



February 19, 2018

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

Dear Mr Allen

### **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 2 February 2018 (**Aware Letter**).

An overview of the relevant background and prevailing circumstances, which includes our responses to the various questions in the Aware Letter, is detailed below. Unless otherwise defined, capitalized terms in this letter have the same meaning given to those terms in the Aware Letter and/or our letter to ASX dated 2 February 2018 in respect to ASX's previous aware letter dated 23 January 2018.

### **Background and Overview of the Buddy Ohm Product**

1. On 21 March 2017 the Company launched a new product, Buddy Ohm, a low-cost solution for facility resource monitoring and verifying the consumption of electricity, gas, water, steam and solar power generation in buildings. The Buddy Ohm product:
  - a. is a full monitoring solution comprised of Internet of Things (**IoT**) class hardware, secure and scalable data infrastructure, an operations portal, and occupant facing dashboards; and
  - b. utilises, as its base technology, the Company's data infrastructure IoT service, the "Buddy Cloud", being the cloud-based data platform that underpinned the Company's other key products.

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2. The market wide launch of the Buddy Ohm product was foreshadowed by the Company in early 2017 as part of its focus, in 2017 and going forward, on growing its business in managing the IoT data generated by infrastructure deployed in smart cities.
3. The Company determined that distribution, reseller and/or referral arrangements with major partners who have significant brand and sales footprints in given regions represented the optimum method for achieving larger deployments and accelerated accompanying revenue growth (rather than mainly relying on direct sales and incurring the associated sales and marketing costs etc). This method is typical of a vast number of software as a service (**SaaS**) businesses.
4. In selecting its distribution, reseller or referral partners, the Company will only enter into a formal arrangement with partners who demonstrate some or all of the following key criteria:
  - a. significant standing, size, geographical reach, an extensive network, customer base and/or a dominant market share in a region and/or a market in a relevant sector / industry that complements the Buddy Ohm product;
  - b. an understanding of the Buddy Ohm product, including how the offering of the Buddy Ohm product aligns with its existing business, and the ability to instigate and deliver a significant number of trials to test and validate the Buddy Ohm product amongst its existing customer base and/or network;
  - c. an experienced and dedicated management and sales team, with the relevant network and expertise, to drive the sales of the Buddy Ohm product; and/or
  - d. a developed roll-out strategy covering sales, targets, pricing and/or marketing strategies that is both sustainable and profitable.
5. Since the launch of the Buddy Ohm product, the Company has entered into various distribution, reseller and referral arrangements, including, amongst others, the Digicel Reseller Agreement, Rizon Group Re-Seller Agreement, the SaskTel Referral Agreement and the Ingram Distribution Agreement.
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

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provisions of the Digicel and Rizon Group arrangements). The SaskTel Referral Agreement operates with no fixed term and "rolls over" year on year unless terminated by either party with 60 days' notice (refer to paragraph 58). The Company considers that such termination provisions are industry standard and, in practice, the longevity of a relationship is ultimately a function of:

- a. customer demand for the product;
- b. the supplier having the ability to supply the product in accordance with the relevant arrangement; and
- c. the distributor, reseller or referrer being able to sell, distribute and/or generate sufficient sales of the product.

Prior to entering into a distribution, reseller or referral agreement, the Company will undertake an analysis of the proposed partner and its business, having regard to the criteria detailed in paragraph 4 above, and engage in extensive discussions with key management personnel of the proposed partner to ensure that they have the ability to deliver distribution, sales or referrals under the relevant arrangement so as to warrant the Company devoting resources, expenditure and time for such an arrangement.

7. Each distribution, reseller and referral arrangement has resulted, or will result, in separate underlying customer contracts for the sale of the Buddy Ohm product (pursuant to which Buddy derives its revenue). When a customer enters into an underlying contract, either contracting directly with Buddy (following a referral under a referral agreement) or with a distributor or reseller, the contracting cycle is as follows:
  - a. Buddy, the distributor/reseller or their nominee/sub-contractor will install and activate the Buddy Ohm product for the customer;
  - b. there may be a trial period of up to 60 days (averaging 30 days and increasingly, depending on the location of the customer, the trial period may take the form of a 30-day opt-out on a full commercial contract); and
  - c. following the completion of the trial period (if any), each trial customer may transition to a paying customer for a term of usually three years and will be invoiced at the end of each month for that period (usually by the distributor or reseller or in the less common case of direct sales, by Buddy).
8. In respect to an underlying customer contract with a reseller or distributor, in the event that the relevant reseller or distribution arrangement terminates (for whatever reason),

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the underlying customer contract survives that termination, will remain valid and subsisting and monthly revenue due from each customer invoiced under the terminated arrangement will continue to be due to the Company for the term of its contract.

9. Sales (and the deriving of the accompanying revenue) in respect to the various distribution, reseller and referral arrangements are non-linear with the Company's modelling indicating that sales will grow exponentially year on year as each trial customer transitions to a paying customer for a term of up to three years (as customer numbers and average revenue per customer grows over time). This is consistent with other SaaS businesses.
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.
11. The Company has disclosed to the market on several occasions that:
  - a. investors should expect a lag between the execution of distribution, reseller or referral agreements, and those agreements generating unit sales and thus revenue; and
  - b. that such lag is due to the execution of such distribution, reseller or referral agreements being only the first step in a multi-step process to enable those partners to be able to sell Buddy Ohm product, as well as have inventory on hand.
12. In respect to disclosure of expected revenues under distribution, reseller or referral arrangements, following the execution of a relevant agreement, the Company is unlikely to be in a position to disclose expected revenues unless it (and/or its partner) has had an opportunity to collate and test key information and undertake a fulsome analysis of such information. Accordingly, the Company will only disclose its expected revenue for a particular arrangement if such analysis has been sufficiently completed for the Company to have a reasonable basis to make such disclosures (refer to the Company's announcements concerning distribution, reseller and referral arrangements dated 23

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August 2017, 3 November 2017 and 21 November 2017 in which no expected revenues were disclosed).

