



February 2, 2018

Mr. Dale Allen
Senior Adviser, ASX Listings Compliance
ASX Compliance Pty. Ltd.
Level 40, Central Park
152-158 St. Georges Terrace
Perth, WA 6000

Ref: Buddy Platform Limited ("Company" or "Buddy") - ASX Aware Query

Dear Mr Allen

1. We refer to ASX's letter to the Company dated 23 January 2018 in relation to the Company's announcements entitled Quarterly 4C Review dated 28 July 2017 ("July Quarterly") and Quarterly 4C Review (Q1 FY2018) dated 31 October 2017 ("October Quarterly") ("Letter"), as enclosed with this letter.
2. The Letter requests that the Company respond to a number of queries relating to the "\$52 Million Revenue Contracts" (as defined by ASX in paragraph 2.3 of the Letter) which we advise comprise of the following contractual arrangements:
 - (a) a contractual statement of work with Thor Industries Inc ("Thor") ("Thor Agreement");
 - (b) a reseller agreement with Digicel Group Limited ("Digicel") ("Digicel Reseller Agreement");
 - (c) a referral agreement with Saskatchewan Telecommunications ("SaskTel") ("SaskTel Referral Agreement"); and
 - (d) a distribution agreement with Ingram Micro LP, Ingram Micro Inc's Canadian subsidiary ("Ingram") ("Ingram Distribution Agreement").

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3. An overview of the relevant background and details of each of the \$52 Million Revenue Contracts is detailed below. Also below are specific responses to the various questions in the Letter.

Background

Thor Industries Inc

4. On 13 January 2017, the Company announced the execution of the Thor Agreement, which announcement included, amongst other things, the following disclosures:
 - (a) the deal with Thor is "*valued at up to A\$2.14 million over 18 months (plus hardware costs)*";
 - (b) that the Thor Agreement provides for "*A\$1.8 million of contracted commitments starting immediately, and running through the end of May 2018*";
 - (c) that Thor has "*flagged an interest in optionally purchasing an additional component valued at nearly A\$350k prior to December 2017*" and "*a further annual & ongoing platform and application services component of more than A\$250k will apply from June 2018 if the customer (Thor) wishes to continue with the provision of services by Buddy*";
 - (d) the Thor Agreement "*brings the total contracted value with this customer (Thor) to A\$2.25 million*".
5. The A\$2.25 million amount (referred to in paragraph 4(d) above) is comprised of the A\$2.14 million referred to in paragraph 4(a) plus an unbilled work in progress balance in respect to a prior agreement with Thor.

Digicel Group

6. On 14 July 2017, the Company announced that it had reached an agreement with Digicel to sell, distribute and install its Buddy Ohm product through Digicel's sales and operations teams.
7. The Digicel Reseller Agreement was formally executed on 27 July 2017, but was announced on 14 July 2017, prior to its execution, on the basis that:
 - (a) save for exclusivity provisions, the key terms and conditions of the arrangement had been agreed by the parties; and

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- (b) Digicel elected to publically announce the agreed arrangements with Buddy at the Smart Destination Jamaica event (held on 14 July 2017) and that Digicel (with support from Buddy) was promoting Buddy Ohm at the same event.

SaskTel

- 8. On 23 August 2017, the Company announced the execution of the SaskTel Referral Agreement, which announcement included, amongst other things, the following disclosures:
 - (a) the SaskTel Referral Agreement provides for the Buddy Ohm product to be marketed, sold, distributed and installed across Saskatchewan, Canada;
 - (b) SaskTel will identify and facilitate the sales of the Buddy Ohm to its key customers (i.e on a referral basis); and
 - (c) that *"the signed contracts figure disclosed in the Company's Appendix 4C filing for Q4 FY17 (July Quarterly) did not include any contribution from this deal which is expected to result in revenue starting in Q3 FY 2018"*.

Ingram Micro Canada

- 9. On 20 October 2017, the Company announced the execution of the Ingram Distribution Agreement, which announcement included, amongst other things, the following disclosures:
 - (a) the Ingram Distribution Agreement provides for Ingram to distribute Buddy Ohm via its reseller customers across Canada;
 - (b) that *"if the distribution relationship and region performs comparatively to the Caribbean and Central American market, it is expected to yield more than A\$20m in revenue over three years to the Company"*; and
 - (c) first sales under the Ingram Distribution Agreement are expected to commence in Q3 of FY18.

