

## ASX MARKET RELEASE

Friday April 29<sup>th</sup>, 2016

### **BUDDY PLATFORM LIMITED – QUARTERLY 4C REVIEW**

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 Q3 FY2016.

#### **QUARTERLY SUMMARY**

- First full quarter of operation as Buddy Platform Limited, following the relisting of the company as Buddy Platform Limited (ASX:BUD) on December 30<sup>th</sup>, 2015.
- Cash received from service revenue of \$145k and finance income of \$40k
- Total cash balance of \$13.0MM as of March 31, 2016.
- Performance metrics guidance – peak traffic of 9.6MM transactions per day; peak new devices count of 116k per day.
- Very large pipeline growth, very large pipeline total and factored value growth.
- Seven (7) new partnerships executed.
- New staff hired & on-boarded, including: Vice President of Sales (US), General Manager (Australia), Engineering Manager (Australia), Software Engineer (Australia).
- New member of the Board of Directors added – Mr John van Ruth.

#### **Q3 FY2016 FINANCIALS**

##### **REVENUE**

The Company recorded Q3 FY2016 service revenue of \$145k and finance income of \$40k. This level of revenue & income is in line with management expectations and is primarily a reflection of three realities for Buddy – 1) these are enterprise deals which take time to close (guidance has been 4-6 months, after which deployment into hardware at scale must follow before the majority of revenue is generated), 2) Buddy’s sales organization was in place less than four months by EoQ (in the case of VP of Sales, Tim Ritchie, less than 8 weeks), and 3) the IoT space is still incredibly nascent and organizations are still establishing their budgets for this technology.

With regard to point 1) above, investors should be aware that most deals sourced from Buddy’s two largest lead generation opportunities – CES (held 11 weeks prior to EoQ) and Mobile World Congress (held 5 weeks prior to EoQ) – are still very much in varying pipeline stages. This is expected and is in line with prior guidance issued by the Company concerning projected timespans from deal sourcing to deal closure. As the Company gathers more data that can inform a more specific projection of deal closure timing, guidance to the market on this matter will be revised.

The last half-yearly review advised that the Company had advanced over US\$550,000 of pipeline prospects to the quotation or pre-invoicing stage. Since that guidance was offered, one of those prospects (roughly US\$250k of that figure) declined to move forward with Buddy (the opportunity was lost to a self-hosted solution, not to a competitor – which often leads to a revisited opportunity some period of time later), and another prospect (up to US\$200k worth) reaffirmed their intention to work with us, but asked us to push contract commencement out until May. Both these cases reinforce point 3) above – that there remains considerable flux in the IoT space, and both schedules and budgets are





being moved to accommodate this new technology. The clear trend however, is that spend in this space is poised to rise dramatically.

Investors are reminded that the Company's strategy to navigate this emerging period for the IoT industry is and remains one of maximizing device connections and data traffic volume. Management is firmly of the view that now is the time to engage in a "land grab", and should an opportunity arise to capture more device or traffic volume at the expense of short-term revenue, the Company should do so. However, that is absolutely not to suggest medium to long term revenue isn't a priority (it is); quite simply the fastest path to installing a long term revenue base with attractive growth is to secure a device and traffic base in the short term.

Management continues to hold the view that the Company is very much on track with this growth & revenue strategy and is excited to continue the process of growing our pipeline and turning those opportunities into traffic (& revenue) generating contracted deals.

### **OTHER COMMENTS**

Some line items in the Appendix 4C were inflated on a one-off basis due to costs associated with the recent prospectus and re-listing on the ASX, and should be regarded as non-recurring. For example:

- Advertising & Marketing expenditure of \$249k
  - This includes \$168k expenditure in advertising & marketing for Buddy Platform, Inc. + \$81k in investor relations & marketing costs for Buddy Platform Limited
- Other working capital payments of \$661k
  - \$76k incurred for IT/Web costs
  - \$174k incurred in legal costs paid in relation to the merger transaction and subsequent re-listing on ASX
  - \$52k in Share Registry costs (costs of managing the applications and allotments to share register, etc...)
  - \$170k in travel & accommodation expenditure which is a combination of a heavy travel quarter to trade shows in Las Vegas and Barcelona, along with some prior quarter (ie: before January 1, 2016) re-listing related travel costs reflected in this quarter as payment was posted in Q3.

## **BUSINESS UPDATE**

### **SALES & PIPELINE UPDATE**

In the Company's investor roadshow presentation (updated & released to the ASX on October 26, 2015), an indicative pipeline diagram indicated 25 prospects and opportunities were being worked on.

This number has grown substantially, in large part due to the successes of the Company's representation at the International CES show in Las Vegas (January 2016) and Mobile World Congress in Barcelona (February 2016). At CES, Buddy added over 30 new leads to the pipeline, and at Mobile World Congress, over 100 new leads were added. With the Company's largest and most important trade show to come in early May (IoT World in Santa Clara, Calif.), we're expecting even more success in reaching new leads this quarter.