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.

#### **Digicel**

14. Digicel is a communications and entertainment provider with operations in 33 markets throughout the Caribbean, Central America and Asia Pacific regions. Headquartered in Jamaica, Digicel has established itself as the dominant mobile network operator in the Caribbean and Central American region and has the largest mobile subscriber market share in the majority of the markets in which it operates.
15. The Company understands that Digicel is having its traditional revenue streams disrupted by “over the top” services (i.e. services that operate on top of the mobile network that may not be offered by the mobile operator, such as Netflix viewed on a phone over the mobile data network offered by the operator) and increasing competition (which is consistent with other mobile network operators). In response to such market disruption, Digicel, like its peers, has actively sought to launch new products and lines of service to enhance revenue and profit, in addition to defending existing client relationships (especially significant corporate accounts) while seeking to gain market share from competitors.
16. In May 2017, following the Company's launch of the Buddy Ohm product at an Internet of Things (**IoT**) trade show, IoT World 2017, held in Santa Clara, California, representatives of Digicel approached representatives of the Company, and arranged a meeting to discuss the possibility of a partnership between Digicel and the Company. Following Digicel's expression of interest and the initial meeting (at the trade show), the Company subsequently:
  - a. engaged in extensive discussions with senior sales leaders at Digicel, the head of IoT at Digicel and several significant Digicel customers (including the Federal Government of Jamaica) and had numerous telephone calls and face to face meetings with the broader executive team at Digicel in respect to:
    - the terms and conditions of a potential reseller arrangement with Digicel;

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- the size and geographical reach of the Digicel customer base and the "make-up" of that customer base (i.e. identifying those business customers to whom Buddy Ohm is likely to have appeal);
  - the potential sales targets, pricing strategy and marketing targets of the Buddy Ohm product;
  - the roll-out strategy of the Buddy Ohm product offering via the Digicel customer base;
  - conducting initial sales training and introductions for the Buddy Ohm product to Digicel's Jamaican sales leadership and team; and
  - identifying the initial trial and testing candidates for the Buddy Ohm product; and
- b. met with a number of Digicel's customers who agreed to trial and test the Buddy Ohm product (which, following completion of the trials, resulted in positive feedback).
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:

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- 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).
21. The Company considers that it adopted a prudent approach in setting the minimum sales commitment (such amount being significantly less than Digicel's projections). The 1,000 Buddy Ohm product units equates to a revenue sum of A\$20.9 million (being the A\$20.9M Digicel Revenue Amount defined in the Aware Letter). This revenue sum 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:
- a. the median yearly expected sales; and
  - b. the monthly fees payable (varying between US\$1,500 and US\$2,513 per month per system) in respect to each Buddy Ohm "base pack" (the smallest package of Buddy Ohm product offered in that market) product sale.

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The formula also incorporated sensitivity analysis concerning:

- a. the expected level of 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).
22. The Company has previously disclosed that first material revenues for the Buddy Ohm product, which include revenues to be derived from the Digicel Reseller Agreement, are expected to commence being derived in the June 2018 (Q4 FY18) quarter.

### **Rizon Group**

23. Rizon Group, headquartered and based in the United Kingdom, operates in the digital and technology space, with services including IT solution provision for infrastructure consolidation, cloud migration, resource management and managed service consultancy and delivery. The executive team at Rizon Group have:
- a. a long and successful history working in the United Kingdom's telecommunications, cloud services, datacentre and technology infrastructure market;
  - b. more than 80 years of experience in the technology sector, which includes extensive experience in the IoT industry, and senior executive roles with some of Western Europe's largest mobile carriers; and
  - c. established close relationships with mobile operators across the European region and developed an extensive network of major resellers, distributors and hardware partners in the United Kingdom (including the Rizon Group's own existing customers).
24. The Company met with representatives of Rizon Group in May 2017 at a Buddy Ohm Australian sales event in Sydney and was further contacted by Rizon Group in June 2017 who expressed an interest to act as a distributor/reseller for the Buddy Ohm product in the United Kingdom.
25. The Company subsequently:

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- a. dispatched a member of its leadership team to the United Kingdom who, over a two week period, had multiple engagements with representatives of Rizon Group;
  - b. engaged in extensive discussions with the Strategic Business Development executive at Rizon Group and also had numerous telephone calls and face to face meetings with the broader executive team at Rizon Group in respect to:
    - the terms and conditions of a potential reseller arrangement with Rizon Group;
    - commercial strategy as well as sales and marketing of the Buddy Ohm product, including branding and approach, customer roadmap for new products and realising return on investment based on the Buddy Ohm product;
    - the size and reach of Rizon Group network, potential sales targets, pricing strategy and marketing targets;
    - the roll out strategy of the Buddy Ohm product offering by Rizon Group;
    - identifying initial trial and testing candidates for the Buddy Ohm product; and
    - technical matters in relation to the Buddy Ohm product;
  - c. established a trial site, engaged in regular discussions in respect to the progress of the trial and direct sales and provided software demonstration and training to the Rizon Group team; and
  - d. engaged with several executives of Rizon Group in respect to the inclusion of a minimum commitment in the letter of understanding being negotiated by the parties, in particular Rizon Group's expectation and approach to a minimum commitment over a three year period.
26. On 9 November 2017, the Company announced, amongst other matters, that it had entered into a letter of understanding with Rizon Group pursuant to which it was acknowledged and agreed that the Company requires a minimum commitment of A\$1 million run rate in revenue over the first 12 months (circa £588,000 (Oct 2017)), extending out to A\$20 million (£11.760 million) over a three year period (being the A\$20M sales commitment detailed in the Aware Letter).
27. In determining (and agreeing to) the sales commitment, the Company gave due consideration to the following matters:

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- a. Rizon Group's internal projections (which exceeded the A\$20M sales commitment ultimately agreed upon);
  - b. Rizon Group's extensive network in the United Kingdom which was developed by the key principals and executive members of Rizon Group who have had a long and successful history working in the United Kingdom's telecommunications, cloud services, datacentre and technology infrastructure market;
  - c. the level of interest and enquiries received in respect to the Buddy Ohm product and the positive feedback received from the initial trial customer;
  - d. Rizon Group's preparedness to devote significant resources to the reseller arrangement both prior to and post the execution of a formal agreement; and
  - e. the investigations and analysis undertaken by its own sales and marketing team.
28. Similar to the Digicel arrangement, the Company considers that it adopted a prudent approach in setting the A\$20 million sales commitment which 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 Rizon Group) and applying the same formula and sensitivity analysis utilised for the Digicel arrangement (refer to paragraph 21), which was adjusted to reflect pricing strategy and target market differences.
29. The Company has previously disclosed that sales under the Rizon Group Reseller Agreement are expected to commence in the Q3 FY18 quarter and accordingly, revenues under the Rizon Group Reseller Agreement are expected to commence being derived in the June 2018 (Q4 FY18) quarter.

### **SaskTel**

30. SaskTel is a leading information and communications technology provider in Saskatchewan, Canada with 1.4 million customer connections and a 60% market share of business customers in Saskatchewan.
31. The Company commenced discussions with SaskTel in respect to a potential referral arrangement on 13 April 2017, after it was approached by SaskTel expressing interest in Buddy Ohm and proposing a meeting at IoT World 2017. Prior to the execution of the

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SaskTel Referral Agreement, the Company engaged in extensive discussions with SaskTel in respect to:

- a. the terms and conditions of a potential referral arrangement with SaskTel;
  - b. the size and reach of SaskTel's customer base and potential revenue opportunities for the Buddy Ohm product; and
  - c. the support strategies between Buddy and SaskTel in respect to the offering of the Buddy Ohm product via SaskTel's network.
32. The Company has previously disclosed that sales under the SaskTel Referral Agreement are expected to commence in February 2018.

### **Ingram Micro Canada**

33. Ingram Micro Inc. (**Ingram Micro**) is a global leader in technology and supply chain services. Incorporated and headquartered in the United States, Ingram Micro has extensive sales and distribution network throughout North America, Europe, Middle East and Africa, Latin America and Asia Pacific.
34. The Company was approached by Ingram Micro's United States office (**Ingram Micro US**) and commenced discussions with this office in respect to a potential distribution arrangement in August 2017. During the course of the Company's discussions with Ingram Micro US, the Company was approached by the Head of IoT in Ingram Micro's Canadian market (**Ingram Micro Canada**) to discuss the prospects of entering into a distribution arrangement for the Canadian subsidiary.
35. Following Ingram Micro Canada's expression of interest, the Company engaged in extensive discussions with Ingram Micro Canada in respect to:
- a. the terms and conditions of a potential distribution arrangement with Ingram Micro Canada, including Ingram Micro Canada holding inventory and providing logistics services;
  - b. Ingram Micro Canada's requirements, being that the Ingram Micro organisation will not enter into an arrangement with an enterprise product vendor if, based on its internal projections, it could not sell at least 10,000 units of that product;

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- c. 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 Buddy Ohm is likely to have appeal);
  - d. the roll-out strategy of the Buddy Ohm product offering via the Ingram Micro Canada customer base;
  - e. how the partnership would operate logistically, specifically about the Company's integration with Ingram Micro Canada's inventory systems, how Canadian customs would be navigated, and how orders, potential reorders and returns would work; and
  - f. potential installation partners available throughout Canada.
36. The Company has previously disclosed that revenues under the Ingram Distribution Agreement are expected to commence being derived in the March 2018 (Q3 FY18) quarter.

## Digicel

### ***Question 1: When did the entity first become aware of the A\$20.9M Digicel Revenue Amount?***

37. During the period 17 July 2017 to 26 July 2017 (US time) / 27 July 2017 (Australian EST time), being the period the Company negotiated the A\$20.9M Digicel Revenue Amount.

### ***Question 2: Was the A\$20.9M Digicel Revenue Amount considered a 'key term' of the Digicel Reseller Agreement which ASX understands had been agreed, (save for exclusivity provisions) on 14 July 2017? If not, please advise the basis for that view.***

38. Yes, the A\$20.9M Digicel Revenue Amount was considered a "key term" of the Digicel Reseller Agreement (which agreement was only executed on 26 July 2017 (US time) / 27 July 2017 (Australian EST time)). To clarify, the A\$20.9M Digicel Revenue Amount had not been discussed, considered or agreed on or before 14 July 2017. As detailed in paragraphs 19 and 20, such figure was negotiated during the period 17 July 2017 to 26 July 2017 (US time) / 27 July 2017 (Australian EST time) and was directly linked to the proposed grant of exclusivity rights to Digicel.
39. Although the Company considered the A\$20.9M Digicel Revenue Amount to be a "key term" of the Digicel Reseller Agreement, this term was only included following Digicel requesting exclusivity rights. The Company would have proceeded to execute the Digicel

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Reseller Agreement in the absence of the A\$20.9M Digicel Revenue Amount (i.e. would have proceeded with Digicel on a non-exclusive basis).

**Question 3: Did the Entity announce the A\$20.9M Digicel Revenue Amount before either the Quarterly 4C Review or the Q1 FY18 4C Review? If so, please advise the date of this announcement. If not, please advise why this information was not announced before the release of the Quarterly 4C Review or Q1 FY18 4C Review announcements commenting specifically on when you believe the Entity was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps the Entity took to ensure the information was released promptly and without delay.**

40. No, the Company announced the A\$20.9M Digicel Revenue Amount in the Quarterly 4C Review on 28 July 2017 (Australian EST time).
41. Negotiations in respect to the A\$20.9M Digicel Revenue Amount commenced on 17 July 2017 and ended approximately 9.00 pm (US PDT time) on 26 July 2017 / 2.00 pm (Australian EST time) on 27 July 2017 (being the time and date that counterparts for the Digicel Reseller Agreement were exchanged). Accordingly, prior to 2.00 pm (Australian EST time) on 27 July 2017 (being the day immediately before the date of the Quarterly 4C Review), the A\$20.9M Digicel Revenue Amount was subject to negotiations and remained incomplete.
42. The Company acknowledges that it was obliged, under Listing Rules 3.1 and 3.1A, to release information in relation to the A\$20.9M Digicel Revenue Amount when negotiations were complete and the Digicel Reseller Agreement executed and did so on 28 July 2017 (Australian EST time).