Distribution, Reseller and Referral Agreements

- 10. The Company notes that other than the Thor Agreement which provides for a "direct sales" arrangement (i.e. the Company selling products directly to Thor), the other agreements with Digicel, SaskTel and Ingram are distribution, re-seller or referral arrangements which provide for the distribution and sale of Buddy Ohm product to, or through, third parties.

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11. Only the Digicel Reseller Agreement carries a minimum sales commitment (which is for Digicel to procure new sales of at least 1000 Buddy Ohm systems over a three year period in exchange for exclusivity in specified territories, whose penalty is that such exclusivity right will be terminated if the minimum sales commitments are not met) which approximately equates to a revenue sum of A\$20.9 million.
12. The Company notes (as indicated to the market most recently in the 2018 Annual CEO Shareholder Letter, released 8 January 2018) that typical distribution, reseller and referral arrangements do not offer territorial exclusivity and thus do not provide for minimum sales commitments or purchase orders (this is consistent with the SaskTel Referral Agreement and the Ingram Distribution Agreement).
13. The July Quarterly and October Quarterly include details of:
- (a) cash receipts received from customers as at the date of each report; and
 - (b) "*contracted minimum commitments*" (being A\$22.7m in the July Quarterly and A\$22.1m in the October Quarterly) - which are comprised of outstanding contracted commitments under the Thor Agreement (refer to paragraph 4) and the minimum sales commitment under the Digicel Reseller Agreement (refer to paragraph 11).
14. The October Quarterly details the Company's expected "*value*" of its signed contracts such figure (A\$52 million), being an aggregate of:
- (a) the "*contracted minimum commitments*" detailed above (as adjusted for the recognition of revenue for the contracted commitments in respect to the Thor Agreement);
 - (b) the expected revenues from activity contemplated by the SaskTel Referral Agreement (over a three year period on and from the date first sales occur under the SaskTel Referral Agreement); and
 - (c) the expected revenues from activity contemplated by the Ingram Distribution Agreement (over a three year period on and from the date first sales occur under the Ingram Distribution Agreement).
15. The determination of expected revenues in paragraphs 14(b) and 14(c) are based on the Company's management analysis of data provided by, and engagement with, SaskTel and Ingram in respect to the SaskTel and Ingram arrangements (respectively).

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16. The Company acknowledges that although it disclosed details in respect to the Digicel Reseller Agreement in the July Quarterly (following the day of its execution) and previously disclosed Thor's contracted commitments in the Thor announcement, it did not explicitly state that the "contracted minimum commitments" of A\$22.7M in the July Quarterly comprised:

- (a) A\$1.6 million of outstanding contracted commitments from Thor;
- (b) minimum sales commitments of A\$20.9 million to be derived from the Digicel Reseller Agreement; and
- (c) an additional A\$200,000 from various other customers.

17. Actual revenue received (including commitments recognized as revenue) and profits derived from the \$52 Million Revenue Contracts will be disclosed in the Company's financial accounts, including its audited year-end consolidated statement of profit of loss and other comprehensive income and in accordance with the Australian Accounting Standards.

Question 1: Does the Entity ("Buddy Platform Limited" or "Company") consider the \$52 Million Revenue Contracts to be information that a reasonable person would expect to have a material effect on the price or value of its securities?

18. Yes.

Question 2: If the answer to question 1 is "no", please advise the basis for that view.

19. Not applicable.

Question 3: Please provide the following for each of the agreements forming the \$52 Million Revenue Contracts:

Question 3.1: The identity of the counterparty?

20. The identities of each of the counterparties are as follows:

- (a) Thor Industries Inc;
- (b) Digicel Group Limited;
- (c) Saskatchewan Telecommunications; and

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- (d) Ingram Micro LP.

Question 3.2: The date the Entity first became aware of the contracted revenue amount?

