



April 12, 2018

Mr. James Rowe
Manager, ASX Listings Compliance
ASX Compliance Pty Ltd
Level 40, Central Park
152-158 St. Georges Terrace
Perth, WA 6000

Dear Mr Rowe

Buddy Platform Limited - ASX Aware Query

Buddy Platform Limited (ASX: BUD) (**Buddy** or the **Company**) refers to the letter received from ASX Limited (**ASX**) dated 9 March 2018 (**Aware Letter**).

Our responses to the various questions in the Aware Letter are detailed below. Unless otherwise defined, capitalised terms in this letter have the same meaning given to those terms in the Aware Letter and/or our letters to ASX dated 19 February 2018 in respect to ASX's previous aware letter dated 2 February 2018 (**First Response**) and 2 February 2018 in respect to ASX's previous aware letter dated 23 January 2018 (**Second Response**).

Nestlé Announcement

Question 1: ASX notes that the substance of the Nestlé Announcement appears to have been disclosed by BUD during a keynote address at the Mobile World Congress on 27 February 2018. ASX also notes that the Nestlé Announcement refers to Nestlé Jamaica having "deployed the Ohm by Digicel system in their primary Kingston facility" and that following "a successful first deployment, Nestlé has now expanded upon their initial installation, and is expected to deploy further systems in the region".

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ASX infers from this that Nestlé became a "Buddy Ohm customer" (in the sense of having already deployed the Ohm by Digicel system) well prior to the Mobile World Congress and the Nestlé Announcement.

When did BUD first become aware that Nestlé had become a "Buddy Ohm customer" as referred to in the Nestlé Announcement?

1. On 2 November 2017, the Vice President of Sales for the Company was informed by a representative of Digicel, via email, that Nestlé had agreed to have one Ohm by Digicel system deployed at its Kingston, Jamaica facility on a trial basis. Note that Digicel has rebranded the Buddy Ohm product as the "Ohm by Digicel" system.
2. On 14 December 2017, following the completion of a 30 day trial period at the Kingston facility, the Company commenced billing Digicel in respect of the installation.
3. On 19 January 2018, the Vice President of Sales for the Company was informed by a representative of Digicel, via email, that Nestlé had signed an agreement with Digicel to formalise its purchase of the one Ohm by Digicel system from Digicel (**Nestlé Agreement**).
4. Nestlé subsequently elected to purchase additional components to bolster their initial Ohm by Digicel system.
5. The reference in the Nestlé Announcement to Nestlé becoming a "Buddy Ohm customer" is a reference to Nestlé entering into the Nestlé Agreement which, as explained above, the Company first became aware of on 19 January 2018.

Question 2: ASX notes:

- ***the 21% increase in the market price of BUD securities following the release of the Nestlé Announcement;***
- ***the reference in the Nestlé Announcement that: "Nestlé is the largest food company in the world, ranking no. 64 on the Fortune Global 500 in 2017, with US\$98.8 billion in revenues last year. Nestlé has 447 factories, operates in 194 countries and employs approximately 339,000 staff";***
- ***the reference in the Nestlé Announcement that following "a successful first deployment, Nestlé has now expanded upon their initial installation, and is expected to deploy further systems in the region"; and***

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- ***the reference in the Nestlé Announcement that Nestlé “now plans to introduce the Ohm View Dashboard for team-wide visibility”.***

In light of the above, does BUD consider the information in the Nestlé Announcement that Nestlé had become a Buddy Ohm customer to be information that a reasonable person would expect to have a material effect on the price or value of its securities?

6. No, the Company does not consider the information in the Nestlé Announcement that Nestlé had become a Buddy Ohm customer to be information that a reasonable person would expect to have a material effect on the price or value of its securities.

Question 3: If the answer to question 2 is “no”, please provide the basis for that view and include in your answer BUD’s explanation for why it released the Nestlé Announcement on MAP and the significant share price increase following the release of the Nestlé Announcement.

7. As at the date of the Nestlé Announcement, the Buddy Ohm system and additional components had only been deployed by Nestlé in the Kingston facility and involved an immaterial amount of revenue from those deployments - refer to paragraphs 16 and 17 below.
8. The basis for the Company's view in response to question 2 of the Aware Letter, detailed above, is that the Company does not consider the sale of one Buddy Ohm system and additional components, generating an immaterial amount of revenue, to be information that a reasonable person would expect to have a material effect on the price or value of its securities, irrespective of the identity, size or prominence of the customer.
9. The substance of the Nestlé Announcement was disclosed at the Mobile World Congress at a joint Digicel and Buddy presentation at approximately 1:40am (AEST) on 28 February 2018 and published on Buddy's ASX platform at 9.34am (AEST) on 28 February 2018 (pre ASX market open).
10. The Company took into account the following factors when it decided to release the Nestlé Announcement on the ASX Market Announcement Platform (**MAP**):
 - a) the public endorsement of the Buddy Ohm product by a significant reseller partner (Digicel) of their relationship with the Company at a global trade show (the Mobile World Congress which is the world's largest exhibition for the mobile industry);

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- b) the consent of a large global, reputable customer (Nestlé) to be publicly named at a global trade show as a user of the Buddy Ohm product; and
 - c) the expectation that the content of the presentation at the trade show would be published in traditional news and/or social media forums by the organisers of the event as well as attendees.
11. The Company, accordingly, released the Nestlé Announcement to ensure that the arrangements with Digicel and Nestlé were accurately relayed (rather than being discussed in the traditional news and/or on social media in an ad hoc and, potentially, distorted manner).
12. The Company does not know what caused the price increase that occurred on 28 February 2018 and is not aware of any explanation for the price movement in the securities of the Company other than to note the following:
- a) the trade show itself may have increased investor interest, as may have other communications or events in the market place; and
 - b) the Company is a start-up company with a small market capitalisation and it is not uncommon for the Company to have significant intra-day swings both on days when announcements have and have not been released on the MAP.
13. For clarity, the primary focus of trade shows, such as the Mobile World Congress, are on the functionality, purpose and promotion of products, such as the Buddy Ohm system. Such trade shows will not involve disclosure of volume sales, roll-out figures, revenue or margins (noting that this was indeed the case for the joint Digicel and Buddy presentation).

Question 4: If the answer to question 2 is “yes” and BUD first became aware that Nestlé had become a Buddy Ohm customer before the date of that announcement, did BUD make any announcement prior to that date which disclosed that information? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when BUD believes it was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps BUD took to ensure that the information was released promptly and without delay.

14. Not applicable.

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Question 5: What revenue has BUD derived, or does it expect to derive, either directly or through the re-seller agreement with Digicel, from:

Question 5.1: The installation by Nestlé of the Ohm by Digicel system in its primary Kingston facility?

