



Buddy



ASX



3 April 2020

Ms Stephanie Patchell
Adviser, Listings Compliance (Perth)
ASX Limited
Level 40, Central Park
152-158 St George's Terrace
PERTH WA 6000

By email: stephanie.patchell@asx.com.au
 listingscomplianceperth@asx.com.au

Dear Ms Patchell

Buddy Technologies Limited – Response to ASX Aware Letter

Buddy Technologies Limited ("Company or Buddy") (ASX:BUD), a leader in IoT and cloud-based solutions for making spaces smarter, refers to the letter from ASX Limited dated 1 April 2020 ("Aware Letter").

The Company's responses to the questions and requests for information contained in the Aware Letter are detailed below. Unless otherwise defined, capitalised terms in this letter have the same meaning given to those terms in the Aware Letter.

Background

1. On Saturday, 28 March 2020, Buddy received purchase orders to purchase the LIFX White smart light, a low cost premium smart light with simple and easy to use connectivity to smart home products such as Google's Nest and Home devices, and Amazon's Echo devices. However, these purchase orders contained errors in respect to incorrect payment and delivery terms, and Buddy took steps to have the issuers of the purchase orders correct these errors.
2. Buddy considers that:
 - a. the disclosure exception under Listing Rule 3.1A applied, notwithstanding the receipt of the purchase orders, as the transaction remained incomplete due to the incorrect terms, the information remained confidential and ASX had not formed a view to the contrary, and a reasonable person would not expect Buddy to be disclose this information; and
 - b. the purchase orders, and their receipt by Lifi Labs, Inc ("LIFX") (a wholly owned subsidiary of Buddy), remained confidential at all times prior to the release of the announcement containing the Information on 31 March 2020, and there is no indication that the Information had been disclosed prior to that time.

ASX Question 1. Does BUD consider the Information to be information that a reasonable person would expect to have a material effect on the price or value of its securities?

3. Yes, the receipt of the purchase orders by Buddy constitutes an important milestone in bringing the LIFX White smart light to market.

ASX Question 2. If the answer to question 1 is “no”, please advise the basis for that view.

4. Not applicable.

ASX Question 3. When did BUD first become aware of the Information?

5. Buddy first became aware of the Information on Saturday, 28 March 2020, however the purchase orders that were received contained incorrect terms.

ASX Question 4. If BUD first became aware of the Information before the Relevant Date, did BUD make any announcement prior to the Relevant Date which disclosed the information? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe BUD was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps BUD took to ensure that the information was released promptly and without delay.

6. No, Buddy considered that the disclosure exception under Listing Rule 3.1A applied as the purchase orders received contained incorrect terms (refer to paragraphs 1 and 2 above for further details).
7. Buddy notes that trading in its shares during February and March was quite volatile, resulting in significant price and volume swings, and this is consistent with the wider ASX share market. On Friday, 27 March 2020, Buddy traded most of the day at \$0.009, but dropped to \$0.005 in the afternoon session on the back of three block trades (closing at \$0.007). On the morning of Monday 30 March 2020, Buddy traded back up to \$0.009 on not unusual volumes, in effect reverting to the market price prior to the block trade selling on Friday, 27 March 2020, and to within its trading range over the prior 10 trading days.
8. Having regard to the share price movement and out of an abundance of caution, although Buddy did not consider in the context of recent Buddy trading and wider market volatility that this price movement was due to the Information having been disclosed and ceasing to be confidential, Buddy determined to use the tools available to it under the ASX Listing Rules by requesting a trading halt. This prudent action (which is recommended by ASX in these circumstances – we refer to ASX Listing Rules Guidance Note 8) was taken promptly and without delay once Buddy re-considered that the Listing Rule 3.1A exception no longer applied because the parties were committed to proceeding with the transaction, notwithstanding the errors in the purchase orders.

ASX Question 5. Please confirm that BUD is complying with the Listing Rules and, in particular, Listing Rule 3.1.

9. Confirmed.

ASX Question 6. Please confirm that BUD'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 BUD with delegated authority from the board to respond to ASX on disclosure matters.

10. Confirmed.

For and on behalf of Buddy Technologies Limited,

Ben Secrett

Company Secretary
Buddy Technologies Limited.



1 April 2020

Reference: 16204

Mr Ben Secrett
Company Secretary
Buddy Technologies Limited
Level 2
333 King William Street
ADELAIDE SA 5000

By Email: cosec@buddy.com

Dear Mr Secrett

Buddy Technologies Limited ('BUD'): Aware Query

ASX refers to the following:

- A. The change in price of BUD's securities from a low of \$0.007 to an intraday high of \$0.009 on 30 March 2020.
- B. ASX's announcement entitled "Pause in Trade" lodged on MAP and released at 14:57:30 pm AEST on 30 March 2020.
- C. BUD's announcement entitled "Trading Halt" lodged on MAP and released at 15:43:05 pm AEST on 30 March 2020 in which BUD requested a trading halt in its securities pending an announcement regarding a material sales order.
- D. BUD's announcement entitled "LIFX Receives A\$3.8m Orders for New LIFX White Smart Lights" lodged on the ASX Market Announcements Platform and released at 19:32:58 pm AEST on 31 March 2020 (the 'Relevant Date'), disclosing the receipt of purchase orders for approximately A\$3.8m in low-cost smart lights, in the largest orders for smart lights the Entity has received ('Information').
- E. The change in price of BUD's securities from \$0.12 to an intraday high of \$0.013 on 1 April 2020.
- F. Listing Rule 3.1, which requires a listed entity to immediately give ASX 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.
- G. The definition of "aware" in Chapter 19 of the Listing Rules, which states that:

"an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity" and section 4.4 in Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B "When does an entity become aware of information."
- H. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied:

"3.1A Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:

3.1A.1 One or more of the following applies:

 - *It would be a breach of a law to disclose the information;*

- *The information concerns an incomplete proposal or negotiation;*
- *The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- *The information is generated for the internal management purposes of the entity; or*
- *The information is a trade secret; and*

3.1A.2 *The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and*

3.1A.3 *A reasonable person would not expect the information to be disclosed."*

- I. ASX's policy position on the concept of "confidentiality", which is detailed in section 5.8 of Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. In particular, the Guidance Note states that:

"Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the listed entity. Accordingly, even though an entity may consider information to be confidential and its disclosure to be a breach of confidence, if it is in fact disclosed by those who know it, then it ceases to be confidential information for the purposes of this rule."

Request for Information

Having regard to the above, ASX asks BUD to respond separately to each of the following questions and requests for information:

1. Does BUD consider the Information to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
2. If the answer to question 1 is "no", please advise the basis for that view.
3. When did BUD first become aware of the Information?
4. If BUD first became aware of the Information before the Relevant Date, did BUD make any announcement prior to the Relevant Date which disclosed the information? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe BUD was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps BUD took to ensure that the information was released promptly and without delay.
5. Please confirm that BUD is complying with the Listing Rules and, in particular, Listing Rule 3.1.
6. Please confirm that BUD'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 BUD 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 Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **5.00 pm (WST) on Friday, 3 April 2020**.

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, BUD'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 and may require BUD to request a trading halt immediately.

If you wish to request 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 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*.

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 by e-mail at [ListingsCompliance Perth@asx.com.au](mailto:ListingsCompliancePerth@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 Rules 3.1 and 3.1A

In responding to this letter, you should have regard to BUD's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that BUD's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Suspension

If you are unable to respond to this letter by the time specified above ASX will likely suspend trading in BUD's securities under Listing Rule 17.3.

Enquiries

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

Yours sincerely

Stephanie Patchell
Adviser, Listings Compliance (Perth)