

30 June 2023

Ms. Lisa Banh
ASX Limited
By email: ListingsComplianceSydney@asx.com.au

Dear Lisa,

Careteq Limited (CTQ) – Response to ASX Query Letter

We refer to ASX's letter dated 26 June 2023.

The Company provides the following responses to the queries in the letter (copy appended):

- 1. Why did CTQ include details relating to the target price in its disclosure concerning the Research Report, but neglect to include that the Research Report was sponsored by CTQ?**

Following consultation with ASX and after further consideration, CTQ (**the Company**) has formed the view that it should not have included details relating to the target price and a link to the Research Report in its Quarterly Activities Report released to the ASX on 28 April 2023. As a result, the Company has today retracted the relevant statements and disabled the links to the Research Report. Accordingly, the Research Report can no longer be accessed from the ASX Market Announcements Platform (**MAP**) or from the Company's website.

The Company has since reviewed its internal procedures for finalising announcements to be lodged on MAP, including periodic reports, to ensure that similar statements are not published in future and to ensure compliance with applicable ASX guidance.

- 2. Please explain the basis for CTQ's statement that Corporate Connect is an 'independent research firm', given they were contracted by CTQ to produce the Research Report.**

The reference to 'independent research firm' was intended to indicate that the Research Report was prepared by a third party, notwithstanding that it was commissioned by the Company.

In any event, as noted in the response to question 1 above, the relevant statements and Research Report have now been retracted.

- 3. What information relating to CTQ was provided to the Corporate Connect analyst? In your answer please specifically identify any information provided which has not been disclosed on MAP, even if CTQ deems it to be immaterial.**

The financial information used by Corporate Connect in preparing the Research Report was primarily based on the Company's publicly disclosed historical financial information. However, the Company did provide Corporate Connect with commentary regarding the following matters:

- (a) the business model and strategy of the Company,
- (b) revenue model;
- (c) contractual revenues;
- (d) drivers of growth;
- (e) costs of scaling the business; and
- (f) break even points.

In any event, as noted in the response to question 1 above, the relevant statements and Research Report have now been retracted.

4. Does CTQ endorse the financial forecasts set out in the Research Report, and anticipate that it will meet those forecasts?

As noted in the response to question 1 above, the relevant statements and Research Report have now been retracted.

5. If the answer to question 4 is “yes”:

- a. **Please provide the reasonable grounds for those financial forecasts in accordance with ASIC Regulatory Guide 170.**
- b. **Please explain why this was not previously disclosed on MAP in accordance with Listing Rule 3.1.**

Not applicable.

6. If the answer to question 4 is “no”, please explain why CTQ deemed it appropriate to provide a link on MAP to materials containing prospective financial information which may not have had reasonable grounds.

As noted in the response to question 1 above, the relevant statements and Research Report have now been retracted.

7. Please explain why CTQ is of the apparent view that its circumstances were exceptional to disregard the general guidance at section 4.15 of Guidance Note 8 concerning publication of research reports on MAP.

Not applicable.

8. Please confirm that CTQ is complying with the Listing Rules and, in particular, Listing Rule 3.1.

We confirm that the Company is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

9. Please confirm that CTQ’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 CTQ with delegated authority from the board to respond to ASX on disclosure matters.

Confirmed.

Yours faithfully,

A handwritten signature in black ink, appearing to be 'M Simari'.

Mark Simari
Chairman/Director
Careteq Limited



26 June 2023

Reference: 75822

Mr David Lilja
Company Secretary
Careteq Limited

By email:

Dear Mr Lilja

Careteq Limited ('CTQ'): Query Letter

ASX refers to the following:

- A. CTQ's Quarterly Activities Report for the quarter ending 31 March 2023, lodged on the ASX Market Announcements Platform ('MAP') on 28 April 2023, which disclosed on page 3 (relevantly):

"In another recent and notable event, independent research firm, Corporate Connect, has initiated coverage on Careteq with a \$0.22 per share price target."