15. By way of background:
- a) Nestlé is presently paying Digicel a fixed monthly fee on a recurring basis for utilising the Ohm by Digicel system in the Kingston facility. This arrangement will continue for a period of 36 months from 14 December 2017, unless the Nestle Agreement is terminated;
 - b) under the terms of the Digicel Reseller Agreement, Digicel is solely responsible for billing Nestlé and the collection of fees; and
 - c) Digicel must within 30 days of the end of each calendar month pay the Company an agreed amount for all services and licenses sold or delivered by Digicel during that month (of which a small proportion will relate to Nestlé).
16. As at 1 April 2018, the Company has derived revenue of less than US\$10,000 from Digicel which is attributable to the provision of the Ohm by Digicel system to Nestle in the Kingston facility.
17. At present, the Company anticipates that the expected revenue to be derived from Nestlé (via Digicel) in respect to the Kingston facility to be less than US\$100,000 (which includes the figure referenced in paragraph 16 above), on the basis that the Nestlé Agreement is not terminated. If an agreement is reached between Digicel and Nestlé to deploy further Ohm by Digicel systems and/or to provide other upgrades (such as additional components or additional features that may be upsold at a point in the future) at the Kingston facility, expected revenue would increase.

Question 5.2: The plan by Nestlé to introduce the Ohm View Dashboard for team-wide visibility?

18. The Ohm View Dashboard is included in the "Base Pack" for the Buddy Ohm product unit (as previously disclosed in the Company's ASX announcement dated 30 November 2017 and the Company's website).

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19. The Company does not, and will not, directly derive any additional revenue from the plan by Nestlé to introduce the Ohm View Dashboard for team-wide visibility. Should Nestlé wish to purchase additional Ohm View Dashboards this would be considered an upgrade as detailed in paragraph 17 above.

Question 6: Does the revenue referred to in the answer to question 5 form part of the minimum sales commitment of approximately A\$20.9M referred to in BUD's First Aware Letter Response?

20. Yes.

Question 7: Please advise:

Question 7.1: To the extent known by BUD, the material terms of the agreement between Digicel and Nestlé, including the period of the agreement and any minimum commitment Nestlé has made to purchase BUD products under the agreement?

21. The Company has not been provided with, nor has seen, a copy of the Nestlé Agreement but understands from broader discussions with Digicel that:
- a) Digicel invoices Nestlé for a fixed amount on a monthly basis for the use of the Ohm by Digicel system in the Kingston facility; and
 - b) the Nestlé Agreement will continue for a period of 36 months from 14 December 2017, unless it is terminated (which the Company presumes is provided for in the agreement).

Question 7.2: Are there any contractual commitments by Nestlé to deploy further BUD systems in the region, whether with BUD, Digicel or any other re-seller? If so, what are they?

22. The Company is not currently aware of any contractual commitments by Nestlé to deploy further BUD systems in the region. We note that any such agreement would need to be reached between Nestlé and Digicel (who is the Company's exclusive reseller for the region).
23. The expectation that Nestlé may deploy further Ohm by Digicel systems in the region is a result of discussions that Nestlé has had with Digicel regarding its interest to do so, which Digicel has in turn relayed to the Company.

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Digicel Announcement

Question 8: ASX notes that the agreement to sell, distribute and install Buddy Ohm through Digicel's sales and operations teams, as referred to in the Digicel Announcement, appears to have been disclosed by BUD during a presentation at the Smart Destinations technology showcase in Jamaica on 13 July 2017.

ASX further notes BUD's First Aware Letter Response that while the Digicel Reseller Agreement was formally executed on 27 July 2017, it was announced on 14 July 2017, prior to its execution, among other things on the basis that save for exclusivity provisions, the key terms and conditions of the arrangement had been agreed by the parties.

ASX infers from this that the agreement referred to in the Digicel Announcement was agreed prior to the Smart Destinations technology showcase and the Digicel Announcement.

When did BUD reach the agreement with Digicel on the key terms and conditions of the arrangement to sell, distribute and install Buddy Ohm through Digicel's sales and operations teams as referred to in BUD's First Aware Letter Response?

24. The negotiations that took place between the Company and Digicel in advance of agreeing the Digicel Reseller Agreement are detailed at paragraphs 16 and 17 of the Second Response.
25. Save for the exclusivity arrangements and accompanying minimum sales commitment (detailed at paragraph 7 of the First Response and paragraphs 19, 20, 21, 38 and 39 of the Second Response), the negotiation of the key terms and conditions of the arrangement to sell, distribute and install Buddy Ohm through Digicel's sales and operations teams concluded in a discussion between the chief executive officer of the Company and the head of IoT business development of Digicel late on the morning of 13 July 2017 (Jamaican time) prior to the introduction of the Buddy Ohm product at Smart Destination Jamaica.
26. The Company, accordingly, reached agreement with Digicel on the key terms and conditions of the arrangement to sell, distribute and install Buddy Ohm through Digicel's sales and operations teams (save for the exclusivity arrangements and accompanying minimum sales commitment) late on the morning of 13 July 2017 (Jamaican time, being early morning AEST on 14 July 2017).

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27. For clarity, the Digicel Announcement was released on the Company's ASX platform at 9.09am (AEST) on 14 July 2017 (pre ASX market open), followed by the disclosure of the arrangement at Smart Destinations Jamaica at approximately 10.10am (AEST) on 14 July 2017.

Question 9: ASX notes:

- ***the 27% increase in the market price of BUD securities following the release of the Digicel Announcement;***
- ***the statement in the Digicel Announcement attributed to BUD CEO, David McLauchlan:***

"We couldn't be more pleased to announce Digicel as our first major mobile operator reseller... Digicel operates in markets with very expensive energy and many of their larger customers, like governments and the hospitality industry, have facilities with extraordinarily large energy costs. There's a huge opportunity for Ohm in the Caribbean and Central America, and there's no better partner to have in this region than Digicel."

Does BUD consider the information in the Digicel Announcement regarding the agreement with Digicel to be information that a reasonable person would expect to have a material effect on the price or value of its securities?

28. Yes, the Company considered that the information in the Digicel Announcement regarding the agreement with Digicel to be information that a reasonable person would expect to have a material effect on the price or value of its securities.

Question 10: If the answer to question 9 is "no", please provide the basis for that view and include in your answer BUD's explanation for why it released the Digicel Announcement on MAP and the significant share price increase following the release of the Digicel Announcement

29. Not applicable.

Question 11: If the answer to question 9 is "yes" and BUD first reached the agreement on the key terms and conditions of the arrangement with Digicel as referred to in BUD's First Aware Letter Response before the date of the Digicel Announcement, did BUD make any announcement prior to that date which disclosed that information? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when BUD believes it was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps BUD took to ensure that the information was released promptly and without delay.