**Question 4: When did the Entity first become aware of the Re-Seller Termination Penalty**

43. During the period commencing 17 July 2017 to 26 July 2017 (US time) / 27 July 2017 (Australian EST time), being the period the Company negotiated the Re-Seller Termination Penalty (together with the A\$20.9M Digicel Revenue Amount).

**Question 5: Did the Entity announce the Re-Seller Termination Penalty at or around the same time as the Digicel Announcement? If not, please advise why the Entity chose not to include information regarding the Re-Seller Termination Penalty in the Digicel Announcement commenting specifically on when you believe the Entity was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps the Entity took to ensure the information was released promptly and without delay.**

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44. No, as at the date of the Digicel Announcement the Re-Seller Termination Penalty had not been discussed, considered or agreed. The Company did not subsequently announce the Re-Seller Termination Penalty as it does not consider that it constitutes information that a reasonable person would expect to have a material effect on the price of the Company's securities on the basis that:
- a. if the Re-Seller Termination Penalty was applied, it simply would result in loss of exclusivity rights for Digicel, with the Digicel Reseller Agreement remaining valid and subsisting and all sales effected pursuant to the Digicel Reseller Agreement remaining in place;
  - b. for distribution and reseller arrangements that provide for exclusivity over a particular territory and/or product line and/or sales channel, the Company considers that it is industry standard for exclusivity rights to be directly linked to a performance obligation (such as delivery of minimum sales) and that the consequence of a failure to achieve the given performance obligation is typically a loss of the exclusivity rights (this is especially the case for SaaS businesses). For a distributor or reseller that has applied significant resources and incurred significant expenditure in respect to a territory and/or product line etc., a loss of exclusivity rights can represent a significant punitive measure; and
  - c. having regard to Digicel's:
    - request for exclusivity rights (refer to paragraph 19);
    - customer base, size, status and market leading position in the relevant regions (refer to paragraph 20);
    - 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 devote significant resources to the reseller arrangement (refer to paragraph 20); and
    - internal projection of sales (which far exceeded the 1000 Buddy Ohm product units that apply to the Re-Seller Termination Penalty) (refer to paragraph 20),

which formed the basis of the Company's analysis in respect to the A\$20.9M Digicel Revenue Amount (refer to paragraph 21), the Company formed the view that the likelihood of Re-Seller Termination Penalty being invoked was remote.

***Question 6: In light of the above, and commenting specifically on the Re-Seller Termination Policy, does the Entity believe it had a reasonable basis upon which to disclose the A\$20.9M Digicel Revenue Amount? If yes, please set out the basis for this belief***

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45. Yes, the Company believes that it had a reasonable basis upon which to disclose the A\$20.9M Digicel Revenue Amount on the basis that:
- a. Digicel has a significant customer base, size, status and market leading position in the regions the subject of the Digicel Reseller Agreement (refer to paragraphs 20 and 44);
  - b. Digicel's executive team had engaged in extensive discussions with the Company to discuss, amongst other matters, the strategic position of the Company's product in Digicel's own market and competitive strategy, the terms and conditions of the reseller arrangement, the size and geographical reach of the Digicel customer base, the potential sales targets, pricing strategy and marketing targets and the roll-out strategy of the Buddy Ohm product offering via the Digicel customer base (refer to paragraph 16);
  - c. the Company had strong levels of engagement with the executive team at Digicel, including the chief executive officer of Digicel Jamaica who introduced the Buddy Ohm product and announced reseller arrangements between Digicel and the Company (prior to the execution of the Digicel Reseller Agreement) (refer to paragraph 17);
  - d. Digicel had required 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 devoted significant resources to the reseller arrangement (refer to paragraphs 20 and 44);
  - e. Digicel's internal projections which far exceeded the 1,000 Buddy Ohm product units which equates to the A\$20.9M Digicel Revenue Amount (refer to paragraph 20);
  - f. the exclusivity provision was requested by Digicel and Digicel agreed to the Reseller Termination Penalty in exchange for such exclusivity; and
  - g. the Company's analysis in respect to the A\$20.9M Digicel Revenue Amount (refer to paragraph 21).

## Thor

***Question 7: Was the 'bulk' of the 2017 Thor Revenue recognised during the calendar year ended 31 December 2017? If not, please advise whether the Entity has announced to the market any***

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***delay in recognising the 2017 Thor Revenue and when the Entity expects to receive the 2017 Thor Revenue, commenting specifically on the following:***

***Question 7.1: the cash receipts reported by the Entity during the period 1 April 2017 to 31 December 2017, which total \$1.3 million.***

***Question 7.2: the Entity's statement in the Response to ASX Aware Letter which sets out at paragraph 30 that "Thor Revenues represent a 'component' of the \$941k cash received during the period 1 April 2017 to 30 September 2017.***

46. Yes, the "bulk" of the 2017 Thor Revenue was recognized in the year ended 31 December 2017. Specifically, the Thor Revenue comprised:
- a. A\$1.236 million of the A\$1.3 million cash receipts reported during the period 1 April 2017 to 31 December 2017; and
  - b. A\$869,000 of the A\$941,000 cash received during the period 1 April 2017 to 30 September 2017.

***Question 8: Does the Entity consider the \$350k December 2017 Option Component to be information that a reasonable person would expect to have a material effect on the price or value of its securities??***

47. No.

***Question 9: If the answer to question 8 is "no", please advise the basis for that view.***

48. The Company does not consider the \$350k December 2017 Option Component to be information that a reasonable person would expect to have a material effect on the price of the Company's securities on the basis that:
- a. the Company had used the words "flagged", "an interest" and "optionally purchasing" in the Thor Announcement to express Thor's non-binding intention and there was no certainty that the \$350k December 2017 Option Component would be exercised; and
  - b. having regard to the market capitalisation and financial position of the Company, the Company does not consider the revenue to be derived from the exercise of the A\$350,000 December 2017 Option Component (which would be earned over a period likely to be six to nine months in duration) to be material.