- B. The Corporate Connect research report referred to above¹ (the '**Research Report**'), which provided (relevantly):

- i. Various financial forecasts for FY23, FY24, and FY25, including revenue and NPAT.
- ii. *"This report ("report" or "Research") has been commissioned by the Company the subject of this report ("Company") ... in consideration of a fee payable by the Company."*
- iii. *"The Company has provided the analyst with access to senior management and information on the Company and industry."*

- C. Section 4.15 of Guidance Note 8, which states (relevantly):

"Generally speaking, an entity should not submit:

- *a broker or analyst research report about the entity; or*
- *an announcement about the issuance of, containing an extract from, or referring or including a hyperlink to, such a report,*

for publication on MAP under Listing Rule 3.1. Any market sensitive fact-based material in such a report should already have been released by the entity under that rule beforehand and so it can reasonably be inferred that the entity is seeking to publish or draw attention to the report for its opinion-based material (such as the broker's or analyst's buy recommendation, price target or earnings estimates). This will raise an issue about whether the report is really being published for promotional rather than informational reasons. It may also raise concerns about whether the entity is impliedly endorsing any price target, earnings estimates or other forward-looking financial information in the report. For these reasons, ASX is likely to refuse to allow an entity to publish such a report or announcement on MAP without a detailed and acceptable explanation as to why the entity considers this information to be market sensitive.

If an entity does happen to publish such a report or announcement on MAP without pre-clearing it with ASX Listings Compliance, ASX may require the entity to make a further announcement addressing the

¹ <https://www.careteq.com.au/wp-content/uploads/2023/04/26042023-Research-Report-Initiation-of-Coverage-on-CTQ.pdf>

concerns mentioned in the preceding paragraph. Further, if the report contains material that ASX considers objectionable, ASX may also require the entity to publish an announcement withdrawing or retracting the objectionable material and advising investors not to make any investment decision based on it.”

- D. ASIC Regulatory Guide 170: Prospective financial information², which outlines expectations for financial product issuers when using prospective financial information in disclosure documents.

Request for information

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

1. Why did CTQ include details relating to the target price in its disclosure concerning the Research Report, but neglect to include that the Research Report was sponsored by CTQ?
2. Please explain the basis for CTQ’s statement that Corporate Connect is an ‘independent research firm’, given they were contracted by CTQ to produce the Research Report.
3. What information relating to CTQ was provided to the Corporate Connect analyst? In your answer please specifically identify any information provided which has not been disclosed on MAP, even if CTQ deems it to be immaterial.
4. Does CTQ endorse the financial forecasts set out in the Research Report, and anticipate that it will meet those forecasts?
5. If the answer to question 4 is “yes”:
 - 5.1 Please provide the reasonable grounds for those financial forecasts in accordance with ASIC Regulatory Guide 170.
 - 5.2 Please explain why this was this not previously disclosed on MAP in accordance with Listing Rule 3.1.
6. If the answer to question 4 is “no”, please explain why CTQ deemed it appropriate to provide a link on MAP to materials containing prospective financial information which may not have had reasonable grounds.
7. Please explain why CTQ is of the apparent view that its circumstances were exceptional to disregard the general guidance at section 4.15 of Guidance Note 8 (reproduced at Paragraph C of this letter) concerning publication of research reports on MAP.
8. Please confirm that CTQ is complying with the Listing Rules and, in particular, Listing Rule 3.1.
9. Please confirm that CTQ’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 CTQ 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 **2.30 PM AEST Friday, 30 June 2023**. 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, CTQ’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 CTQ to request a trading halt immediately.

² <https://download.asic.gov.au/media/1240943/rg170-010411.pdf>

Your response should be sent to me by e-mail at ListingsComplianceSydney@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.

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 CTQ'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 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*.

Suspension

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

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to CTQ'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 CTQ'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.

Release of correspondence between ASX and entity

ASX reserves the right to release all or any part of this letter, your reply and any other related correspondence between us to the market under Listing Rule 18.7A.

Questions

If you have any questions in relation to the above, please do not hesitate to contact me.

Kind regards

Lisa Banh
Senior Adviser, Listings Compliance



26 June 2023

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