As of the release of this review, Buddy's sales & business development staff are working a pipeline of 367 leads and 20 opportunities – where a lead only becomes an opportunity when there is mutual interest in an engagement, a needs analysis has been completed and/or validation or a proof of concept is in progress. Those 20 opportunities have a total first-year deal value of US\$2.4MM (with a "factored value" – a discounted value based on how far through the pipeline each deal is to closure – of US\$1.1MM). Of that total value, a full US\$2.05MM of opportunities are in the validation or proof of concept stage.

Investors are reminded that management expects these figures to be in reasonably constant flux until the Company has had sufficient time to mature the pipeline, sales processes and go-to-market strategy. Also, the delta between the total value and factored value of the pipeline reflects the very normal business reality that not all deals reaching the validation stages proceed to a contract. It is for this reason that Buddy's leadership prefers to take a more conservative approach to ASX market releases, and only issue such communiqués upon advancing opportunities to actual customer deals.

Fundamentally, however, Buddy management is very pleased with how the pipeline is progressing



and the movement of opportunities through it, and we see no reason for this traction & pipeline volume growth to slow in the coming quarters.

### **CUSTOMER TRACTION & PERFORMANCE MILESTONES**

During the quarter and up to the release of this review, the Company has signed seven (7) partnerships, including partnerships with Gimbal and Ombitron that were previously announced. In addition to those, Buddy now has contractual relationships (that provide for revenue generation/recognition from cross-selling product) with software development organizations Matchbox Mobile (UK), NGoar (UK), General UI (US), and Dogfish Software (US), as well as hardware & device management platform, Zentri.

The Company's relationship with New Jersey-based Noveda Technologies advanced rapidly in Q3. During the quarter, the Company advised that the integration of Buddy into Noveda's platform stack was progressing ahead of schedule and on April 20, the Company advised the market that this integration was complete and migration of data from facilities across North America was commencing. Buddy can further update that the first 18 of these facilities has been completed, and the next batch of 100 facilities will be migrated in the coming days. At time of writing there are just shy of 2000 facilities to migrate, and include government buildings, schools, public utility assets, retail locations, NFL and sporting stadiums and other such facilities.

Notable new pilots to launch this quarter include opportunities in the retail/consumer space (at scale, just under 30MM transactions per day), smart cities infrastructure (several opportunities – together upwards of 25MM transactions per day), connected home appliances (~8-10MM transactions per day) and connected car/vehicle fleet management (at scale, over 50MM transactions per day).

The Buddy Platform hit a peak traffic volume load of just under 9.7MM transactions per day with nearly all new traffic this quarter being pilot or validation traffic, and a peak new device count of 116k per day (actually we sustained two days of exceptional new device counts of 1.29MM and 601k respectively, however these were customer initiated "stress tests" and so thus not relevant to the sustained volume measurements of the performance metrics). As indicated above, quite considerable traffic will be inbound to the platform should pilots underway progress to contracted details. Further, the Company has previously disclosed that the migration of Noveda traffic to Buddy will initially result in an additional ~6MM transactions on the platform daily.

Since the close of the quarter, but prior to the date of this review, the Company announced a new initiative involving an engineering collaboration with Facebook to offer a hosted, scaled & multi-tenant version of their Parse Server product. Further information on this initiative can be found [here](#), [here](#) and [here](#), and will be updated in future releases and the next quarterly review.

### **CORPORATE DEVELOPMENT**

The Company continues to benefit from quite considerable inbound M&A deal-flow. As has been previously reported, management will continue to consider the Company's options with respect to strategic acquisitions and asset purchases.

### **BOARD OF DIRECTORS APPOINTMENT**

The Company was pleased to announce this quarter that Mr. John van Ruth was appointed to the Board of Directors (and also as Chair of the Finance & Audit Committee). Mr. van Ruth is currently Chief Executive Officer of Operation Finders Foundation, and holds a number of non-executive directorships. Prior to his work in the not for profit sector, Mr. van Ruth spent four years as Chief Financial Officer for Coopers Brewery, the largest Australian owned brewery. Before Coopers Brewery, he held a number of senior executive roles with other iconic South Australian companies including the RAA of SA, Inc., Adelaide Bank and Faulding. Mr. van Ruth's early career was with professional services firms EY, KPMG and Arthur Andersen with particular focus on strategic advisory services in emerging technologies in Australia, Netherlands and Canada.

Following Mr. van Ruth's appointment, the Board consists of Mr. Richard Borenstein (non-executive Chairman), Mr. David McLauchlan (executive director, CEO), Mr. Alexander Gounares (non-executive director), Mr. Ananda Kathiravelu (non-executive director) and Mr. John van Ruth (non-executive director).