21. The Company first became aware of:

- (a) the contracted commitments for Thor on 9 December 2016, during the course of its negotiations in respect to the Thor Agreement. The Company did not announce the contracted commitments for Thor at that stage as the Thor Agreement was still subject to negotiations and remained incomplete;
- (b) the minimum sales commitments for Digicel during the period commencing 17 July 2017 to 26 July 2017 (US time), being the period the Company negotiated the terms of the exclusivity arrangements with Digicel;
- (c) the expected revenue to be derived from performance of activities contemplated by the SaskTel Referral Agreement during a management forecast meeting held on 30 October 2017 (US time) to determine an expected revenue figure for the purpose of providing shareholders of the Company with an update in the October Quarterly; and
- (d) the expected revenue to be derived from performance of activities contemplated by the Ingram Distribution Agreement during a management forecast meeting held on 19 October 2017 (US time) to determine an expected revenue figure in preparation of the Ingram announcement released on 20 October 2017.

Question 3.3: Whether the contracted revenue amount is considered material to the Entity? If not, please explain the basis for that view?

22. The Company considers:

- (a) the contracted commitments for Thor;
- (b) the minimum sales commitments for Digicel;
- (c) the expected revenue to be derived from Ingram; and
- (d) the expected revenue to be derived from SaskTel,

to be material to the Company.

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Question 3.4: Whether the Entity announced the contracted revenue amount before either the Quarterly 4C Review or the Q1 FY18 4C Review? If so, please advise the date of this announcement. If not, please advise why this information was not announced before the release of the Quarterly 4C Review or Q1 FY18 4C Review announcements commenting specifically on when you believe the Entity was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps the Entity took to ensure the information was released promptly and without delay.

23. The Company disclosed:

- (a) the contracted commitments for Thor on 13 January 2017, prior to the July Quarterly;
- (b) the minimum sales commitments for Digicel in the July Quarterly on 28 July 2017, being the day following the date (in Australia) of execution of the Digicel Reseller Agreement, noting that it was not announced earlier as negotiations for the Digicel Reseller Agreement remained incomplete; and
- (c) the expected revenue for Ingram on 20 October 2017, prior to the October Quarterly.

24. The Company did not disclose the expected revenue for SaskTel prior to the October Quarterly. This was on the basis that:

- (a) the SaskTel Referral Agreement is a referral arrangement (i.e. SaskTel is only responsible for providing a "lead" for the sale of Buddy Ohm) and a determination of the expected revenue for SaskTel can only be undertaken when sufficient information is provided to the Company by SaskTel and the Company has had sufficient opportunity to analyze and verify that information; and
- (b) prior to the management forecast meeting held on 30 October 2017 (US time) (being the day management held a meeting to analyze and determine the expected revenue for SaskTel as part of its preparation of the October Quarterly), the Company did not have a reasonable basis to disclose the expected revenue figures for SaskTel to the market.

25. The Company notes that it was obliged, under Listing Rules 3.1 and 3.1A, to release information in relation to the expected revenues of SaskTel following the completion of its analysis and did so promptly and without delay in the October Quarterly.

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Question 3.5: Any material information, including performance conditions to be satisfied by the Entity, (and the progress (if any) by the Entity in satisfying those performance conditions) in relation to the reported contracted revenues?

26. There is none. However, in order to derive revenue, the Company must:

- (a) deliver on its obligations concerning the products under the Thor Agreement;
- (b) achieve "sales" either by contracting directly with a third party customer under the SaskTel arrangement or through the respective sales efforts of Digicel and Ingram under their respective agreements; and
- (c) deliver on its obligations concerning the products under the Digicel Reseller Agreement and Ingram Distribution Agreement and deliver on its obligations pursuant to its direct engagement with customers derived from the SaskTel Referral Agreement which includes the provision of its products and services (ie. to ensure installation, activation and trial (if any) and ongoing support and service activities).

Question 3.6: The period over which the contracted revenues are expected to be earned and received in cash by the Entity, commenting specifically on the cash received as reported in the Entity's Appendix 4C's for the periods ended 30 June 2017 and 30 September 2017 (which totals \$941,000)?