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30. Not applicable.

Revenue Forecasts

Question 12: ASX understands that the signed contracts valued at A\$52M referred to in BUD’s Q1FY18 4C Review and the subsequent signed contracts that BUD management forecasts to have aggregated revenues of more than A\$69.3M referred to in BUD’s Q2FY18 4C Review to be revenue forecasts that include the following contracts:

Thor Industries Inc	A\$2.25 million
Digicel Group Limited	A\$20.9 million
Saskatchewan Telecommunications	A\$2.7 million
Ingram Micro LP	A\$20 million
Rizon Group	A\$20 million
TOTAL	A\$52 million

Is ASX’s understanding correct? If ASX’s understanding is not correct please detail the contracts and forecast revenue that comprise the A\$52M referred to in BUD’s Q1FY18 4C Review and subsequent aggregated revenue forecast of A\$69.3M referred to in BUD’s Q2FY18 4C Review.

31. No. Please refer to the breakdown below:

Q1FY18 4C Report	
Thor	A\$1.502 million
Digicel	A\$20.537 million
Sasktel	A\$2.718 million
Ingram Micro Canada	A\$27.181 million
Rizon Group	-
Miscellaneous ¹	A\$0.062 million
TOTAL	A\$52 million

Q2FY18 4C Report	
Thor	A\$1.124 million

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Digicel	A\$20.134 million
Sasktel	A\$2.718 million
Ingram Micro Canada	A\$27.181 million
Rizon Group	A\$18.120 million
Miscellaneous ¹	A\$0.023 million
TOTAL	A\$69.3 million

Note:

1. Comprises revenue from Parse on Buddy (mobile backend) customers and rounding.

Question 13: ASX understands that, with the exception of the Thor Industries Inc revenue forecast, the revenue forecasts are for a three year period from the date of first sales under the respective agreement. Is this correct?

32. Yes.

Question 14: Please advise the material terms of each of the contracts between BUD and the entities referred to in question 12 above, including the period of the contract and any minimum commitment the counterparty has made to purchase BUD products under the contract.

33. The material terms of each of the agreements are as follows:

Counterparty	Agreement Type	Material Terms
Thor ¹	Master services agreement supplemented by three statements of work.	<u>Master services agreement (MSA)</u> <ul style="list-style-type: none"> • The Company will provide products and services on an ongoing basis in accordance with statements of work to be agreed upon from time to time and signed by both parties. • The term of the MSA continues indefinitely until terminated.

¹ The master service agreement and statements of work were executed by a wholly owned subsidiary of Thor (together referred to as Thor). As a requirement of Thor, all public disclosures concerning these arrangements have been disclosed as arrangements between Thor and the Company.

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		<ul style="list-style-type: none"> • The statements of work detailed below and/or the MSA may be terminated on 30 days' notice by either party provided that a statement of work cannot be terminated once the work specified therein has been completed. • The MSA also contains provisions that cover matters such as intellectual property rights, warranties and indemnities and confidentiality requirements, which the Company considers to be standard in nature. <p><u>Statement of Work No. 1 (SoW#1)</u></p> <ul style="list-style-type: none"> • The Company will prepare a project plan which the Company will deliver in a three to four week period. • US\$80,000 payable as a one-time fee. <p><u>Statement of Work No. 2 (SoW#2)</u></p> <ul style="list-style-type: none"> • The Company will sell technology and services under an agreed 12 month product plan. • One year term. • US\$1,325,000 payable monthly over a 12 month period for product development costs and support and maintenance (being approximately A\$1.8 million based on a USD to AUD exchange rate of 0.7443).
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		<p>Statement of Work No. 3 (SoW#3)</p> <ul style="list-style-type: none"> • Extending SoW#2 to February 2018 at the same rate.
Digicel	Digicel Reseller Agreement pursuant to which Digicel resells the Buddy Ohm product to its customers.	<ul style="list-style-type: none"> • One year term. • Agreement automatically continues after one year; • Minimum sales commitment for Digicel to procure new sales of at least 1000 Buddy Ohm systems over a three year period.² • Digicel has exclusivity rights across 26 territories in the Caribbean and Central America. • Either party can terminate on 30 days' notice.
Sasktel	SaskTel Referral Agreement pursuant to which SaskTel will refer customers to Buddy.	<ul style="list-style-type: none"> • No fixed term. • "Rolls over" year on year. • Either party can terminate on 60 days' notice.
Ingram Micro Canada	Ingram Distribution Agreement pursuant to which Ingram Micro Canada distributes the Buddy Ohm product to its customers.	<ul style="list-style-type: none"> • One year term. • Automatically continues after one year. • Either party can terminate on 30 days' notice.
Rizon	Rizon Group	<ul style="list-style-type: none"> • One year term.

² Refer to paragraph 11 of the First Response and paragraph 19 of the Second Response for the penalty for failing to achieve the minimum sales commitment.

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Group	Reseller Agreement and letter of understanding pursuant to which Rizon Group resells the Buddy Ohm product to its customers.	<ul style="list-style-type: none"> • Automatically continues after one year. • Either party can terminate on 30 days' notice. • Minimum commitment of A\$1 million run rate in revenue over the first 12 months, extending out to A\$20 million over a three year period.³
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34. In addition, each of the Digicel Reseller Agreement, the Rizon Group Reseller Agreement, the SaskTel Referral Agreement and the Ingram Distribution Agreement generally includes, what the Company considers, to be standard conditions for contracts of their type (i.e. SaaS distribution, reseller and referral agreements). These provisions cover such matters as pricing and payment arrangements, marketing and distribution arrangements, intellectual property rights, warranties and indemnities and confidentiality requirements.

Question 15: In light of the disclosure requirements set out in ASIC's Regulatory Guide 170, please provide the following information for each of the revenue forecasts referred to in question 12 above:

Question 15.1: The basis for the revenue forecast;

Question 15.2: The material assumptions underpinning the revenue forecast; and

Thor

35. The forecast revenue amounts attributable to Thor were based on the outstanding amounts to be derived from a series of contracts pursuant to which the Company would sell products and services to Thor. These contracts comprise:

- a) the MSA which provided that the Company would provide products and services on an ongoing basis in accordance with statements of work to be agreed upon from time to time and signed by both parties;

³ Refer to paragraph 26 of the Second Response.

