

**Visibility:** Poor

**Current:** Strong

We hope all our US backers had a great Thanksgiving last week, we here at BLU3 have a lot to be thankful for including our KS backers. Thank you all so much.

We skipped our update last week due to the holiday but we have a comprehensive one for you this week. Suit up, it's a long dive.

**Report:** We're diving against the current as production moves forward despite challenges. Here's what happened: Nemo's design is largely a result of the ability to rapidly and precisely moving from one design to the next using 3D printing - we have three 3D printers in-house, each under \$1000; an extremely affordable and valuable investment that has allowed us to make Nemo better and better without relying on any third parties, but not suitable for mass production. 3D printing for full-scale manufacturing is emerging, but it costs upwards of \$400k, which is not a possible investment for BLU3 at this stage of our brand. But we were introduced to a program that would allow us to operate that printer for up to 6 months under a financial agreement that we could afford. This meant we could produce Nemo at scale super quickly, we'd also have the ability to change the design at any point in the process - with injection molding (the alternative) a design change can mean a few months or more of a delay. Even though it meant smaller margins, it meant we could bring a perfect Nemo to you much faster, which is our first priority.

We were repeatedly told that the program was a perfect fit for our company.

After our Kickstarter, we started making arrangements to bring the printer in, when suddenly we were denied access to the program and told we'd need to finance the \$400,000 printer.

And now we have to deliver the unfortunate news to you, our backers, that we are in a major delay ahead of manufacturing as we continue to prepare the parts for injection molding. As mentioned previously, injection molding is a serious commitment that bears a heavy initial investment and lead times of 8-12 weeks. We have to be absolutely positive that the parts are ready to go prior to pushing the "go" button, otherwise delays could mount up even longer.

But, we're moving forward and making great strides.

## LIFE CYCLE TESTING

Meanwhile, the engineering team has been amassing hundreds of hours of life cycle tests on Nemo test systems using the in-house breathing simulation machine. Micro SD cards inside of both the breathing machine and the Nemo test system store valuable data that give insight into performance over time. The team has already discovered a component of the system that does not meet our lifetime goals and the design is being modified so that the component in concern can be built with a more durable material and be replaceable. BLU3 will always hold its products to a high standard of quality and one facet of quality is longevity, which can only be proven through the tedious but valuable process of life cycle testing.

## CE

For our backers in Europe, the CE marking process is at a standstill for now as we march toward a design lock. We have begun the first step of identifying the applicable directives so we know how to move forward. This will be a work in progress in parallel to our move to production and we will keep you updated.

**Forecast:** As of now, the first units should begin leaving our headquarters in May – just in time for Summer diving. Our team is doing everything possible to prevent any other delays.

????BLU3 Team