27. With the exception of the Thor Agreement, the expected revenues under:

- (a) the Digicel Reseller Agreement will be earned by the Company over a three year period commencing on and from the date first sales under the Digicel Reseller Agreement occurred (being in October 2017);
- (b) the SaskTel Referral Agreement are expected to be earned by the Company over a three year period commencing on and from the date first sales under the SaskTel Referral Agreement occur (expected to be in Q3 FY2018); and
- (c) the Ingram Distribution Agreement are expected to be earned by the Company over a three year period commencing on and from the date first sales under the Ingram Distribution Agreement occur (expected to be in Q3 FY2018).

28. Customers under the Digicel Reseller Agreement, the SaskTel Referral Agreement and the Ingram Distribution Agreement will be billed monthly and cash will be received by the

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Company in accordance with standard payment terms, which vary for each region but are not more than 120 days.

29. In relation to the Thor Agreement:

- (a) A\$1.8 million of contracted commitments is expected to be earned and received in cash by the Company on or before May 2018;
- (b) on the basis that Thor exercises its option to purchase an additional component and continues with the provision of Buddy's services (refer to paragraph 4(c)), an additional A\$350,000 and A\$250,000 (respectively) will be earned and received in cash by the Company, subject to billing and payment terms.

30. The cash received in the July Quarterly and October Quarterly which totaled \$941,000 comprise a portion Thor's contracted commitments and other customer receipts.

31. Any reported contracted revenues will be recognized in accordance with the Australian Accounting Standards.

Question 4: Please confirm that the Entity's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of the Entity with delegated authority from the board to respond to ASX on disclosure matters.

32. Yes, the Company's responses to the questions above have been authorized and approved by an officer with delegated authority from the board to respond to the ASX on disclosure matters.

Sincerely,

A handwritten signature in black ink, appearing to read "Stuart Usher".

Stuart Usher

Company Secretary, Buddy Platform Ltd

Enc.

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23 January 2018

Mr Stuart Usher
Company Secretary
Buddy Platform Ltd

By email: stuart@buddy.com

Dear Mr Usher

BUDDY PLATFORM LTD (“ENTITY”): ASX AWARE QUERY

ASX Limited (“ASX”) refers to the following:

1. The Entity’s announcement entitled Quarterly 4C Review dated 28 July 2017, released on the ASX Market Announcements Platform at 16:15:16 am AEST (“Quarterly 4C Review”), which sets out the following:
 - 1.1. *“Signed contracts of a record A\$22.7M (up 981% on previous quarter), representing contracted minimum commitments”.*
 - 1.2. *“Looking ahead, the Company has signed contracts that represent minimum future revenue commitments totalling A\$22.7M. This is a strong early indicator of the implied success of the Buddy Ohm product. Note that this figure is nearly entirely comprised of Buddy Ohm and Buddy Cloud contributions”.*
 - 1.3. *“It goes without saying that management, and the team as a whole is delighted with these results. Focussing on the Buddy Ohm business, the team has returned an enormous increase (981%) in quarter on quarter signed minimum contract value to A\$22.7M. With the Buddy Ohm product only in its infancy, the Company’s expectation is that there are many more reseller agreements and distribution partnerships to come and management expects much from this business line in the future.”*
 - 1.4. *“Management holds the view that the Buddy Ohm business has very significant scale potential, and as a result we will be taking a conservative approach to accruals and guidance for the business. The Company is committed, however, to remaining entirely in compliance with ASX Listing Rules concerning continuous disclosure, and to regularly and fully keeping investors up to date with new contractual agreements, major sales agreements and other relevant information.”*
 - 1.5. Cash receipts from customers of \$534,000 and cash used in operating activities of \$2,737,000 for the quarter ended 30 June 2017.