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- b) the SoW#1 pursuant to which the parties agreed to the preparation of a project plan which the Company would deliver in a three to four week period at a costs of US\$80,000 (approximately A\$108,000);
 - c) the SoW#2 pursuant to which the parties agreed to a 12 month product plan for the period January to December 2017;
 - d) the agreed contractual price for the 12 month term of the SoW#2 totalled US\$1,325,000 (approximately A\$1,800,000);
 - e) the Sow#2 also provided Thor with option to purchase an additional product for a total annual increase of US\$250,000 (approximately A\$350,000); and
 - f) the SoW#3 pursuant to which the 12 month term, of the SoW#2 was extended to February 2018.
36. The amounts provided for under the above statements of works:
- a) were included in the July Quarterly and the October Quarterly (as applicable) to the extent that such amounts remained outstanding; and
 - b) were denominated in US dollars.
37. As at the date of this letter, the parties have performed their respective obligations under the statements of works and all product development costs payable under SoW#1, SoW#2 and SoW#3 have been paid by Thor as and when they have fallen due.
38. The material assumptions made in relation to the forecast revenue amount attributable to Thor were:
- a) the use of a USD to AUD exchange rate of 0.745, based on the full calendar year 2017 average of 0.7443;
 - b) that Thor would make payment in accordance with its contractual obligations (which assumption was supported by the Company's dealings with Thor prior to the July Quarterly and October Quarterly during which time Thor fulfilled all its payment obligations);
 - c) that Thor would not terminate the MSA and/or the statements of works; and

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- d) that Thor would not breach its contractual obligations.

Digicel

39. The forecast revenue amount attributable to Digicel was primarily based on the terms of the Digicel Reseller Agreement which provided inter alia that:
- a) the Company would allow Digicel the exclusive right to promote and resell the Buddy Ohm system to third parties across 26 different territories;
 - b) the Digicel Reseller Agreement has a one year term, with automatic renewal for subsequent, consecutive one year terms;
 - c) Digicel's exclusive right to promote and resell the Buddy Ohm system was for a period of three years from 26 July 2017 provided that Digicel resold a specified number of starter packs each year totalling 1,000 starter packs over the three year period (**Minimum Sales Commitment**);
 - d) in the event that Digicel did not meet the Minimum Sales Commitment, Digicel's exclusivity right would lapse;
 - e) Digicel would pay the Company fixed license fees and service fees for all services and licenses it resold;
 - f) Digicel's terms of payment to the Company were within 30 days following the end of each calendar month; and
 - g) Digicel would be solely responsible for billing its customers and the collection of payment from them (i.e. Digicel's payment of the license and service fees to the Company was not dependant on Digicel being paid by its customers).
40. The Minimum Sales Commitment of 1,000 Buddy Ohm starter packs (also referred to as product units) equates to revenue of A\$20.9 million. As explained in further detail in paragraph 21 of the Second Response, this Digicel Revenue Amount was determined following an analysis by the Company's sales and marketing and executive management team of the proposed three year roll-out schedule for the Buddy Ohm product (devised with Digicel) and applying a formula that accounts for, amongst other things:

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- a) a median yearly expected sales; and
 - b) the monthly fees payable by each contracting customer (varying between US\$1,500 and US\$2,513 per month per system) in respect of each Buddy Ohm "base pack".
41. The formula also incorporated sensitivity analysis concerning:
- a) the expected level conversions of trial customers to multi-year contracted customers;
 - b) the expected level of conversions of single instance multi-year contracted customers to multiple instance multi-year contracted customers; and
 - c) expected rates of contracted customer discontinuance (i.e. churn).
42. Refer also to the factors detailed in paragraph 45 of the Second Response which detailed why the Company believes that it had a reasonable basis upon which to disclose the A\$20.9 million Digicel Revenue Amount.
43. The material assumptions made in relation to the forecast revenue amount attributable to Digicel were:
- a) the use of a USD to AUD exchange rate of 0.745, based on the full calendar year 2017 average of 0.7443;
 - b) that Digicel would not terminate the Digicel Reseller Agreement; and
 - c) that Digicel would not breach its contractual obligations.

Rizon Group

44. The forecast revenue amount attributable to the Rizon Group was primarily based on the terms of the Rizon Group Reseller Agreement and the terms of the Rizon letter of understanding which together provided inter alia that:
- a) the Company would allow the Rizon Group to buy, promote and resell the Buddy Ohm solution to third parties in the United Kingdom;

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- b) the Rizon Group Reseller Agreement has a one year term, with automatic renewal for subsequent, consecutive one year terms;
 - c) the Rizon Group would pay the Company fixed rates for all services and licenses it resold;
 - d) as a sales commitment, the Company required A\$1 million run rate in revenue over the first 12 months extending out to A\$20 million over three years;
 - e) the Rizon Group's terms of payment to the Company were within 30 days following the end of each calendar month; and
 - f) the Rizon Group would assume and bear all risks relating to the Rizon Group's contracts with its customers and end user including that the Rizon Group must make pay the Company for all services and licenses it resold regardless of whether the Rizon Group's customer had paid the Rizon Group for such service or license.
45. As explained in further detail in paragraph 28 of the Second Response, the A\$20 million sales commitment was based on an analysis by the Company's sales and marketing and executive management team of the proposed three year roll-out schedule for the Buddy Ohm product (devised with the Rizon Group) and applying the same formula and sensitivity analysis utilised for the Digicel arrangement (refer to paragraphs 40 and 41 above), which was adjusted to reflect the pricing strategy and target market differences;
46. As explained in further detail in paragraph 27 of the Second Response in determining (and agreeing to) the sales commitment the Company also gave due consideration to the following matters:
- a) the Rizon Group's internal projections which exceeded the A\$20 million sales commitment ultimately agreed upon;
 - b) the Rizon Group's extensive network in the United Kingdom;
 - c) the level of interest and enquiries received in respect of the Buddy Ohm product and the positive feedback received from the initial trial customer; and
 - d) the Rizon Group's preparedness to devote significant resources to the reseller arrangement both prior to and post the execution of a formal agreement.

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47. Refer also to the factors detailed in paragraph 55 of the Second Response which explain why the Company believes that it had a reasonable basis upon which to disclose the A\$20 million revenue forecast.
48. The material assumptions made in relation to the forecast revenue amount attributable to Rizon Group were:
 - a) the use of a USD to AUD exchange rate of 0.745, based on the full calendar year 2017 average of 0.7443;
 - b) that the Rizon Group would abide by the commitments it made in the binding letter of understanding;
 - c) that the Rizon Group would not terminate the Rizon Group Reseller Agreement; and
 - d) that the Rizon Group would not breach its contractual obligations.