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**Question 10: Did Thor agree to purchase additional the \$350k December 2017 Option Component? If so, please advise the date of this announcement, commenting specifically on when you believe the Entity was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps the Entity took to ensure the information was released promptly and without delay**

49. No, but neither has Thor made a decision to not purchase the additional \$350k December 2017 Option Component.

**Question 11: If Thor did not agree to purchase the \$350k December 2017 Option Component please advise the date of this announcement, commenting specifically on when you believe the Entity was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps the Entity took to ensure the information was released promptly and without delay.**

50. The Company does not consider information that Thor had not agreed to purchase the \$350k December 2017 Option Component by December 2017 to be information that a reasonable person would expect to have a material effect on the price or value of its securities on the basis that:

- a. the December 2017 date in the Thor Announcement was a tentative date, being a date that Thor had "flagged" an interest to purchase the \$350k December 2017 Option Component (refer to paragraph 48);
- b. there is no prescribed end date for the purchase of the \$350k December 2017 Option Component;
- c. the Company has not withdrawn the option for Thor to purchase the \$350k December 2017 Option Component; and
- d. the \$350k December 2017 Option Component is still capable of being exercised.

## **Rizon**

**Question 12: Please advise in relation to the Rizon Group Re-Seller Agreement any termination provisions that apply to Rizon Group in the event Rizon Group are unable to achieve the reported \$20m sales commitment over three years as disclosed in the Rizon Announcement?**

51. There are no such provisions.

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**Question 13: If any termination provisions apply to Rizon Group, does the Entity consider any termination provisions applicable to the Rizon Group to be information that a reasonable person would expect to have a material effect on the price or value of its securities?**

52. Not applicable.

**Question 14: If the answer to question 13 is "yes", does the Entity consider any termination provisions applicable to the Rizon Group Re-Seller Agreement to be information that a reasonable person would expect to have a material effect on the price or value of its securities?**

53. Not applicable.

**Question 15: If the answer to question 14 is "no", please advise the basis for that view.**

54. The Company does not consider the termination provisions applicable to the Rizon Group Re-Seller Agreement to be information that a reasonable person would expect to have a material effect on the price or value of its securities on the basis that:

- a. the Company considers that the termination provisions for the Rizon Group Re-Seller Agreement are industry standard for reseller agreements (refer to paragraph 6);
- b. even if the Rizon Group Re-Seller Agreement was terminated, all sales effected pursuant to the Rizon Group Re-Seller Agreement will remain valid and subsisting; and
- c. having regard to:
  - extensive discussions with the executive team at Rizon Group and the Strategic Business Development executive at Rizon Group (refer to paragraph 25);
  - Rizon Group's network and reach in the United Kingdom, based on the experience and history of its executives in the United Kingdom's telecommunications, cloud services, datacentre and technology infrastructure market (refer to paragraphs 23 and 27);
  - Rizon Group's devotion of significant resources to the reseller arrangement both prior to and post the execution of a formal agreement (refer to paragraph 27),

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which informed the basis of the Company's own analysis, the Company formed the view that the likelihood of the termination provisions being invoked was remote.

**Question 16: Commenting specifically on any termination provisions that apply to the Rizon Group Re-Seller Agreement, does the Entity believe it had a reasonable basis upon which to disclose the A\$20M revenue forecast included in the Rizon Announcement? If yes, please explain the basis for this view.**

55. Yes, the Company believes that it had a reasonable basis upon which to disclose the A\$20M revenue forecast on the basis that:
- a. Rizon Group's network and reach in the United Kingdom, based on the experience and history of its executives in the United Kingdom's telecommunications, cloud services, datacentre and technology infrastructure market (refer to paragraphs 23 and 27);
  - b. Rizon Group's executive team had engaged in extensive discussions with the Company to discuss, amongst other matters, the terms and conditions of the reseller arrangement, the size and reach of Rizon Group's network, the potential sales targets, pricing strategy and marketing targets and the roll-out strategy of the Buddy Ohm product offering via Rizon Group's network (refer to paragraph 25);
  - c. Rizon Group's devotion of significant resources to the reseller arrangement (refer to paragraph 27);
  - d. Rizon Group's internal projections which exceeded the sales commitment (refer to paragraph 27); and
  - e. the Company's analysis in respect to the A\$20M revenue forecast (refer to paragraph 28).

## **SaskTel**

**Question 17: What is the SaskTel Revenue amount?**

56. The SaskTel Revenue Amount is approximately A\$2,700,000, which is expected to be recognised over a three year period beginning with the commencement of underlying sales.

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**Question 18: Has the SaskTel Revenue amount been separately disclosed by the Entity as a discrete amount or only as a component of a whole of Entity revenue forecast included in the Q1 FY18 4C?**

57. The SaskTel Revenue was disclosed as a component of a whole of the Company's revenue forecast in the Q1 FY18 4C.

**Question 19: Do any termination provisions apply to Saskatchewan Telecommunications as the counterparty to the SaskTel Re-Seller Agreement? If so, what are the termination provisions?**

58. Yes. For clarity, the SaskTel arrangement is a referral and not a reseller arrangement and the termination provisions are as follows:
- a. either party may terminate the SaskTel Referral Agreement without cause and for its convenience by providing the other with 60 days written notice, or as otherwise mutually agreed by the parties; or
  - b. a party may terminate the SaskTel Referral Agreement if the other party is in material breach and has not cured the breach, if curable, within 10 days of written notice specifying the breach.