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2. The Entity's announcement entitled "Quarterly 4C Review (Q1 FY18)" dated 31 October 2017 ("Q1 FY18 4C Review"), released on ASX Market Announcements Platform at 6:43:49 pm AEDT, which sets out the following:
- 2.1. *"Signed contracts valued at A\$52M, (contracted minimum commitments of A\$22.1M).*
 - 2.1.1. *Excluding contracted minimum commitment figures that have since converted to revenue.*
 - 2.1.2. *Excluding a non-binding LoI for a minimum commitment in the UK market amounting to A\$20M in three-year revenue, expected to be finalised imminently."*
 - 2.2. *"The Company recorded total revenues of A\$862k, including A\$447K of government grants and tax incentives, in Q1 FY2018. The Company also recorded cash receipts of \$A861k."*
 - 2.3. *"With our recent announcements and newsflow, management can share that we have signed contracts with expected three-year values of more than A\$52M which includes contracted minimums of A\$22.1M (versus A\$22.7M in the previous quarter – note that this includes additional contracted minimums, less any contracted amounts converted to revenue). Per previous guidance, this figure is comprised of Buddy Ohm and Buddy Cloud contributions only and is exclusive of any current or future alternative data revenue." ("52 Million Revenue Contracts")*
 - 2.4. *Cash receipts from customers of \$407,000 and cash used in operating activities of \$1,706,000 for the quarter ended 30 September 2017.*
3. ASX's policy position on the concept of "the contents of announcements under Listing Rule 3.1" which is detailed in section 4.15 of Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B "Guidelines on the contents of announcements under Listing Rule 3.1". In particular, the Guidance Note states as follows.
- 3.1. *"Wherever possible, an announcement under Listing Rule 3.1 should contain sufficient detail for investors or their professional advisers to understand its ramifications and to assess its impact on the price or value of the entity's securities.*
 - 3.2. *It is open to an entity which signs a market sensitive agreement to lodge a copy of the agreement on the ASX Market Announcements Platform, if it wishes to do so. This will help to reduce the amount of material about the agreement that needs to be included in its announcement and also avoid any issues about whether any material terms of the agreement have been properly disclosed. However, ASX recognises that there are cases where an entity will not wish to lodge a copy of an agreement on the ASX Market Announcements Platform. In those cases, the announcement about the agreement should contain a fair and balanced summary of the material terms of the agreement and include any other material information that could affect an investor's assessment of its impact on the price of value of the entity's securities.*



3.3. *An announcement under Listing Rule 3.1 must be accurate, complete and not misleading.”*

4. Listing rule 3.1, which requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the Company’s securities.

Having regard to the above, we ask that you answer the following questions in a format suitable for release to the market in accordance with Listing Rule 18.7A:

1. Does the Entity consider the \$52 Million Revenue Contracts to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
2. If the answer to question 1 is “no”, please advise the basis for that view.
3. Please provide the following, for ***each*** of the agreements forming the \$52 Million Revenue Contracts:
 - 3.1. The identity of the counterparty?
 - 3.2. The date the Entity first became aware of the contracted revenue amount?
 - 3.3. Whether the contracted revenue amount is considered material to the Entity? If not, please explain the basis for that view?
 - 3.4. Whether the Entity announced the contracted revenue amount before either the Quarterly 4C Review or the Q1 FY18 4C Review? If so, please advise the date of this announcement. If not, please advise why this information was not announced before the release of the Quarterly 4C Review or Q1 FY18 4C Review announcements commenting specifically on when you believe the Entity was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps the Entity took to ensure the information was released promptly and without delay.
 - 3.5. Any material information, including performance conditions to be satisfied by the Entity, (and the progress (if any) by the Entity in satisfying those performance conditions) in relation to the reported contracted revenues?
 - 3.6. The period over which the contracted revenues are expected to be earned and received in cash by the Entity, commenting specifically on the cash received as reported in the Entity’s Appendix 4C’s for the periods ended 30 June 2017 and 30 September 2017 (which totals \$941,000)?
4. Please confirm that the Entity’s responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of the Entity with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under, and in accordance with, Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than **9 am (WST), Monday, 29 January 2018**. If we do



not have your response by then, ASX will have no choice but to consider suspending trading in the Entity's securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, the Entity's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at dale.allen@asx.com.au and tradinghaltspert@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rule 3.1

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A.

The obligation of the Entity to disclose information under Listing Rules 3.1 and 3.1A is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

In responding to this letter, you should have regard to the Entity's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in the Entity's securities under Listing Rule 17.1.

If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.



We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

[sent electronically without signature]

Dale Allen
Senior Adviser, ASX Listings Compliance

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