

Buddy



ASX

ASX MARKET RELEASE

Buddy Platform Limited – Quarterly 4C Review (Q1 FY17)

October 31, 2016 – Adelaide, South Australia

Buddy Platform Limited (ASX: BUD) (“Buddy” or the “Company”), the Internet of Things (“IoT”) data management, processing & control platform, has today released its Quarterly Appendix 4C filing for Q1 FY2017.

QUARTERLY SUMMARY

- Booked revenue for the quarter was A\$105k, cash receipts of A\$82k
 - Service revenue of A\$54k, finance income of A\$28k
- Total cash balance of A\$13.31M as of September 30, 2016
- Performance metrics guidance – peak traffic of 47.2M transactions per day (up 34% on previous quarter) – equating to 1.4B transactions per month
- Ended the quarter with A\$5.9M in total 12-month pipeline value, A\$4.7M of which was in the “proposal” stage of the pipeline
 - Pipeline growth is accelerating - 60% growth over the past quarter
 - Adding in Noveda forecasts, Buddy is contemplating total 12-month pipeline value of A\$14.1M
 - All figures exclude revenue from Parse on Buddy, or Noveda’s NYSERDA deal
- Launch of Buddy Parse Beta Program (since launched and in full production deployment)
- On track to achieve our second performance milestone (500,000 new devices per week for three consecutive weeks – see below for a full description of the milestone).

Q4 FY2016 FINANCIALS

REVENUE

The Company booked A\$105k of revenue in Q1 FY2017, with service revenue receipts of A\$54k and finance income of \$28k. These figures remain in line with management expectations and previous guidance - that building a software as a service (“SaaS”) / IoT data business at global scale requires reaching a minimum threshold of device volume and data traffic prior to achieving meaningful monetization.

It is the view of management that the Company is tracking ahead of plan for our key metrics: device and data volume growth, and likewise for our secondary metrics: bookings and

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pipeline growth. As per our continued guidance, for now we're driving revenue as a tertiary function of volume and bookings growth; accordingly, management considers the Company's revenue figures to be solidly in line with expectations.

OTHER COMMENTS

Some further explanation of line items in the Appendix 4C follows:

- Overall, Net Operating Cash Flows improved 25% over the previous quarter
- Each payment category for operating expenses is down from the previous quarter
- Research & Development – this item represents expenditures on external contractors that bolster the engineering team. Management expects this expenditure to qualify for the Australian Federal Government R&D Tax Rebate
- Payments for acquisition of physical non-current assets remain modest

CASH POSITION

As of September 30, 2016 the Company had cash reserves of A\$13.31M, placing the Company in a strong position to conduct all current activities in the pursuit of its' strategic goals and performance milestones.

WEBBIT NANO LIMITED INVESTMENT

The Company continues to hold 22,690,612 shares in Weebit Nano Limited (formerly Radar Iron Limited). For further information regarding Buddy's investment in Weebit Nano Limited ([ASX: WBT](http://www.asx.com.au/WBT)), visit Radar Iron's website at <http://www.weebit-nano.com>

BUSINESS UPDATE

SALES & PIPELINE UPDATE

The Company is pleased to report that the sales pipeline continues to grow rapidly and is ahead of expectations. Investors should note that once deals are closed, they are no longer considered "in the pipeline", and so these figures exclude bookings and cash receipts.

At the close of the quarter, Buddy's sales pipeline grew 60% over last quarter to A\$5.9M, with A\$4.7M of that figure being deals in the last stage of the pipeline before "closing".

Investors are reminded that since the close of the quarter (and thus not included in figures reported here) the Company closed a customer deal with the world's largest recreational vehicles manufacturer, Thor Industries, valued at over A\$1.2 million. This amount is to be billed and recognized between October 2016 and May 2017. There remain at least three more opportunities in the pipeline valued at A\$1 million or greater, and our reported pipeline figures do not include forecast Parse on Buddy revenues nor Noveda revenues (post acquisition).

As an indicator of business to come, we remain excited by this progress. Pipeline growth is a function of 1) an evolving product, 2) customer demand, and 3) a sales & marketing team that is performing well. While Buddy's platform technology will continue to grow and evolve, we're very confident that our solutions-based go-to-market model is absolutely the right one, and is yielding dividends. That said, investors should remember that as with any enterprise or SaaS sales model, there is colloquially known to be a "flywheel" that takes time to get up to speed, convert to bookings and recognize as revenue over time.

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NOVEDA UPDATE

On Friday October 21, the Company held an Extraordinary General Meeting in part to vote on a resolution "Change to Scale of Activities" for Buddy. Shareholders overwhelmingly voted in favour of this resolution, and in doing so one of the conditions of closing the proposed transaction with Noveda was satisfied.

Buddy and Noveda continue to work closely to conclude the remainder of the closing conditions, including and especially the binding agreements governing the transaction. As has been previously disclosed, while due diligence has been completed, this is a complex transaction involving obligations to the State of New Jersey, existing customer obligations and ongoing responsibilities to Noveda staff. In support of these issues, Buddy's leadership team has been spending time in New Jersey with Noveda's board and leadership, as well as Noveda's top tier customers.