### **STAFFING**

During the quarter, the Company appointed Mr. Tim Ritchie as Vice President of Sales, as well as Mr. Adam Schultz as General Manager, Australia. An engineering manager was appointed to lead the



Adelaide office engineering team (reporting to the VP of Product & Engineering in Seattle), as well as an additional engineer in Adelaide.

The Company is currently interviewing engineering staff to fill another 6 open head-count (4 in Australia, 1 in the US), and expects to bolster the marketing team by one head as well as bring in-house a full-time designer.

### **RADAR IRON INVESTMENT**

The Company continues to hold 22,690,612 shares in Radar Iron Limited. For further information regarding Buddy's investment in Radar Iron Limited ([ASX: RAD](#)), visit Radar Iron's website at [www.radariron.com.au](http://www.radariron.com.au).

### **SERVICE PERFORMANCE**

Buddy had a strong Q3 in terms of service uptime and performance. The Platform's 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, was 83ms (down from 89ms last quarter – lower is better). Our service availability – a measure of uptime – was 99.91% for the US instance, 99.99% for the EU instance and 99.89% for the AU instance. All downtime was due to inherited service interruptions from our cloud provider (which are excluded from our SLA). There was one service degradation event in February that was due to a deployment issue, but no downtime was recorded.

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

### **CASH POSITION**

As of March 31, 2016 the Company had cash reserves of A\$13.0MM, placing the Company in an extremely strong position to conduct all current activities in the pursuit of its' strategic goals and performance milestones.

For and on behalf of Buddy Platform Limited.

**David P. McLauchlan**  
Chief Executive Officer  
Buddy Platform Limited.

### **For more information please contact:**

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### **About Buddy**

Buddy Platform Limited ([BUD.ASX](#)) 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>.

# Appendix 4C

## Quarterly report for entities admitted on the basis of commitments

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

Name of entity

Buddy Platform Limited

ABN

21 121 184 316

Quarter ended ("current quarter")

31 March 2016

### Consolidated statement of cash flows

<b>Cash flows related to operating activities</b>	Current quarter \$A'000	Year to date From 17-Dec-2015 \$A'000
1.1 Receipts from customers	145	145
1.2 Payments for (a) staff costs	(890)	(1,112)
(b) advertising and marketing	(249)	(249)
(c) research and development	-	-
(d) leased assets	-	-
(e) other working capital	(661)	(893)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	44	78
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
<b>Net operating cash flows</b>	<b>(1,611)</b>	<b>(2,031)</b>

+ See chapter 19 for defined terms.

**Appendix 4C**  
**Quarterly report for entities**  
**admitted on the basis of commitments**

	Current quarter \$A'000	Year to date (6 months) \$A'000
1.8 Net operating cash flows (carried forward)	(1,611)	(2,031)
<b>Cash flows related to investing activities</b>		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	(38)	(38)
(e) other non-current assets	-	-
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other –	-	-
Other –	-	-
	-	-
<b>Net investing cash flows</b>	(38)	(38)
<b>1.14 Total operating and investing cash flows</b>	(1,649)	(2,069)
<b>Cash flows related to financing activities</b>		
1.15 Proceeds from issues of shares, options, etc.	-	11,731
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	-
1.18 Repayment of borrowings	-	-
1.19 Dividends paid	-	-
1.20 Other (provide details if material)	-	-
<b>Net financing cash flows</b>	-	11,731
<b>Net increase (decrease) in cash held</b>	(1,649)	9,662
1.21 Cash at beginning of quarter/year to date	14,683	3,372
1.22 Exchange rate adjustments to item 1.20		
1.23 <b>Cash at end of quarter</b>	13,034	13,034

+ See chapter 19 for defined terms.

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	44
1.25	Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

- CEO Salary

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

-

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

-

**Financing facilities available**

*Add notes as necessary for an understanding of the position.*

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

+ See chapter 19 for defined terms.

**Appendix 4C**  
**Quarterly report for entities**  
**admitted on the basis of commitments**

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**Reconciliation of cash**

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	13,034	14,683
4.2 Deposits at call	-	-
4.3 Bank overdraft	-	-
4.4 Other (provide details)	-	-
<b>Total: cash at end of quarter</b> (item 1.23)	<b>13,034</b>	<b>14,683</b>

**Acquisitions and disposals of business entities**

	Acquisitions (Item 1.9(a)) \$M	Disposals (Item 1.10(a))
5.1 Name of entity		-
5.2 Place of incorporation or registration		-
5.3 Consideration for acquisition or disposal		-
5.4 Total net assets		-
5.5 Nature of business		-

**Compliance statement**

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does /does not\* (*delete one*) give a true and fair view of the matters disclosed.

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+ See chapter 19 for defined terms.





Sign here:

(Company secretary)

Date: 29<sup>th</sup> April 2016

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 wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report except for any additional disclosure requirements requested by AASB 107 that are not already itemised in this report.
3. **Accounting Standards.** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.