**Question 20: If the answer to question 19 is "yes", does the Entity consider any termination provisions applicable to the SaskTel Re-Seller Agreement to be information that a reasonable person would expect to have a material effect on the price or value of its securities?**

59. No.

**Question 21: If the answer to question 20 is "no", please advise the basis for that view.**

60. The Company does not consider the termination provisions applicable to the SaskTel Referral Agreement to be information that a reasonable person would expect to have a material effect on the price or value of its securities on the basis that:
- a. the Company considers that the termination provisions detailed in paragraph 58 are industry standard for referral agreements (refer to paragraph 6);
  - b. even if the SaskTel Referral Agreement was terminated, all sales effected pursuant to the SaskTel Referral Agreement will remain valid and subsisting; and

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- c. having regard to:
- multiple discussions with marketing and business development representatives of SaskTel (refer to paragraph 31); and
  - the customer base, size, reputation, market share and revenue of SaskTel (refer to paragraph 30),

which informed the basis of the Company's own analysis, the Company formed the view that the likelihood of the termination provisions being invoked was remote.

***Question 22: Did the Entity announce any applicable termination provisions at or around the same time as the SaskTel Agreement Announcement? If not, please advise why the Entity chose not to include information regarding the termination provisions in the SaskTel Agreement Announcement commenting specifically on when you believe the Entity was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps the Entity took to ensure the information was released promptly and without delay.***

61. No, for the reasons detailed in paragraph 60, the Company does not consider the termination provisions for the SaskTel Referral Agreement to be information that a reasonable person would expect to have a material effect on the price or value of its securities.

## **Ingram**

***Question 23: Do any termination provisions apply to Ingram Micro Canada as the counterparty to the Ingram Distribution Agreement? If so, what are the termination provisions?***

62. Yes, the termination provisions are as follows:
- a. either party may terminate the Ingram Distribution Agreement for convenience upon 30 days prior written notice, and will not have to pay the other party any compensation, costs or damages resulting from the termination of the Ingram Distribution Agreement without cause; or
  - b. either party may terminate the Ingram Distribution Agreement if the other party materially breaches any term of the Ingram Distribution Agreement and fails to cure the breach within 15 days after written notification, ceases to conduct business in the normal course, or becomes insolvent, makes a general assignment for the benefit of creditors, suffers or permits the appointment of a

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receiver for its business or assets, or avails itself of or becomes subject to any proceeding under any applicable bankruptcy or insolvency law.

**Question 24: If the answer to question 23 is “yes”, does the Entity consider any termination provisions applicable to the Ingram Distribution Agreement to be information that a reasonable person would expect to have a material effect on the price or value of its securities?**

63. No.

**Question 25: If the answer to question 24 is “no”, please advise the basis for that view.**

64. The Company does not consider the termination provisions applicable to the Ingram Distribution Agreement to be information that a reasonable person would expect to have a material effect on the price or value of its securities on the basis that:

- a. the Company considers that the termination provisions detailed in paragraph 62 are industry standard for distribution agreements (refer to paragraph 6);
- b. even if the Ingram Distribution Agreement was terminated, all sales effected pursuant to the Ingram Distribution Agreement will remain valid and subsisting; and
- c. having regard to:
  - extensive discussions with the Head of IoT at Ingram Micro Canada (refer to paragraph 35); and
  - the customer base, size, reputation and market share of Ingram Micro Canada (refer to paragraph 33),

which informed the basis of the Company's own analysis, the Company formed the view that the likelihood of the termination provisions being invoked was remote.

**Question 26: Did the Entity announce any applicable termination provisions at or around the same time as the Ingram Distribution Announcement? If not, please advise why the Entity chose not to include information regarding the termination provisions in the Ingram Distribution Announcement commenting specifically on when you believe the Entity was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps the Entity took to ensure the information was released promptly and without delay.**

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65. No, for the reasons detailed in paragraph 64, the Company does not consider the termination provisions for the Ingram Distribution Agreement to be information that a reasonable person would expect to have a material effect on the price or value of its securities.

***Question 27: 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.***

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

Sincerely,

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

**Stuart Usher**

Company Secretary, Buddy Platform Ltd

Enc.

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2 February 2018

Mr Stuart Usher  
Company Secretary  
Buddy Platform Ltd

By email: [stuart@buddy.com](mailto:stuart@buddy.com)

Dear Mr Usher

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

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

1. The Entity’s announcement titled “Buddy signs \$2M dollar Smart Cities Deal” lodged with MAP and released at 09:57 am (AEDT) on 13 January 2017 which stated the following:
  - 1.1. *“Buddy Platform Limited today announced that the Company has executed a new contractual statement of work with Thor Industries, Inc. totalling up to A\$2.1 million over 18 months, the bulk of which will be recognised in the calendar year 2017.”* (“2017 Thor Revenue”).
  - 1.2. *“The customer has flagged an interest in optionally purchasing an additional component valued at nearly A\$350k prior to December 2017”* (“\$350k December 2017 Option Component”).
2. The Entity’s announcement titled “Buddy Partners with Digicel to Sell and Distribute Buddy Ohm” lodged with the ASX Market Announcements Platform (“MAP”) and released at 09:06 am (AEST) on 14 July 2017 which stated *“Buddy Platform and Digicel Group reach agreement to sell, distribute and install Buddy Ohm through Digicel’s sales and operations teams.”* (“Digicel Announcement”).
3. The Entity’s announcement entitled Quarterly 4C Review dated 28 July 2017, released on MAP at 16:15:16 am AEST (“Quarterly 4C Review”), which sets out the following:
  - 3.1. *“Signed contracts of a record A\$22.7M (up 981% on previous quarter), representing contracted minimum commitments”.*
  - 3.2. *“Looking ahead, the Company has signed contracts that represent minimum future revenue commitments totalling A\$22.7M. This is a strong early indicator of the implied success of the Buddy Ohm product. Note that this figure is nearly entirely comprised of Buddy Ohm and Buddy Cloud contributions”.*
  - 3.3. *“It goes without saying that management, and the team as a whole is delighted with these results. Focussing on the Buddy Ohm business, the team has returned an enormous increase (981%) in quarter on quarter signed minimum contract value to A\$22.7M. With the Buddy Ohm product only in its infancy, the Company’s expectation is that there are many more*