Of course, the termination by Zentri of their proposed transaction with Buddy has certainly had an impact on the Noveda transaction. Following the termination, Buddy facilitated a dialog between the leadership of both Noveda and Zentri, whereupon all parties expressed support for the Noveda-Buddy transaction, and Zentri reiterated their interest in continuing to partner with Buddy (and ultimately Noveda). Subsequently, Noveda has reiterated their commitment to Buddy, and Buddy likewise reaffirmed commitment to closing the transaction as soon as possible. Both parties continue to work through the remaining processes in great faith, and as the Company has done all along, will keep shareholders updated as news unfolds.

As was recently reported, we have completed phase one of the previously announced Noveda data migration effort which means data from all 1,892 Noveda facilities is now being routed through Buddy. This increased traffic represents 5.3 million API calls per day. As future customer facilities come on board, they will connect directly to the Buddy cloud to take advantage of the additional scalability and processing capabilities of the Buddy Platform.

Noveda's current customers include large multinationals such as Deutsche Bank, Honeywell, Prudential, Rolls Royce, Avis Budget, Johnson Controls, Natural Resource Defence Council (NRDC) as well as leading Utilities PSE&G and Energy Ottawa.

The largest opportunity is Noveda's contract with the New York State Energy Research and Development Authority (NYSERDA). Prior to announcing the NYSEERDA deal, we shared that Noveda's existing contracts targeted upwards of US\$15 million to US\$20 million over the next 3 years. This program provides for US\$36 million to fund 30% of the installation and 5-year operating costs of a building Real-Time Energy Monitoring ("RTEM") system seeding US\$100 million in NY statewide RTEM spend.

Sales efforts in support of these opportunities (with focus on NYSEERDA) are well underway with dedicated resources focused on revenue generation and pipeline development. Only weeks after signing the NYSEERDA deal, the early pipeline for this opportunity exceeds US\$500,000. Noveda's leadership holds the view that energy monitoring, verification and controls has a total addressable market of over US\$1 billion in just New York State alone. Following the NYSEERDA win, Noveda's leadership team is supporting efforts by at least two other major US cities to roll out their own version of NYSEERDA's RTEM program.



(CAM) CONNECTED ADELAIDE UPDATE

Earlier this year, at the IoT World 2016 conference in Santa Clara, we demonstrated the future promise of smart cities via our smart demo called Buddyville. Buddyville demonstrated Buddy's powerful and scalable backend data services combined with smart city sensors increasingly found in cities around the world today. Working in partnership with the Adelaide Smart City Studio (a joint venture between the Government of South Australia and the Adelaide City Council), Adelaide University and a number of other corporate partners and sponsors, Buddy has created the Connected Adelaide Model (CAM), an Adelaide themed smart city model. The CAM was designed to facilitate a conversation about what a smart city could look like, and includes a range of scenarios including:

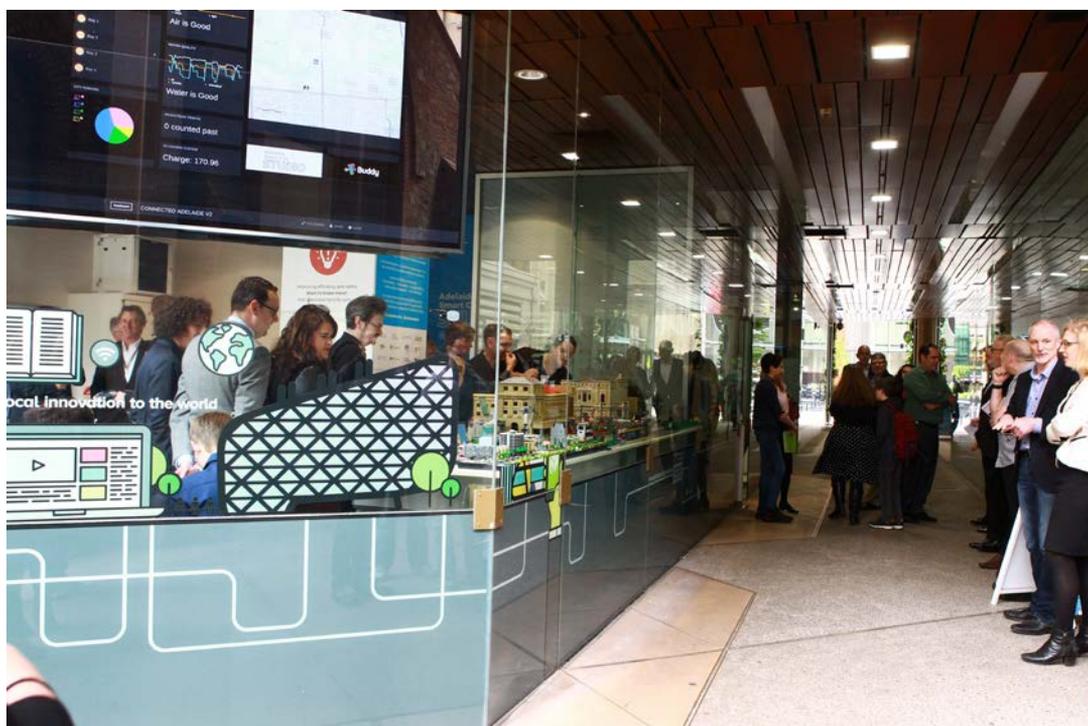
- Smart parking
- Smart street lighting
- Connected buildings/energy monitoring
- Water quality monitoring
- Connected stadium
- Electric Vehicle charging





Above & next page: Buddy Platform Limited General Manager of Australia, and VP of Business Development, Mr. Adam Schultz helping launch the Connected Adelaide Model.

