



ASX MARKET RELEASE

Buddy Platform Limited – Quarterly 4C Review (Q1 FY18)

October 31, 2017 – Adelaide, South Australia

Buddy Platform Limited (ASX: BUD) (“Buddy” or the “Company”), the Internet of Things (“IoT”) data management, processing and control platform, has today released its Quarterly Appendix 4C filing for Q1 FY2018.

SUMMARY

- Recognised revenue for the quarter was A\$862k (up 97% on previous quarter)
 - A\$447k of this figure was government grants and tax incentives
- Total cash receipts for the quarter was A\$861k (up 61% on previous quarter)
- Net operating cash outflows of A\$2.56M (down 22% on previous quarter), which was A\$383k better than forecast
- Signed contracts valued at A\$52M, (contracted minimum commitments of A\$22.1M)
 - Excluding contracted minimum commitment figures that have since converted to revenue
 - 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
- Heavily oversubscribed placement completed post period to raise A\$23M with strong interest from new and existing Australian domestic and Asian institutional investors
- Cash on hand at 30 September of A\$4.4M, plus A\$23M from the October 2017 placement (settlement: 2 November 2017) and additional A\$5.4M anticipated from options to be exercised by 30 November 2017.

Q1 FY2018 FINANCIALS

REVENUE AND SIGNED CONTRACTS

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 A\$861k.

Excluding government grants and tax incentives, quarter-on-quarter revenue was slightly down which was due to two factors: 1) shedding certain Buddy Cloud customers who were both not profitable and not in-line with our smart cities focus, and 2) the overwhelming focus on building channel partners to scale the Buddy Ohm product line. With the recent news of additional channel partners for Buddy Ohm, plus the guidance recently offered that a substantial global opportunity is imminent, management is quite satisfied with the tradeoff in Buddy Cloud

revenues vs. Buddy Ohm channel growth. As per previous guidance, material Buddy Ohm revenue is two quarters away (and will continue to lag new channel partners by approximately the same amount) as the time taken post-contract execution to train, support and provide inventory to channel partners is not insignificant. For example, the SaskTel mobile operator channel partnership announced 23 August 2017 won't commence sales until November. The Company has developed repeatable, scalable processes to keep this lag to a minimum, and the execution of distribution agreements will also help substantially reduce this delay.

The Buddy Cloud business continues to represent the bulk of our revenues to-date, and even with our intense focus on smart cities customers, we expect that business to resume growth later this year. Likewise, as previously disclosed, we expect our alternative data business to begin to monetise in Q3 FY18 as we pass the required milestone of 12 months of data collected in late January 2018. Accordingly, since commercialisation of the alternative data business from the Parse on Buddy product commences in February 2018, we expect to report first revenues for this business line in Q4 FY18.

The Company's net operating cash outflows of A\$2.56M was significantly better (down 22%) than last quarter's A\$3.28M and better than forecast by A\$383k. That said, as we accelerate our market expansion, investors will see an increase in quarterly cash outflows in future quarters.

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.

It goes without saying that the entire team is proud of what we've accomplished this calendar year. Bringing an entirely new product from design, to production, to sale in multiple territories with tens of millions of dollars in reseller and distribution contracts in less than one year is prideworthy. That said, the Buddy Ohm product has vastly greater potential and we will be announcing additional reseller agreements and much broader distribution partnerships in the months to come.

BUDDY OHM REVENUES / SALES GUIDANCE

The Company wishes to reiterate that management will not be offering unit guidance or updates for Buddy Ohm. Facility needs and market pricing varies and so therefore reporting units (shipments, trials, installs) does not necessarily correlate to revenues.

Also, investors should be aware that Buddy Ohm revenues will not become material for at least two quarters, and will lag distribution or reseller deal announcements by approximately the same period of time. Revenues are recognised only after the hardware is installed, the service agreement has started, after any evaluation period has expired, and the customer has transitioned to an accepted contract. At that point, revenue will be recognized ratably over the contracted period – even if the client pays 100% of the total contract value up front. This means revenues will layer on more slowly, however, we consider this a more prudent and appropriate approach resulting in long term stability and predictability.

Consistent with our prior guidance to investors and entirely in compliance with ASX Listing Rules concerning continuous disclosure, the Company is committed to regularly and fully keeping investors up to date with new contractual agreements, major sales agreements and other relevant information and as such, we will not normally transact in news or market releases

pertaining to LoIs, MoUs or other non-committed developments. We feel strongly that the best indicator of sales traction in the business from this point forward remains landed contracts.