*reseller agreements and distribution partnerships to come and management expects much from this business line in the future.”*

- 3.4. *“Management holds the view that the Buddy Ohm business has very significant scale potential, and as a result we will be taking a conservative approach to accruals and guidance for the business. The Company is committed, however, to remaining entirely in compliance with ASX Listing Rules concerning continuous disclosure, and to regularly and fully keeping investors up to date with new contractual agreements, major sales agreements and other relevant information.”*
- 3.5. Cash receipts from customers of \$534,000 and cash used in operating activities of \$2,737,000 for the quarter ended 30 June 2017.
4. The Entity’s announcement titled “Buddy and SaskTel Partner to Bring Buddy Ohm to Canada” lodged with MAP and released at 09:19 am (AEST) on 23 August 2017 which set out *“Buddy Platform and SaskTel reach agreement to sell Buddy Ohm through SaskTel’s sales teams across the Canadian province of Saskatchewan.”* (“SaskTel Agreement Announcement”).
5. The Entity’s announcement titled “Buddy Lands Largest Distribution Deal to Date With Ingram Micro Canada” lodged with MAP and released at 09:31 am (AEDT) on 20 October 2017 which set out *“Buddy has secured its largest distribution deal to date, having executed a nationwide resale and distribution agreement with Ingram Micro Canada, part of the world’s largest distributor of technology products.”* And *“Agreement is expected to generate more than A\$20m in revenue over three years for Buddy.”* (“Ingram Distribution Announcement”).
6. The Entity’s announcement entitled “Quarterly 4C Review (Q1 FY18)” dated 31 October 2017 (“Q1 FY18 4C Review”), released on MAP at 6:43:49 pm AEDT, which sets out the following:
  - 6.1. *“Signed contracts valued at A\$52M, (contracted minimum commitments of A\$22.1M).*
    - 6.1.1. *Excluding contracted minimum commitment figures that have since converted to revenue.*
    - 6.1.2. *Excluding a non-binding LoI for a minimum commitment in the UK market amounting to A\$20M in three-year revenue, expected to be finalised imminently.”*
  - 6.2. *“The Company recorded total revenues of A\$862k, including A\$447K of government grants and tax incentives, in Q1 FY2018. The Company also recorded cash receipts of \$A861k.”*
  - 6.3. *“With our recent announcements and newsflow, management can share that we have signed contracts with expected three-year values of more than A\$52M which includes contracted minimums of A\$22.1M (versus A\$22.7M in the previous quarter – note that this includes additional contracted minimums, less any contracted amounts converted to revenue). Per previous guidance, this figure is comprised of Buddy Ohm and Buddy Cloud contributions only and is exclusive of any current or future alternative data revenue.”* (“\$52 Million Revenue Contracts”)



- 6.4. *Cash receipts from customers of \$407,000 and cash used in operating activities of \$1,706,000 for the quarter ended 30 September 2017.*
7. The Entity's announcement entitled "Appendix 4C – quarterly" lodged on MAP and released at 08:32 pm (AEDT) on 31 January 2018 which sets out the following:
- 7.1. *"Buddy executed a reseller and distribution agreement with the UK's Rizon Group, as well as a Letter of Intent outlining a sales commitment of A\$1M in the first twelve months and A\$20M over three years. The agreement represents the first reseller of Buddy Ohm in the United Kingdom. Rizon will also become a distributor and installer of Buddy Ohm in the UK. Trials have already commenced and first sales are expected this (Q3 FY18) quarter. As the first distributor in an entirely new market for Buddy Ohm, meaningful revenue from this agreement is not expected until the June (Q4 FY18) quarter." ("Rizon Group Re-Seller Agreement") ("Rizon Announcement").*
8. The Entity's announcement titled "Response to ASX Aware Letter" lodged with MAP and released at 10:16 am (AEDT) on 2 February 2018 setting out that:

**Digicel**

- 8.1. *"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."*
- 8.2. *"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... save for exclusivity provisions, the key terms and conditions of the arrangement had been agreed by the parties."*
- 8.3. *"The Company disclosed... the minimum sales commitments for Digicel in the July Quarterly on 28 July 2017, being the day following the date (in Australia) of execution of the Digicel Reseller Agreement, noting that it was not announced earlier as negotiations for the Digicel Reseller Agreement remained incomplete..."*
- 8.4. *"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) ("Re-Seller Termination Penalty") which approximately equates to a revenue sum of A\$20.9 million." ("A\$20.9 Digicel Revenue Amount").*

**Thor**

- 8.5. *"The cash received in the July Quarterly and October Quarterly which totalled \$941,000 comprise a portion of Thor's contracted commitments and other customer receipts." ("Thor Cash Receipts").*



### **SaskTel**

- 8.6 *“The Company considers the expected revenue to be derived from SaskTel to be material to the Company.”*
- 8.7 *“The Company first became aware of the expected revenue to be derived from performance of activities contemplated by the Sasktel Referral Agreement during a management meeting held on 30 October 2017 (US time) to determine an expected revenue figure for the purpose of providing shareholders of the Company with an update in the October Quarterly...” (“SaskTel Revenue Amount”).*
9. ASX’s policy position on the concept of “the contents of announcements under Listing Rule 3.1” which is detailed in section 4.15 of Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B “Guidelines on the contents of announcements under Listing Rule 3.1”. In particular, the Guidance Note states as follows.
- 9.1. *“Wherever possible, an announcement under Listing Rule 3.1 should contain sufficient detail for investors or their professional advisers to understand its ramifications and to assess its impact on the price or value of the entity’s securities.*
- 9.2. *It is open to an entity which signs a market sensitive agreement to lodge a copy of the agreement on the ASX Market Announcements Platform, if it wishes to do so. This will help to reduce the amount of material about the agreement that needs to be included in its announcement and also avoid any issues about whether any material terms of the agreement have been properly disclosed. However, ASX recognises that there are cases where an entity will not wish to lodge a copy of an agreement on the ASX Market Announcements Platform. In those cases, the announcement about the agreement should contain a fair and balanced summary of the material terms of the agreement and include any other material information that could affect an investor’s assessment of its impact on the price of value of the entity’s securities.*
- 9.3. *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”.*
10. Listing rule 3.1, which requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the Company’s securities.