The Connected Adelaide Model was launched by the Right Honourable Lord Mayor Martin Haese (Adelaide) as part of the Open State Festival on October 26th, and is a highly accessible demonstration of the engagement Buddy has with the Government of South Australia, the Adelaide City Council and the various stakeholders in making Adelaide the most connected “smart city” in Australia.



CUSTOMER TRACTION & PERFORMANCE MILESTONES

The Buddy Platform hit a peak traffic volume load of 47.2 million transactions per day in the quarter, which equates to 1.4 billion a month (assuming a 30-day month).

Last quarter we achieved our first company milestone and, with the release of the Buddy Parse Beta Program (September 6 2016), we believe we are on track to achieve our second milestone: the total number of devices creating an Interaction with a Buddy application that it has not previously interacted with exceeding 500,000 per week for no less than three (3) consecutive weeks within a period of 24 months from our capital raising last December.

Investors should note that since the close of the quarter described herein, the (now renamed) Parse on Buddy product has launched and is now in full production. The Company continues to expect modest volume and uptake until much closer to Facebook’s shutdown of Parse in late January 2017.

STAFFING

As announced on October 7, the Company hired a seasoned executive to fill the role of COO/CFO. This role is based in Seattle.

As of September 30, 2016, the Company had 22 full-time employees, 3 pending offers (all subsequently accepted) and 7 open positions.

The Board and Management will continue our cautious approach to hiring, ensuring that our quality bar remains high and that all positions are hired “into a proven need”.

SERVICE PERFORMANCE

The Buddy Platform performed very well in Q1, both in terms of service uptime and performance. The Platform’s current API average response time, a measure of the time it takes for the Platform to process an incoming API call, execute all processing and mapping

functionality and then initiate the completed response, is 29ms (down from 33ms last quarter – lower is better). Our trailing month service availability – a measure of uptime – is 99.99% for our US instance, 100% for the EU instance and 100% for the AU instance. All downtime was due to inherited service interruptions from our cloud provider (which are excluded from our SLA).

There were no SLA events this quarter that required compensation from Buddy.

For and on behalf of Buddy Platform Limited.



David P. McLauchlan

Chief Executive Officer
Buddy Platform Limited.

About Buddy

Buddy Platform Limited ([ASX:BUD](#)) provides one of the world's first data aggregation and management platforms for the IoT and connected devices. Buddy advances The Quantified Economy™ by providing the critical infrastructure by which businesses and organizations can, in real-time, access and analyze the data generated by connected devices, and unlock the economic opportunities delivered by this data. Buddy Platform users represent a wide variety of industries, including airlines, agriculture, automotive, consumer electronics, robotics, software development, telecommunications, and transportation. Buddy is headquartered in Seattle, Washington, with offices in Adelaide, Australia. For more information, visit <http://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 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	54	54
1.2 Payments for		
(a) research and development	(275)	(275)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(189)	(189)
(d) leased assets	-	-
(e) staff costs	(833)	(833)
(f) administration and corporate costs	(388)	(388)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	28	28
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(1,603)	(1,603)

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Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(13)	(13)
(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	(13)	(13)
3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	4,500	4,500
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	(404)	(404)
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'000	Year to date (3 months) \$A'000
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	4,096	4,096

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	10,835	10,835
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,603)	(1,603)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(13)	(13)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	4,096	4,096
4.5	Effect of movement in exchange rates on cash held	(5)	(5)
4.6	Cash and cash equivalents at end of quarter	13,310	13,310

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	13,310	10,835
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)	13,310	10,835

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6. Payments to directors of the entity and their associates

Current quarter \$A'000
22
-

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

CEO Salary

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

Current quarter \$A'000
-
-

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

-

8. Financing facilities available

Add notes as necessary for an understanding of the position

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-

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.

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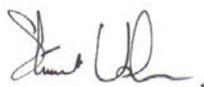
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9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	(250)
9.2 Product manufacturing and operating costs	-
9.3 Advertising and marketing	(250)
9.4 Leased assets	-
9.5 Staff costs	(1,000)
9.6 Administration and corporate costs	(400)
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	(1,900)

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

- This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- This statement gives a true and fair view of the matters disclosed.



Sign here: _____
(Company Secretary)

Date: 31 October 2016

Print name: Stuart Usher

Notes

- 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

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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.

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