SaskTel

49. The forecast revenue amount attributable to SaskTel was based on:
 - a) the terms of the SaskTel Referral Agreement which provided inter alia that:
 - i. SaskTel would introduce the Company to a list of target companies (**Target Companies**);
 - ii. in consideration of SaskTel introducing the Company to Target Companies who in turn purchase the Company's services, SaskTel would receive a fee equal to 25% of the Company's revenue for the transaction with that Target Company;
 - iii. the Company's payment terms to SaskTel were within 30 days of the month generated; and
 - iv. the SaskTel Referral Agreement would continue for an indefinite term until terminated which could occur, inter alia, by either party giving 60 days written notice or as otherwise mutually agreed by the parties;

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- b) the size and reach of SaskTel's customer base and potential revenue opportunities for the Buddy Ohm product;
 - c) the support strategies between Buddy and SaskTel in respect to the offering of the Buddy Ohm product via SaskTel's network;
 - d) an analysis by the Company's executive management team of data that was provided from SaskTel which included, amongst other matters, market and sales data from SaskTel, conversion rates and surveys of customer interest in the product by SaskTel;
 - e) as part of its analysis, the Company's executive management team applied a formula that accounts for, amongst other things:
 - i. a median yearly expected sales; and
 - ii. the monthly fees of approximately US\$1,500 payable per month, in respect of each Buddy Ohm "base pack"; and
 - f) the formula also incorporated the same sensitivity analysis utilised for the Digicel arrangement (refer to paragraph 41) save that such analysis also included SaskTel's market share and the total addressable market in Canada.
50. The material assumptions made in relation to the forecast revenue amount attributable to SaskTel were:
- a) the use of a USD to AUD exchange rate of 0.745, based on the full calendar year 2017 average of 0.7443;
 - b) that SaskTel would not terminate the SaskTel Referral Agreement; and
 - c) that SaskTel would not breach its contractual obligations.

Ingram Micro Canada

51. The forecast revenue amount attributable to Ingram Micro Canada was based on:
- a) the terms of the Ingram Distribution Agreement which provided, inter alia, that:

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- i. the Company would grant Ingram Micro Canada the non-exclusive right to purchase, license, sell and distribute Buddy products and services to Ingram Micro Canada's customers for resale in Canada;
 - ii. the Company would also grant Ingram Micro Canada's customers the non-exclusive right to purchase, license, sell and resell Buddy products and services to their customers (including end users) in Canada;
 - iii. subject to certain exclusions, any other Ingram Micro Canada affiliates outside of Canada were entitled to purchase and license Buddy products and services from the Company for distribution on terms and conditions similar to those contained in the Ingram Distribution Agreement;
 - iv. the term of the Ingram Distribution Agreement was for a period of one year but with automatic renewal for successive one year terms;
 - v. the Company would sell the Buddy products and services to Ingram Micro Canada at prices stated in the current distributor price list; and
 - vi. Ingram Micro's terms of payment to the Company were 60 days from the invoice date;
- b) the size and reach of Ingram Micro Canada's customer base and the "make-up" of that customer base (i.e. identifying those business customers to whom the Buddy Ohm product is likely to have appeal);
 - c) data provided by Ingram Micro Canada which included, amongst other matters, Ingram Micro Canada's potential installation partners available throughout Canada;
 - d) the roll-out strategy of the Buddy Ohm product offering via the Ingram Micro Canada customer base including indicative price modelling conveyed by Ingram Micro which was based on Ingram Micro bundling the Buddy Ohm products and services with other products;
 - e) an analysis by the Company's executive management team of data that was provided from by Ingram Micro which included, amongst other matters, market and sales data for the Canadian market;

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- f) as part of its analysis, the Company's executive management team applied a formula that accounts for, amongst other things:
- i. a median yearly expected sales; and
 - ii. the monthly revenues from sales of Buddy Ohm through Ingram Micro Canada of at least US\$750 payable per month, in respect of each Buddy Ohm "base pack"; and
- g) the formula also incorporated the same sensitivity analysis utilised for the Digicel arrangement (refer to paragraph 41) save that such analysis also included Ingram Micro Canada's market share and the total addressable market in Canada.
52. The material assumptions made in relation to the forecast revenue amount attributable to Ingram Micro Canada were:
- a) the use of a USD to AUD exchange rate of 0.745, based on the full calendar year 2017 average of 0.7443;
 - b) Ingram Micro Canada does not terminate the Ingram Distribution Agreement; and
 - c) Ingram Micro Canada does not breach its contractual obligations.

Question 15.3: Any independent or objectively verifiable sources of information that BUD has to establish that there are reasonable grounds for the revenue forecasts.

53. None.

Question 16: Please advise how much revenue BUD has earned as at the date of this letter in respect of each of the contracts referred to in question 12 above.

54. As at 28 February 2018 (being the date of the Company's most recently completed financial statements), the Company has recognised the following amounts:

Thor Industries Inc	A\$1.8 million
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Digicel Group Limited	A\$0.1 million
Saskatchewan Telecommunications ¹	A\$0 million
Ingram Micro ²	A\$0 million
Rizon Group ³	A\$0 million

Notes:

1. Sales under the SaskTel Referral Agreement are expected to commence in February 2018. Refer to paragraph 32 of the Second Response.
2. Revenue under the Ingram Distribution Agreement is expected to commence being derived in March 2018. Refer to paragraph 36 of the Second Response.
3. Sales under the Rizon Group Reseller Agreement are expected to commence in Q3FY18 and revenue expected to commence being derived in the June 2018 quarter. Refer to paragraph 29 of the Second Response.

Question 17: 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.

55. 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.

Question 18: Please confirm that BUD is in compliance with the Listing Rules, and in particular, Listing Rule 3.1.

56. Yes, the Company is in compliance with the Listing Rules, and in particular, Listing Rule 3.1.

The need for the Company to review its continuous disclosure policy and practices

57. The Company acknowledges ASX's comments regarding the Company's continuous disclosure policy and practices. Having regard to ASX's comments, the Company is undertaking a review of its continuous disclosure policy and practices together with its legal advisers.

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Sincerely,

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

Stuart Usher

Company Secretary, Buddy Platform Ltd

Enc.