AUSTRALIAN FEDERAL GOVERNMENT R&D TAX INCENTIVE

The Company received A\$447k via the R&D tax rebate in the quarter. Note that this was for the short period from 17 December 2015 to 30 June 2016. Next quarter, we will be filing our FY2017 tax return and expect to receive a substantially larger R&D tax rebate in late Q2 or early Q3.

CASH POSITION

As of 30 September 2017, the Company had cash reserves of A\$4.4M. Note that this excludes both the October fundraise of A\$23M and November unquoted options exercise (described below).

OTHER COMMENTS

Payments for acquisition of physical non-current assets (line 2.1a) remains modest.

UNQUOTED OPTIONS

There are 40 million outstanding (unquoted) BUD options with a strike price of A\$0.125 and 12.5 million outstanding (unquoted) BUD options with a strike price of A\$0.03 – both of which have an expiry date of 30 November 2017 and are escrowed until 30 December 2017. Management expects these options – which are now all well “in the money” – to be exercised, which would yield additional cash inflow to the business of A\$5.375M prior to the end of the calendar year. These options are closely-held by parties that are highly aligned to the success of the Company, and so while management does naturally expect some sell-off of the shares resulting from the exercise of these options, this is not expected to be impactful. As with all shareholders, management maintains an open dialogue with the option holders who are considered firm holders of the stock.

ESCROW EXPIRY

There are approximately 299M shares coming out of escrow (plus the exercised unquoted options discussed above) on 30 December 2017. Over 95% of the quoted escrowed shares are held by the founders and members of the Company’s Board of Directors, with the balance held by early employees and friends/family of the founders. All such parties are highly aligned with the objectives of the Company, and while there will naturally be some trading by holders (some of whom will have tax obligations to meet as a result of the escrow expiry), such transactions are not expected to be impactful.

It is worth noting that recent significant demand from the oversubscribed capital raise has provided the Company with confidence that it would be able to facilitate a well-managed sale process for any lines of stock that became available.

Finally, investors are reminded that a similar number of shares emerged from escrow in December 2016 with no appreciable impact on the share price. Then, as now, clear communication will remain a priority and accordingly management does not anticipate this escrow expiry event to be fiscally meaningful in any real way.

WEBBIT NANO LIMITED INVESTMENT

The Company holds 22,690,612 shares in Weebit Nano Limited ([ASX: WBT](http://www.asx.com.au/WBT)), valued at A\$408k at the end of the quarter; for more information, please visit their website at <http://www.weebit-nano.com>.

BUSINESS UPDATE

On 30 October 2017, the Buddy Platform team was delighted to announce the completion of a heavily oversubscribed placement which raised A\$23 million for the Company. Under the placement, the Company will issue 115,000,000 shares at A\$0.20 per share from new and existing Australian domestic and Asian institutional investors. Funds raised will be used to dramatically expand our successful channel sales strategy for Buddy Ohm, to formalise a potential large distribution arrangement which, if concluded, will span over 100 new markets and to continue our investment into product research and development.

Turning to the operational side of the business, it has been an extremely productive quarter for Buddy Platform. Building on the launch of Buddy Ohm back in May 2017 (Q4 FY17) and the first availability of units for customer delivery in July 2017, we began the quarter with strong sales interest. During this quarter, the Company was very pleased to have announced reseller and distribution deals in Australia, Canada and the Caribbean. Further deals have been announced since the close of the period and guidance has been offered that a significant opportunity is soon to be executed upon, demonstrating the team's ability to deliver on our international roll-out strategy.

BUDDY OHM

Starting in July 2017, we were very pleased to come to an agreement with the largest mobile operator in the Caribbean, Digicel Group, to market, sell, distribute and install our Buddy Ohm product throughout Digicel's twenty six (26) markets in the Caribbean and Central America. Digicel started with one sales team (of three) in just one region (Jamaica) and achieved an enterprise sales rate of one per business day (ie: five per week) with that team – a tremendous result for what is effectively one third of one twenty-sixth of their market. Following this milestone, Digicel recently expanded Buddy Ohm sales not just to the balance of the Jamaican market, but further afield in the Caribbean and Central America, and at least in Jamaica is both increasing the base pack price and removing the 30 day free trial. Digicel has offered guidance to Buddy that all 26 territories covered in the agreement will be offered Buddy Ohm by the end of November 2017. Investors should note that management anticipates that regions severely impacted by the recent hurricanes will be amongst the last in this group to recognise appreciable sales volumes.

