



# ASX MARKET RELEASE

## Digicel Arrangement Update and Revised Guidance

### SUMMARY

- The Company has terminated Digicel's exclusivity right over the Caribbean and Latin America region
- The Company does not expect the Digicel reseller arrangement to achieve its prior three-year forecast revenue guidance of A\$20.1 million

### 31 January, 2019 – Adelaide, Australia

Buddy Platform Limited (ASX: BUD) ("Buddy" or the "Company"), a leader in IoT and cloud-based solutions for making spaces smarter, today announces that it has terminated Digicel Group Limited's ("Digicel") exclusivity right under the reseller agreement with Digicel ("Reseller Agreement"), which spanned 27 markets in 26 territories across the Caribbean and Latin America region ("Digicel Regions"). The Reseller Agreement will otherwise continue unchanged, however the Company will engage with additional resellers in these territories.

In late FY2017 and early FY2018, Buddy made several market announcements regarding an exclusive reseller arrangement with Digicel. In Buddy's Q2FY18 Appendix 4C announcement, the Company reported a three-year revenue forecast of A\$20.1 million attributable to Digicel. Since then the Company has, in each of its Quarterly 4C Review announcements, provided an update in respect to the status of its arrangement with Digicel.

In Q4FY18, the Company identified that the rate of sales growth for the Buddy Ohm in the Digicel Regions had slowed due to changes in Digicel's management team and staff and various challenges in the Digicel Regions and advised that it intended to work closely with Digicel's new management team to effect changes in its sales strategy (refer to the June Quarterly 4C Review on 31 July 2018). A change in strategy was subsequently implemented which resulted in an increase in sales growth in Q1FY19 to the previous quarter (refer to the September Quarterly 4C Review dated 31 October 2018).

Following recent changes to Digicel's management team, including those responsible for Buddy Ohm sales, and upon having the benefit of data for the first year of sales (to the end of Q2FY19), the Company undertook a detailed review and analysis of the Digicel arrangement and in particular the applicable revenue forecast. As a result of the completed review, the Company has identified further issues with its current arrangement with Digicel that would be highly likely to result in the Company being unable to achieve the three-year

revenue forecast of A\$20.1 million and accordingly, has elected to terminate the exclusivity arrangement with Digicel.

In particular, the decision to terminate Digicel's exclusivity right was due to the following reasons:

- Year 1 minimum commitment not achieved – Digicel has not achieved the minimum sales commitment target for the first year under the Reseller Agreement and, based on the current rate of sales growth (including the failure to achieve the Q2FY19 sales target), the Company considers that Digicel is unlikely to achieve the minimum sales commitment for the second year.
- No new or revised sales outlook for 2019 – Digicel has not provided the Company with a new or revised sales outlook for 2019 and has indicated that new or revised sales targets will not be available until end of March 2019.
- Uncertainty around dedicated IoT sales targets for sales staff – Digicel is in the process of reviewing its 2018 performance and Buddy has been informed that it is currently uncertain if Digicel will provide its sales staff with a specific Buddy Ohm target in 2019 (which was the case in CY2018).
- Uncertainty around GTM strategy – Digicel is considering a new go-to-market strategy for Buddy Ohm, but has not yet settled on a strategy or committed resources or a timeline to Buddy.
- Internal reorganisation and delays – the recent tragic and unexpected death of the Digicel CEO and Digicel having recently replaced several sales and marketing leaders has led to an internal reorganisation of Digicel's management team resulting in delays with sales efforts of the Digicel team and implementation of a clear strategy in respect to Buddy Ohm.

Based on the factors detailed above, the Company does not consider that it presently has sufficient information and certainty to provide updated revenue guidance in respect to the Digicel arrangement at this point in time.

Digicel will continue to distribute Buddy Ohm non-exclusively in the Digicel Regions, and Buddy will engage with additional resellers in the Digicel Regions to sell and install Buddy Ohm in several territories previously exclusive to Digicel. Buddy has executed the first of several reseller agreements with a reseller in these territories.

Buddy management considers that the Caribbean and Latin America region in general, and Digicel specifically, has significant potential, and looks forward to continuing its strong relationship with Digicel and to working with senior management to accelerate their Buddy Ohm resale business in the coming year.

The Company will continue to advise and update shareholders in respect to any material developments to the Digicel arrangement and in particular, the Caribbean and Latin America region.

The Company will provide a status update in respect of its revenue guidance for its other key distribution, reseller and referral partnerships in its December Quarterly 4C Review (Q2FY19).

## About Buddy

Buddy Platform Limited (BUD.ASX) provides simple, affordable and engaging solutions for customers of any size to make their spaces smarter and their occupants more efficient, environmentally-aware and informed. Buddy Ohm, Buddy Cloud and Parse on Buddy are the company's core offerings that empower its customers to fully leverage digital technologies and their impact in a strategic and sustainable way. **Buddy Ohm** is a resource monitoring solution that simplifies building operations and provides peace of mind by harnessing real-time utility and operational data to reduce or mitigate risk and improve operations, savings and sustainability. **Buddy Cloud** enables ubiquitous access to and storage of data from any environment – recreational vehicles, schools, commercial buildings or an entire city – in support of smarter, healthier spaces. **Parse on Buddy** is a mobile backend as a service (mBaaS) built on the world's most popular BaaS technology. Buddy Platform is headquartered in Adelaide, Australia, with offices in Seattle, Washington.

For more information, visit [www.buddy.com](http://www.buddy.com).

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