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9 March 2018

Mr Stuart Usher
Company Secretary
Buddy Platform Ltd

By email: stuart@buddy.com

Dear Mr Usher

BUDDY PLATFORM LTD (“BUD”): FURTHER ASX QUERIES

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

- A. BUD’s announcement titled “Nestlé Announced as Buddy Ohm Customer in Joint Address with Digicel at Mobile World Congress” and released on ASX Market Announcements Platform (“MAP”) on 28 February 2018, which included the following:

SUMMARY

- *In a Mobile World Congress (MWC) address today, Buddy and mobile operator Digicel announced Swiss food conglomerate Nestlé as amongst their newest Buddy Ohm customers*
- *Nestlé Jamaica deployed the Ohm by Digicel system in their primary Kingston facility, a combination office and factory*
- *Following a successful first deployment, Nestlé has now expanded upon their initial installation, and is expected to deploy further systems in the region*
- *By identifying energy consumption inefficiencies, Nestlé has reduced their energy costs by deploying Ohm by Digicel; the company now plans to introduce the Ohm View Dashboard for team-wide visibility*
- *MWC address raised awareness of the opportunity mobile operators have to drive IoT revenue growth through distribution and resale of the Buddy Ohm solution.*

27 February, 2018 – Barcelona, Spain

Buddy Platform Limited (ASX: BUD) (“Buddy” or the “Company”), the Internet of Things (“IoT”) data management, processing and control platform, today joined Caribbean and Central American mobile operator, Digicel, to announce European food & beverage giant Nestlé as a Buddy Ohm customer. Nestlé is the largest food company in the world, ranking no. 64 on the Fortune Global 500 in 2017, with US\$98.8 billion in revenues last year. Nestlé has 447 factories, operates in 194 countries and employs approximately 339,000 staff.

(“Nestlé Announcement”)

- B. The increase in BUD's share price by up to 21% from 16.5 cents on 27 February to an intra-day high of 20 cents on 28 February 2018 following the release of the Nestlé Announcement.
- C. BUD's announcement titled "Buddy Partners with Digicel to Sell and Distribute Buddy Ohm" and released on MAP on 14 July 2017, which included the following:

SUMMARY

- *Buddy Platform and Digicel Group reach agreement to sell, distribute and install Buddy Ohm through Digicel's sales and operations teams*
- *Digicel will brand the product Ohm – powered by Digicel ...*

13 July 2017 – Montego Bay, Jamaica

Buddy Platform Limited (ASX: BUD) ("Buddy" or the "Company"), the Internet of Things ("IoT") data management, processing and control platform, today announced an agreement with Digicel for its Buddy Ohm product to be marketed, sold, distributed and installed across its 26 markets in the Caribbean and Central America. The product will be branded "Ohm – powered by Digicel" in-region, replacing the Buddy branding on the Buddy Ohm and Ohm Link products.

The agreement was announced today by Buddy Platform CEO, David McLauchlan, at an event that explored the application of Big Data and other technologies to Jamaica's tourism sector, titled 'Smart Destination Jamaica'. Tourism is the largest driver of revenues for the Jamaican economy and the wider region. Major hotels, international resorts and other tourism facilities are enormous consumers of water and electricity and, given the extremely high cost of these resources, Digicel and Buddy have recognized an immediate opportunity to offer Ohm to help customers reduce their energy expenditure.

("Digicel Announcement")

- D. The increase in BUD's share price by approximately 20% from 10 cents close on 12 July 2017 to an intra-day high of 12 cents on 13 July 2017 prior to the release of the Digicel Announcement, and the further increase in BUD's share price by approximately 27% to close at 14 cents on 14 July 2017 following the release of the Digicel Announcement. BUD's announcement entitled "Quarterly 4C Review (Q1 FY18)" for the quarter ended 30 September 2017 ("Q1FY18 4C Review"), released on MAP on 31 October 2017, which set out the following:
- *Signed contracts valued at A\$52M, (contracted minimum commitments of A\$22.1M).*
- E. BUD's announcement entitled "Quarterly 4C Review (Q2 FY18)" for the quarter ended 31 December 2017 ("Q2FY18 4C Review"), released on MAP on 31 January 2018, which set out the following:
- *Signed contracts that management forecasts to have aggregated revenues of more than A\$69.3M (up 33% on last quarter)*
- F. BUD's response to ASX's Aware Letter of 23 January 2018 released on MAP on 2 February 2018 ("First Aware Letter Response"), which set out among other things the following:
- "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
 - (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. ...*
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."*
- G. BUD's response to ASX's Aware Letter of 2 February 2018 released on MAP on 19 February 2018 ("Second Aware Letter Response"), which set out among other things the following:
 6. *Each distribution and reseller agreement entered into by the Company has a one year term (while each underlying customer contract is expected to be for a period of three years – refer to paragraph 7.c below) and automatically continues unless terminated by either party with 30 days' notice (refer to paragraph 62 for the termination provisions under the Ingram Distribution Agreement, which are consistent with the termination provisions of the Digicel and Rizon Group arrangements).*
 10. *The Company reiterates that management holds the view that the Buddy Ohm business has significant scale potential and as a result the Company has taken a prudent approach to accruals and guidance for the business. The Company will only recognise revenues after the evaluation and trial period has expired and the trial customer has transitioned to a paying customer (at that point, revenue will be recognised rateably over the contracted period). While this means that revenues will accrue at a slower rate (being that sales and revenue for the first year will be less than that in the second and third year), the Company considers this a more prudent and appropriate approach and one that is in line with other SaaS companies. ...*
 13. *If the Company becomes aware of information that may lead it to hold a different view with respect to expected revenues from existing and new distribution, reseller and referral arrangements, it will make the appropriate announcements in accordance with its continuous disclosure obligations. ...*
 17. *On 13 July 2017, Digicel hosted an international business event in Jamaica, the Smart Destination Jamaica event (Smart Destination Jamaica), which was attended by more than 300 participants including Digicel's executives, government officials, hospitality/resort executives and facility operations personnel. The then-chief executive officer of Digicel Jamaica introduced the Buddy Ohm product at the event and announced reseller arrangements between Digicel and the Company (prior to the execution of the Digicel Reseller Agreement, which, as at that date, was still being formalised).*

18. *At the request of Digicel, Buddy demonstrated the Buddy Ohm product at Smart Destination Jamaica and offered participants an opportunity to sign up for Ohm by Digicel, resulting in a total of 47 facilities requesting a trial in a single day.*
 19. *Following the launch of the Buddy Ohm product at Smart Destination Jamaica, Digicel requested that the Company provide it with exclusivity across 26 territories in the Caribbean and Central American regions in respect to the re-sale of the Buddy Ohm product. In exchange for the grant of the exclusivity rights, Digicel and Buddy agreed to a minimum sales commitment from Digicel of at least 1,000 Buddy Ohm product units over a three year period. The penalty for failing to achieve such sales is loss of the exclusivity rights for those territories.*
 20. *The exclusivity arrangements and accompanying minimum sales commitment were negotiated during the period 17 July 2017 to 26 July 2017 (US time) / 27 July 2017 (Australian EST time). In determining (and agreeing) to the minimum sales commitment, the Company gave due consideration to the following matters:*
 - a. *Digicel's internal projections (which far exceeded the minimum sales commitment ultimately agreed upon);*
 - b. *the level of trial sign-ups achieved at the Smart Destination Jamaica event and the positive feedback received from Digicel's customers that had already initiated trials;*
 - c. *Digicel's own experience installing trial units in their corporate headquarters in Kingston, Jamaica;*
 - d. *Digicel's requirement that they re-brand the product as their own (by re-selling the Buddy Ohm product under the re-branded title "Ohm by Digicel") and devotion of significant resources to the reseller arrangement both prior to and post the execution of a formal agreement (including the engagement of a dedicated business development executive to oversee the roll-out of the Buddy Ohm product region-wide, the creation of dedicated regional sales teams and a direct reporting line to the Digicel Board and Group CEO);*
 - e. *Digicel's size, status and overwhelming market leading position in the relevant regions; and*
 - f. *the investigations and analysis undertaken by its own sales and marketing team (comprised of personnel experienced in reseller and distributions arrangements for SaaS products, such as the Buddy Ohm product).*
- H. ASX's guidelines on the contents of announcements under Listing Rule 3.1 detailed in section 4.15 of Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. In particular, the Guidance Note states as follows.
- "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.*
- 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 or value of the entity's securities.