The Caribbean is an ideal market for Buddy Ohm, given that its largest industry is tourism. Hotels, resorts and other tourism facilities are well-known as large consumers of utilities, such as water and electricity, which are very costly in this region. For these potential customers, reducing energy expenditure is a key priority and Buddy Ohm is a great solution to help them achieve this because it can be easily installed and monitored remotely. One such customer has already provided guidance that they believe their installation will help them save over US\$550,000 in annual electricity costs.

Following closely on the tails of the Digicel agreement, the Company signed an agreement with Integrated Commercial Environments (ICE) Technical Maintenance Services for the sale and installation of Buddy Ohm around Australia. ICE is a leading provider of commercial property facilities maintenance and support services across Australia and have customer contracts with a wide range of prominent organisations across industries such as global banking, pharmaceutical, energy, construction, building management, government and education. The agreement provides revenue sharing and incentives for ICE for introducing Buddy Ohm to their existing and new customers. Additionally, they earn an installation fee for sales that they take carriage of.

Importantly, the agreement with ICE has provided a model for further similar relationships in Australia and internationally. We expect that by working with installers, who also act as resellers across various regions, we will be able to more rapidly expand Buddy Ohm's footprint while at the same time solving the challenge of providing nationwide installations without enlarging Buddy's work force. This removes one of the key execution challenges we face, allowing us to scale our business without the need for a large installation workforce.

Expanding our footprint from Australia and the Caribbean, into Canada, we were very pleased to partner with SaskTel, a Canadian full service communications provider, during the quarter. SaskTel is the leading Information and Communications Technology provider in the province of Saskatchewan. It generates over CA\$1.2 billion in annual revenues from its established customer base and provides approximately 1.4 million customer connections. SaskTel has agreed to sell Buddy Ohm through its sales teams into major commercial and industrial customers in the region that are looking to reduce their overall energy spend and carbon footprint.

This is an exciting deal for Buddy as it represents our first major inroads for the product in the Canadian market, as well as our second mobile operator partnership to sell Buddy Ohm. Revenues from this partnership are expected to become material in Q3 FY18.

POST PERIOD MOMENTUM

Following the close of the quarter, the Company accelerated its momentum for Buddy Ohm, delivering further deals that expand its reach and grow forward-looking revenues.

At the start of October 2017, Buddy enhanced the Buddy Ohm offering by pairing it with a device called "PowerSave", from leading Australian technology solutions developer, Edge Electrons. PowerSave substantially reduces the peak energy consumption of a building facility, as well as protecting it against reduced lifespan of equipment caused by "lower power factor" (sometimes called dirty power).

Buddy and Edge Electrons have agreed to integrate PowerSave into the Buddy Ohm product suite. This delivers PowerSave customers a Buddy Ohm dashboard experience and provides PowerSave as an additional add-on to Buddy Ohm customers. This combined offering will be available to Edge Electrons' new and existing business customers in Australia, and Buddy's markets elsewhere in the world, allowing customers to realise meaningful cuts to energy costs of up to 20% while improving power quality.

Another important step towards a broader Buddy Ohm roll-out came in October when the Company signed a worldwide data connectivity agreement with major US telco, T-Mobile USA. The partnership secured global connectivity for Buddy Ohm device deployments. Following a competitive process involving a number of global mobile operators, T-Mobile was awarded the contract to deliver worldwide connectivity for our Buddy Ohm product. T-Mobile will provide a highly competitive fixed price for Buddy Ohm mobile data network access in the USA, as well as in over 140 countries worldwide via aggregated roaming agreements. It offers the simplicity of operating from a common SIM card and data plan management platform, which helps us deliver a seamless out-of-box experience to our customers.

Strengthening our ability to roll out Buddy Ohm across Australia, a nationwide installation provider was signed up for Buddy Ohm in October 2017. The Company is delighted to be partnering with Skybridge, a leading Australian electrical service provider, as our preferred national installer and maintenance service provider for new and existing customers that sign up for Buddy Ohm directly in Australia. In addition, Skybridge will refer their customers to the Buddy Ohm solution, benefitting through a revenue share arrangement.

Skybridge has a strong track record of delivering large scale, complex field service solutions on behalf of corporate and government clients, primarily in the telecommunications, energy, medical and security sectors. It has a network of over 2,000 field technicians that can be deployed to install and maintain Buddy Ohm across Australia, completing a very important piece of the puzzle that allows us to roll out our Buddy Ohm deployments faster and on a nationwide footprint.

Also post quarter, the Company delivered its largest deal to date for its Buddy Ohm product. We were very pleased to recently announce a three-year nationwide resale and distribution partnership with Ingram Micro Canada, the Canadian arm of one of the world's largest distributors of technology products, Ingram Micro Inc. (NYSE:IM).

