticipating a number of potential scenarios. While Australia has managed to wrestle control of the COVID-19 situation (hats off to Melbourne!), we are now starting to see record infections in Europe and the United States. Furthermore, with the U.S. offering a stark difference in how a 2021 Federal Government administration might respond to COVID-19, we are preparing for a return to largely online transactions in Europe and the US, and enhanced online business here in Australia, should regional circumstances dictate.

Our freedom to build as many smart lights as we can sell will come with the refinancing of the vendor debt and the new working capital facility, and until that time, we are operating on the basis of deploying every possible dollar to building as many lights as we can - comfortable in the knowledge that everything we build, we can sell. With LIFX Clean launching in early December, and LIFX Switch launching in the U.S. at the same time, we have two of our newest, most innovative and highest margin products coming online together. We expect to reach manufacturing scale for LIFX Clean in early 2021, but will also have our largest initial manufacturing runs for a new product ever.

Having recently passed the 3 million smart lights sold milestone (and the fourth million is closer than ever and a milestone we're accelerating towards), we look forward to bringing on a second manufacturer to help us meet the scale and cost competitiveness that we need to maintain and build upon our global market position. Subject to the completion of final refinancing paperwork, we expect to be mass producing smart lights from our second

manufacturer in the first quarter of 2021, and work with that partner has commenced (noting that they already are the manufacturer of our LIFX Switch products).

For the commercial business, we continue to look forward to the release of lockdown restrictions in the territories in which we're having the most sales success right now. Across the Caribbean, but in particular the Dominican Republic, Colombia, and also Spain, we have customer wins that are awaiting installation to turn them into contracted revenue. Our team remains passionately invested in competing in this space, and our commercial products have never been more relevant nor interesting to customers. We can't wait to supplement the energy-aware, and Ohm-compatible LIFX Switch (and possible future products) to our sales efforts in this sector.

On behalf of the Board, Management and Buddy worldwide team, I wish you well.

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 U.S. 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).

###

Buddy Technologies Contact:  
Ben Secrett, Company Secretary  
Email: [cosec@buddy.com](mailto:cosec@buddy.com)

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



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## 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")**

30 September 2020

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	5,589	5,589
1.2 Payments for		
(a) research and development & web costs	(530)	(530)
(b) product manufacturing and operating costs	(5,057)	(5,057)
(c) advertising and marketing	(534)	(534)
(d) leased assets		
(e) staff costs	(2,418)	(2,418)
(f) administration and corporate costs	(487)	(487)
1.3 Dividends received (see note 3)		
1.4 Interest received	16	16
1.5 Interest and other costs of finance paid	(661)	(661)
1.6 Income taxes paid	(1)	(1)
1.7 Government grants and tax incentives	1,604	1,604
1.8 Other (FX & acquisition costs)	415	415
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(2,064)</b>	<b>(2,064)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(444)	(444)
(d) investments		
(e) intellectual property		

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
(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)	(6)	(6)
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(450)</b>	<b>(450)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)		
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		
3.5 Proceeds from borrowings	1,412	1,412
3.6 Repayment of borrowings	(238)	(238)
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid		
3.9 Other (provide details if material)		
<b>3.10 Net cash from / (used in) financing activities</b>	<b>1,174</b>	<b>1,174</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	2,502	2,502
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(2,064)	(8,754)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(450)	168

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**Appendix 4C**  
**Quarterly cash flow report for entities subject to Listing Rule 4.7B**

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,174	10,611
4.5	Effect of movement in exchange rates on cash held	1,446	(2,481)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>2,608</b>	<b>2,608</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	2,608	2,502
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>2,608</b>	<b>2,502</b>

**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

<b>Current quarter \$A'000</b>
76

Explanation of amounts in 6.1:

A\$ equivalent of compensation paid to CEO of US\$54,167 which is 90% of his contracted salary

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**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.*

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	41,494	15,546
7.2 Credit standby arrangements		
7.3 Other (please specify)		
<b>7.4 Total financing facilities</b>	<b>41,494</b>	<b>15,546</b>

7.5 **Unused financing facilities available at quarter end** 1,794

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 30 September 2020: A\$12.730 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 October 2020.

**Trade Finance Facility**  
 Total drawn at 30 September 2020: -A\$22 thousand  
 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 30 June 2020: A\$2.838 million  
 Loan: inventory Finance Facility  
 Total Facility Amount: US\$6 million (A\$8.441 million at 30 September 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

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<b>8.</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (Item 1.9)	(2,064)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	2,608
8.3	Unused finance facilities available at quarter end (Item 7.5)	1,794
8.4	Total available funding (Item 8.2 + Item 8.3)	4,402
8.5	<b>Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b>	2.1

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: Friday October 30, 2020.....

Authorised by: .....David McLauchlan.....  
(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.

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