An announcement under Listing Rule 3.1 must be accurate, complete and not misleading. To meet this last requirement, opinions expressed in an announcement should be honestly held and balanced and should be clearly identified as a statement of opinion rather than a statement of fact. Any forward looking statements in an announcement, such as earnings guidance or exploration targets or production targets, must also have a reasonable basis in fact or else by law they will be deemed to be misleading. Entities should note ASIC's guidance that any material assumptions or qualifications that underpin forward looking statements in an announcement under Listing Rule 3.1 should be stated in the announcement. ASX also encourages the inclusion of material assumptions and qualifications as it provides context and will help the market to understand the basis for forward looking statements".

- I. ASIC's Regulatory Guide 170: *Prospective financial information*, which includes the following guidance on prospective financial information:

RG 170.17 - The making of a statement that contains prospective financial information (i.e. a forward-looking statement) must have reasonable grounds or it will be taken to be misleading under s728(2) or 769C of the Corporations Act. What are 'reasonable grounds' should be determined objectively in light of all of the circumstances at the time of the statement, so that a reasonable person would view as reasonable the grounds for the statement ...

RG 170.18 - We consider that prospective financial information based on hypothetical assumptions (rather than reasonable grounds) is likely to be misleading and provide little information value to investors. In our view, prospective financial information without reasonable grounds is not material to investors ...

RG 170.41 - We generally consider that prospective financial information for a period of more than two years may require independent or objectively verifiable sources of information to establish that there are reasonable grounds to provide it. ...

RG 170.42- The reasonable grounds requirement means that there should be a relevant factual foundation for the prospective financial information and that the information is not contrived ...

*RG 170.50 - **The general principles in this regulatory guide also apply to advertising because of the interaction of s769C and 1041H.** ... [emphasis added]*

RG 170.59 - Investors should be given enough information to enable them to:

- (a) *assess whether the prospective financial information is relevant and reliable (i.e. to form their own view about how reasonable the grounds are for making the statement); and*
- (b) *identify with certainty the facts and circumstances that support prospective financial information, as well as being able to demonstrate that the information is reasonable. ...*

RG 170.61 - A disclosure document or PDS must specifically disclose any assumptions used in compiling prospective financial information that materially affect the forecast outcome. The assumptions should be detailed and specific enough to enable the investor to work through all of the prospective financial information. This may require details about how returns are calculated during each year that the information covers. Among other things, assumptions about expenditures, revenues, inflation rates and other such variables should be clearly disclosed and highlighted if different assumptions have been used for different parts of the term that the prospective financial information covers.

RG 170.62 Investors must be able to assess:

- (a) the validity of the assumptions on which the prospective financial information is based;*
- (b) the likelihood of the assumptions actually occurring; and*
- (c) the effect on the prospective financial information if the assumptions vary. ...*

A complete copy of the Regulatory Guide is available at:

<http://download.asic.gov.au/media/1240943/rg170-010411.pdf>

- J. 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 entity's securities.
- K. The definition of "aware" in Chapter 19 of the Listing Rules, which states that:
"an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity"
and section 4.4 in Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B "When does an entity become aware of information".
- L. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.
- M. Sections 1041E, 1041F, 1309(1) and (2) of the Corporations Act 2001 (Cth).

Having regard to the above, in accordance with Listing Rule 18.7, we ask that BUD answers the following questions and provides the following information in a format suitable for release to the market:

Nestlé Announcement

- 1. ASX notes that the substance of the Nestlé Announcement appears to have been disclosed by BUD during a keynote address at the Mobile World Congress on 27 February 2018.

ASX also notes that the Nestlé Announcement refers to Nestlé Jamaica having "deployed the Ohm by Digicel system in their primary Kingston facility" and that following "a successful first deployment, Nestlé has now expanded upon their initial installation, and is expected to deploy further systems in the region".

ASX infers from this that Nestlé became a “Buddy Ohm customer” (in the sense of having already deployed the Ohm by Digicel system) well prior to the Mobile World Congress and the Nestlé Announcement.

When did BUD first become aware that Nestlé had become a “Buddy Ohm customer” as referred to in Nestlé Announcement?

2. ASX notes:

- the 21% increase in the market price of BUD securities following the release of the Nestlé Announcement;
- the reference in the Nestlé Announcement that: *“Nestlé is the largest food company in the world, ranking no. 64 on the Fortune Global 500 in 2017, with US\$98.8 billion in revenues last year. Nestlé has 447 factories, operates in 194 countries and employs approximately 339,000 staff”*;
- the reference in the Nestlé Announcement that following “a successful first deployment, Nestlé has now expanded upon their initial installation, and is expected to deploy further systems in the region”; and
- the reference in the Nestlé Announcement that Nestlé “now plans to introduce the Ohm View Dashboard for team-wide visibility”.

In light of the above, does BUD consider the information in the Nestlé Announcement that Nestlé had become a Buddy Ohm customer to be information that a reasonable person would expect to have a material effect on the price or value of its securities?

3. If the answer to question 2 is “no”, please provide the basis for that view and include in your answer BUD’s explanation for why it released the Nestlé Announcement on MAP and the significant share price increase following the release of the Nestlé Announcement.
4. If the answer to question 2 is “yes” and BUD first became aware that Nestlé had become a Buddy Ohm customer before the date of that announcement, did BUD make any announcement prior to that date which disclosed that information? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when BUD believes it was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps BUD took to ensure that the information was released promptly and without delay.
5. What revenue has BUD derived, or does it expect to derive, either directly or through the re-seller agreement with Digicel, from:
 - 5.1. The installation by Nestlé of the Ohm by Digicel system in its primary Kingston facility?
 - 5.2. The plan by Nestlé to introduce the Ohm View Dashboard for team-wide visibility?
6. Does the revenue referred to in the answer to question 5 form part of the minimum sales commitment of approximately A\$20.9M referred to in BUD’s First Aware Letter Response?
7. Please advise:

- 7.1. To the extent known by BUD, the material terms of the agreement between Digicel and Nestlé, including the period of the agreement and any minimum commitment Nestlé has made to purchase BUD products under the agreement?
- 7.2. Are there any contractual commitments by Nestlé to deploy further BUD systems in the region, whether with BUD, Digicel or any other re-seller? If so, what are they?