Through Ingram Micro Canada's national network of resellers, we will have access to one of the broadest distribution and sales channels across the entire nation of Canada. The deal dovetails with our arrangement with Canadian mobile operator SaskTel, completing the inventory supply chain.

Sales under the Ingram Micro deal are expected to commence in Q3 FY18. Revenue per installation is expected to be up to four times more than prior reseller agreements due to Ingram Micro's bundled pricing structure, which distributes technology products from over 1,700 technology suppliers including Apple, Cisco, Google, HP, IBM, Microsoft, Samsung.

With a highly active quarter behind us, plus the tremendous momentum delivered in October 2017, the outlook for Buddy Ohm is incredibly exciting. Our focus is very clearly on scaling up and with this in mind, we have been able to partner with some very high profile and innovative organisations. Furthermore, we hope to formalise a potential large distribution arrangement in the coming weeks with a global organisation that would help us to enter over 100 new geographical markets and dramatically speed up our ability to enter those new markets. Management looks forward to providing further news about this potential contract as soon as possible.

BUDDY CLOUD

While Buddy Ohm has been at the forefront of the Company's news flow over the last quarter, our Buddy Cloud product has continued to deliver revenues through existing customer contracts.

In a planned and deliberate move, a number of Cloud customer contracts were discontinued during the quarter which impacted revenues from this product. All the clients that were shed were either not profitable for the Company, or were not in line with our core focus on the Smart Cities sector. The Company expects to grow the Buddy Cloud business in financial year 2018.

PARSE ON BUDDY

Our backend as a service (BaaS) product, Parse on Buddy remains in a strong growth phase. This product powers the Company's "alternative data" business by collecting data from the usage of mobile applications built on the Parse on Buddy service. This data builds up a monetisable view of the movement of people throughout a city, further enhancing the smart city data asset that is the Buddy Cloud. The amount of data gathered from mobile devices using apps that are powered by Parse on Buddy continues to grow, and so this asset is performing very much to plan in advance of the commercialisation of the business in Q3 FY18 (first revenues reported in Q4 FY18).

STAFFING

The Company had 33 full-time employees and 4 open positions at the end of the quarter.

While we will continue our cautious approach to hiring, current and pending contracts dictate an increase in our rate of new hires. In all cases, such filling of headcount is being done strictly on an as-needed basis.

BOARD OF DIRECTORS

There have been no changes to the Board of Directors or director compensation this quarter. Directors receive no cash compensation, and are compensated with milestone-based performance shares that convert into BUD stock.

SERVICE PERFORMANCE

The Buddy Cloud performed well within our pledged response time of 250ms and there were no service level agreement (SLA) events that required compensation from Buddy. Additionally, it should be noted that any downtime due to inherited service interruptions from our cloud provider are excluded from our SLA.

For and on behalf of Buddy Platform Limited.



David P. McLauchlan

Chief Executive Officer
Buddy Platform Limited.

About Buddy

Buddy Platform Limited (BUD.ASX) provides highly scalable Internet of Things data aggregation and management infrastructure by way of three unique offerings – Buddy Cloud, Buddy Ohm and Parse on Buddy. The Buddy Cloud offers smart city providers a globally scalable data ingestion and management platform. Buddy Ohm, a complete and low cost solution for facility resource monitoring and verification, connects systems that were never designed to work together, while turning energy savings into a strategic asset. Parse on Buddy is a mobile backend as a service (mBaaS) built on the world's most popular BaaS technology. Buddy Platform is headquartered in Seattle, Washington, with offices in Adelaide, Australia.

For more information, visit www.buddy.com.

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Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

Buddy Platform Limited

ABN

21 121 184 316

Quarter ended ("current quarter")

30 September 2017

| Consolidated statement of cash flows | Current quarter \$A'000s | Year to date (3 months) \$A'000s |
|---|-----------------------------|--|
| 1. Cash flows from operating activities | | |
| 1.1 Receipts from customers | 407 | 407 |
| 1.2 Payments for | | |
| (a) research and development | (277) | (277) |
| (b) product manufacturing and operating costs | (528) | (528) |
| (c) advertising and marketing | (298) | (298) |
| (d) leased assets | - | - |
| (e) staff costs | (1,258) | (1,258) |
| (f) administration and corporate costs | (206) | (206) |
| 1.3 Dividends received (see note 3) | - | - |
| 1.4 Interest received | 7 | 7 |
| 1.5 Interest and other costs of finance paid | - | - |
| 1.6 Income taxes paid | - | - |
| 1.7 Government grants and tax incentives | 447 | 447 |
| 1.8 Other (provide details if material) | - | - |
| 1.9 Net cash from / (used in) operating activities | (1,706) | (1,706) |