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

### **Digicel**

1. When did the entity first become aware of the A\$20.9M Digicel Revenue Amount?
2. Was the A\$20.9M Digicel Revenue Amount considered a 'key term' of the Digicel Reseller Agreement which ASX understands had been agreed, (save for exclusivity provisions) on 14 July 2017? If not, please advise the basis for that view.
3. Did the Entity announce the A\$20.9M Digicel Revenue Amount before either the Quarterly 4C Review or the Q1 FY18 4C Review? If so, please advise the date of this announcement. If not, please advise why this information was not announced before the release of the Quarterly 4C Review or Q1 FY18 4C Review announcements commenting specifically on when you believe the Entity was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps the Entity took to ensure the information was released promptly and without delay.
4. When did the Entity first become aware of the Re-Seller Termination Penalty?
5. Did the Entity announce the Re-Seller Termination Penalty at or around the same time as the Digicel Announcement? If not, please advise why the Entity chose not to include information regarding the Re-Seller Termination Penalty in the Digicel Announcement commenting specifically on when you believe the Entity was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps the Entity took to ensure the information was released promptly and without delay.
6. In light of the above, and commenting specifically on the Re-Seller Termination Policy, does the Entity believe it had a reasonable basis upon which to disclose the A\$20.9M Digicel Revenue Amount? If yes, please set out the basis for this belief.

### **Thor**

7. Was the 'bulk' of the 2017 Thor Revenue recognised during the calendar year ended 31 December 2017? If not, please advise whether the Entity has announced to the market any delay in recognising the 2017 Thor Revenue and when the Entity expects to receive the 2017 Thor Revenue, commenting specifically on the following:
  - 7.1. the cash receipts reported by the Entity during the period 1 April 2017 to 31 December 2017, which total \$1.3 million; and
  - 7.2. the Entity's statement in the Response to ASX Aware Letter which sets out at paragraph 30 that *"Thor Revenues represent a 'component' of the \$941k cash received during the period 1 April 2017 to 30 September 2017."*
8. Does the Entity consider the \$350k December 2017 Option Component to be information that a reasonable person would expect to have a material effect on the price or value of its securities?



9. If the answer to question 8 is “no”, please advise the basis for that view.
10. Did Thor agree to purchase additional the \$350k December 2017 Option Component? If so, please advise the date of this announcement, commenting specifically on when you believe the Entity was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps the Entity took to ensure the information was released promptly and without delay.
11. If Thor did not agree to purchase the \$350k December 2017 Option Component please advise the date of this announcement, commenting specifically on when you believe the Entity was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps the Entity took to ensure the information was released promptly and without delay.

#### **Rizon**

12. Please advise in relation to the Rizon Group Re-Seller Agreement any termination provisions that apply to Rizon Group in the event Rizon Group are unable to achieve the reported \$20m sales commitment over three years as disclosed in the Rizon Announcement?
13. If any termination provisions apply to Rizon Group, does the Entity consider any termination provisions applicable to the Rizon Group to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
14. If the answer to question 13 is “yes”, does the Entity consider any termination provisions applicable to the Rizon Group Re-Seller Agreement to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
15. If the answer to question 14 is “no”, please advise the basis for that view.
16. Commenting specifically on any termination provisions that apply to the Rizon Group Re-Seller Agreement, does the Entity believe it had a reasonable basis upon which to disclose the A\$20M revenue forecast included in the Rizon Announcement? If yes, please explain the basis for this view.

#### **SaskTel**

17. What is the SaskTel Revenue amount?
18. Has the SaskTel Revenue amount been separately disclosed by the Entity as a discrete amount or only as a component of a whole of Entity revenue forecast included in the Q1 FY18 4C?
19. Do any termination provisions apply to Saskatchewan Telecommunications as the counterparty to the SaskTel Re-Seller Agreement? If so, what are the termination provisions?
20. If the answer to question 19 is “yes”, does the Entity consider any termination provisions applicable to the SaskTel Re-Seller Agreement to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
21. If the answer to question 20 is “no”, please advise the basis for that view.



22. Did the Entity announce any applicable termination provisions at or around the same time as the SaskTel Agreement Announcement? If not, please advise why the Entity chose not to include information regarding the termination provisions in the SaskTel Agreement Announcement commenting specifically on when you believe the Entity was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps the Entity took to ensure the information was released promptly and without delay.

### **Ingram**

23. Do any termination provisions apply to Ingram Micro Canada as the counterparty to the Ingram Distribution Agreement? If so, what are the termination provisions?
24. If the answer to question 23 is “yes”, does the Entity consider any termination provisions applicable to the Ingram Distribution Agreement to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
25. If the answer to question 24 is “no”, please advise the basis for that view.
26. Did the Entity announce any applicable termination provisions at or around the same time as the Ingram Distribution Announcement? If not, please advise why the Entity chose not to include information regarding the termination provisions in the Ingram Distribution Announcement commenting specifically on when you believe the Entity was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps the Entity took to ensure the information was released promptly and without delay.
27. Please confirm that the Entity’s responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of the Entity with delegated authority from the board to respond to ASX on disclosure matters.

### **When and where to send your response**

This request is made under, and in accordance with, Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than **4 pm (WST), Monday, 5 February 2018**. If we do not have your response by then, ASX will have no choice but to consider suspending trading in the Entity’s securities under Listing Rule 17.3.

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

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



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

### **Listing Rule 3.1**

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

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

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

### **Trading halt**

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

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

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

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

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

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



Yours sincerely

*[sent electronically without signature]*

Dale Allen

**Senior Adviser, ASX Listings Compliance**