Digicel Announcement

8. ASX notes that the agreement to sell, distribute and install Buddy Ohm through Digicel's sales and operations, teams, as referred to in the Digicel Announcement, appears to have been disclosed by BUD during a presentation at the Smart Destinations technology showcase in Jamaica on 13 July 2017.

ASX further notes BUD's First Aware Letter Response that while the Digicel Reseller Agreement was formally executed on 27 July 2017, it was announced on 14 July 2017, prior to its execution, among other things on the basis that save for exclusivity provisions, the key terms and conditions of the arrangement had been agreed by the parties.

ASX infers from this that the agreement referred to in the Digicel Announcement was agreed prior to the Smart Destinations technology showcase and the Digicel Announcement.

When did BUD reach the agreement with Digicel on the key terms and conditions of the arrangement to sell, distribute and install Buddy Ohm through Digicel's sales and operations teams as referred to in BUD's First Aware Letter Response?

9. ASX notes:
 - the 27% increase in the market price of BUD securities following the release of the Digicel Announcement;
 - the statement in the Digicel Announcement attributed to BUD CEO, David McLauchlan:

"We couldn't be more pleased to announce Digicel as our first major mobile operator reseller... Digicel operates in markets with very expensive energy and many of their larger customers, like governments and the hospitality industry, have facilities with extraordinarily large energy costs. There's a huge opportunity for Ohm in the Caribbean and Central America, and there's no better partner to have in this region than Digicel."

In light of the above, does BUD consider the information in the Digicel Announcement regarding the agreement with Digicel to be information that a reasonable person would expect to have a material effect on the price or value of its securities?

10. If the answer to question 9 is "no", please provide the basis for that view and include in your answer BUD's explanation for why it released the Digicel Announcement on MAP and the significant share price increase following the release of the Digicel Announcement.
11. If the answer to question 9 is "yes" and BUD first reached the agreement on the key terms and conditions of the arrangement with Digicel as referred to in BUD's First Aware Letter Response before the date of the Digicel Announcement, did BUD make any announcement prior to that date which disclosed that information? If so, please provide details. If not, please explain why this information was

not released to the market at an earlier time, commenting specifically on when BUD believes it was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps BUD took to ensure that the information was released promptly and without delay.

Revenue Forecasts

12. ASX understands that the signed contracts valued at A\$52M referred to in BUD’s Q1FY18 4C Review and the subsequent signed contracts that BUD management forecasts to have aggregated revenues of more than A\$69.3M referred to in BUD’s Q2FY18 4C Review to be revenue forecasts that include the following contracts:

Thor Industries Inc	A\$2.25 million
Digicel Group Limited	A\$20.9 million
Saskatchewan Telecommunications	A\$2.7 million
Ingram Micro LP	A\$20 million
Rizon Group	A\$20 million

Is ASX’s understanding correct? If ASX’s understanding is not correct please detail the contracts and forecast revenue that comprise the A\$52M referred to in BUD’s Q1FY18 4C Review and subsequent aggregated revenue forecast of A\$69.3M referred to in BUD’s Q2FY18 4C Review.

13. ASX understands that, with the exception of the Thor Industries Inc revenue forecast, the revenue forecasts are for a three year period from the date of first sales under the respective agreement. Is this correct?
14. Please advise the material terms of each of the contracts between BUD and the entities referred to in question 12 above, including the period of the contract and any minimum commitment the counterparty has made to purchase BUD products under the contract.
15. In light of the disclosure requirements set out in ASIC’s Regulatory Guide 170, please provide the following information for each of the revenue forecasts referred to in question 12 above:
- 15.1. The basis for the revenue forecast;
 - 15.2. The material assumptions underpinning the revenue forecast; and
 - 15.3. Any independent or objectively verifiable sources of information that BUD has to establish that there are reasonable grounds for the revenue forecasts.
16. Please advise how much revenue BUD has earned as at the date of this letter in respect of each of the contracts referred to in question 12 above.
17. 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.
18. Please confirm that BUD is in compliance with the Listing Rules, and in particular, Listing Rule 3.1.

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 **4 pm (WST), Thursday, 15 March 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 disclosed under RG 170 or 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. If any of the information requested under this letter requires immediate disclosure, BUD should request a trading halt while it prepares an announcement to disclose the information.

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 james.rowe@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*.

The need for BUD to review its continuous disclosure policy and practices

ASX notes the news article appearing in The Australian Financial Review on 1 March 2018, which included the following passages:

“Buddy Platform, the target of an unusually long query letter from the Australian Securities Exchange, will make no fundamental changes to its disclosure policy, despite being suspended for three weeks while it justified revenue forecasts to the bourse.

The provider of energy use monitoring for commercial buildings faced 26 questions from the ASX after its update for the second quarter, released on January 31, boasted signed contracts on which management had forecast aggregated revenues of \$69.3 million, despite quarterly cash receipts from customers being only \$418,000.

“We’ll do a look-back at where we could have phrased things better, but I’m confident we’ve remained in compliance at all times.” said David McLauchlan, a former Microsoft salesman who founded Buddy Platform in Adelaide 2011, raised \$4 million of Silicon Valley venture capital and reverse-listed it on the ASX in December 2015.

“We’ve only made revenue disclosures where we thought we had a reasonable basis for doing so, and we considered them material. I can understand why they attracted attention and we got asked the questions, and if it contributes to a stronger technology sector on the ASX, I welcome answering them.”

The issues highlighted in this letter give ASX cause for concern that BUD’s continuous disclosure policy and practices are not adequate to achieve compliance with its obligations under the Listing Rules and should be reviewed by BUD with its external legal advisers. Two areas requiring particular attention in that review are BUD’s practice of disclosing material contractual relationships at conferences and other marketing events (as appears to have occurred in the case of the Nestlé and Digicel announcements), rather than immediately after those relationships are entered into, and its disclosure of the basis for, and material assumptions underpinning, revenue forecasts included in its market disclosures.

ASX would strongly encourage BUD to undertake such a review.

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

Yours sincerely

[sent electronically without signature]

James Rowe
Manager, ASX Listings Compliance