| Consolidated statement of cash flows | Current quarter \$A'000s | Year to date (3 months) \$A'000s |
|---|-------------------------------------|---|
| 2. Cash flows from investing activities | | |
| 2.1 Payments to acquire: | | |
| (a) property, plant and equipment | (29) | (29) |
| (b) businesses (see item 10) | - | - |
| (c) investments | - | - |
| (d) intellectual property | - | - |
| (e) other non-current assets | - | - |
| 2.2 Proceeds from disposal of: | | |
| (a) property, plant and equipment | - | - |
| (b) businesses (see item 10) | - | - |
| (c) investments | - | - |
| (d) intellectual property | - | - |
| (e) other non-current assets | - | - |
| 2.3 Cash flows from loans to other entities | - | - |
| 2.4 Dividends received (see note 3) | - | - |
| 2.5 Other (provide details if material) | - | - |
| 2.6 Net cash from / (used in) investing activities | (29) | (29) |

| | | |
|---|---|---|
| 3. Cash flows from financing activities | | |
| 3.1 Proceeds from issues of shares | - | - |
| 3.2 Proceeds from issue of convertible notes | - | - |
| 3.3 Proceeds from exercise of share options | - | - |
| 3.4 Transaction costs related to issues of shares, convertible notes or options | - | - |
| 3.5 Proceeds from borrowings | - | - |
| 3.6 Repayment of borrowings | - | - |
| 3.7 Transaction costs related to loans and borrowings | - | - |
| 3.8 Dividends paid | - | - |

| Consolidated statement of cash flows | Current quarter \$A'000s | Year to date (3 months) \$A'000s |
|--|-------------------------------------|---|
| 3.9 Other (provide details if material) | - | - |
| 3.10 Net cash from / (used in) financing activities | - | - |

| | | |
|---|--------------|--------------|
| 4. Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 Cash and cash equivalents at beginning of quarter/year to date | 6,122 | 6,122 |
| 4.2 Net cash from / (used in) operating activities (item 1.9 above) | (1,706) | (1,706) |
| 4.3 Net cash from / (used in) investing activities (item 2.6 above) | (29) | (29) |
| 4.4 Net cash from / (used in) financing activities (item 3.10 above) | - | - |
| 4.5 Effect of movement in exchange rates on cash held | (15) | (15) |
| 4.6 Cash and cash equivalents at end of quarter | 4,372 | 4,372 |

| 5. Reconciliation of cash and cash equivalents | Current quarter \$A'000 | Previous quarter \$A'000 |
|---|------------------------------------|-------------------------------------|
| at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | | |
| 5.1 Bank balances | 4,372 | 6,122 |
| 5.2 Call deposits | - | - |
| 5.3 Bank overdrafts | - | - |
| 5.4 Other (provide details) | - | - |
| 5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above) | 4,372 | 6,122 |

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

| Current quarter \$A'000 |
|----------------------------|
| 98 |
| - |

CEO Salary - 82k
Mandated Corporate Services - \$16k

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

| Current quarter \$A'000 |
|----------------------------|
| - |
| - |

-

8. Financing facilities available

Add notes as necessary for an understanding of the position

- 8.1 Loan facilities
- 8.2 Credit standby arrangements
- 8.3 Other (please specify)
- 8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

| | Total facility amount at quarter end \$A'000 | Amount drawn at quarter end \$A'000 |
|--|---|---|
| | - | - |
| | - | - |
| | - | - |

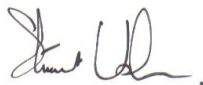
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| 9. Estimated cash outflows for next quarter | \$A'000 |
|--|----------------|
| 9.1 Research and development | (350) |
| 9.2 Product manufacturing and operating costs | (390) |
| 9.3 Advertising and marketing | (390) |
| 9.4 Leased assets | - |
| 9.5 Staff costs | (1,560) |
| 9.6 Administration and corporate costs | (500) |
| 9.7 Other (provide details if material) | - |
| 9.8 Total estimated cash outflows | (3,190) |

| 10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above) | Acquisitions | Disposals |
|--|---------------------|------------------|
| 10.1 Name of entity | - | - |
| 10.2 Place of incorporation or registration | - | - |
| 10.3 Consideration for acquisition or disposal | - | - |
| 10.4 Total net assets | - | - |
| 10.5 Nature of business | - | - |

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.



Sign here:

(Company Secretary)

Date: 31 October 2017

Print name: Stuart Usher

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.