

Monday, 19 February 2024

ASX Limited
Level 40 Central Park
152-158 St Georges Terrace
PERTH WA 6000

Attention: Ben Dawson

By email: listingscomplianceperth@asx.com.au

Dear Ben,

ASX Aware Query Letter

In response to your correspondence dated 16 February 2024 the Company's response is as follows:

1. Yes, SGI confirms that they are the same.
2. No. SGI did not consider the ShareCafe Disclosure contained information that a reasonable person would expect in all the circumstances to have a material effect on the price or value of SGI's securities. In particular, SGI did not consider that the Pre-Audit financial information was sufficiently material and of such probative value that it should be given to ASX under Listing Rule 3.1.
3. The ShareCafe Presentation did include pre-audit financial information for 1H FY24.

SGI genuinely believed that the pre-audit financial information would **not have a material effect** on the price or value of SGI's securities for the following reasons:

- A substantial proportion, if not all of the pre-audit information contained in the ShareCafe presentation was consistent with, and comparable to, the information that had previously been disclosed publicly by SGI at its AGM in November 2023 with regard to, amongst other things, the 1H24 outlook.
- There is no precedent in SGI's price history over the past twelve months of the Company achieving a single-day 20% share price increase generally or in response to any prior release of pre-audit financial information. In fact, as far as SGI is concerned this type of price increase is anomalous and extra-ordinary in the history of the Company.

Detailed support includes:

- On 14 August 2023, SGI lodged with ASX 'Stealth Reports Historic FY23 Financial Results', being SGI's preliminary unaudited results for the financial year ended 30 June 2023. The impact of these results on SGI's share price and volumes were:
 - 14 Aug: 14 trades totalling 395,459 shares, opening at 12 cents per share, closing at 12.5 cents per share.
 - 15 Aug: 13 trades totalling 502,053 shares, opening at 13 cents per share, closing at 12.5 cents per share.
- On 15 September 2023, SGI participated in the ShareCafe Hidden Gems webinar series and the impact of these results on SGI's share price and volumes were:
 - 15 Sep: 5 trades totalling 82,685 shares, opening at 14 cents per share, closing at 14.5 cents per share.
 - 18 Sep: 5 trades totalling 88,068 shares, opening at 14.5 cents per share, closing at 14.5 cents per share.

- On 24 November 2023, SGI held its AGM and lodged 'Stealth FY23 AGM presentation' on ASX. This presentation publicly provided 1H24 guidance against which the pre-audit information included in the webinar on 16 February 2024 was in line with, as follows:
 - Slide 22 stated revenue guidance for 1H24, between 55-59 million range. The pre-audit results were consistent with this guidance range at 56.5 million.
 - Slide 23 provided sales and gross profit growth updates for the first four months of 1H24, with the pre-audit results to 31 December 23 consistent with this guidance.
 - Slide 20 stated '15% EBITDA received on additional sales, 1H24 v 1H23', which is consistent with the pre-audit guidance.
 - The impact of this AGM presentation on SGI's share price and volumes were:
 - 24 Nov: 19 trades totalling 215,850 shares, opening at 21 cents per share, closing at 23.5 cents per share.
 - 27 Nov: 11 trades totalling 153,238 shares, opening at 22.5 cents per share, closing at 23 cents per share.
- Between 1 February 2023 and 16 February 2024:
 - Stealth's share price never recorded a share price increase of 20% or higher in a single trading day. SGI only recorded a share price increase of 10% or higher on three occasions during this period.
 - Stealth's share volumes only exceeded 500,000 in a trading day on six occasions, noting that on four of these occasions they resulted in a decrease to SGI's share price.

Accordingly, through the combination of:

- information on 1H24 guidance that had previously been publicly released by SGI on the ASX in the AGM presentation lodged on 24 November 2023;
- the consistency of that prior released information with the pre-audit information on 16 February 2024; and
- the historical market volume and price movements in SGI's securities since 1 February 2023;

it was SGI's reasonable judgement that this webinar and presentation did **not** contain information that a reasonable person would expect to have a **material** effect on the price or value of SGI's securities.

4. SGI first became aware of the full aspect and content of the Half Year Results on the morning of 16 February 2024 in preparing the Webinar presentation.
5. N/A – answer to question 2 is no.
6. SGI's Corporate Governance Statement (as lodged with ASX on 28 August 2023) confirms that under Principle 5 (Makes Timely and Balanced Disclosure, refer pages 8 and 22):
 - The Company has adopted a Continuous Disclosure Policy that provides that the Company must comply with its continuous disclosure requirements arising from relevant legislation and the ASX Listing Rules.
 - A summary of this disclosure policy is provided in Schedule 7 – "Continuous Disclosure Policy" of the Company's Corporate Governance Plan, which is available on the SGI website ([SGI-Corporate-Governance-Plan-4th-Edition-Compliant-201001.pdf \(stealthgi.com\)](https://www.stealthgi.com/SGI-Corporate-Governance-Plan-4th-Edition-Compliant-201001.pdf))
 - This disclosure policy outlines SGI's procedures and processes to ensure compliance with Listing Rule 15 as well as Listing Rule 3.
7. No.
8. Yes, SGI is complying with the Listing Rules.

9. Yes, SGI confirms that SGI's responses have been authorised and approved by an officer of SGI with delegated authority from the board to respond to ASX on disclosure matters.

Should you require any further clarification please do not hesitate to contact the undersigned.

Yours sincerely

A handwritten signature in dark ink, appearing to read 'John Boland', written in a cursive style.

John Boland

Company Secretary

On behalf of the Board



16 February 2024

Reference: 88795

Mr John Boland
Company Secretary
SGI Group Limited

By email: jboland@stealthgi.com

Dear Mr Boland

Stealth Group Holdings Limited ('SGI'): Aware Query

ASX refers to the following:

- A. SGI's announcement titled "Stealth Investor Webinar Presentation" released on the ASX Market Announcement Platform ('MAP') at 3.00pm (AEST) on 15 February 2024, disclosing, among other things, that SGI would be participating in *"the ShareCafe Small Cap "Hidden Gems" Webinar, to be held Friday 16th February 2024 at 12:30pm AEDT / 9:30am AWST"* (the 'Webinar').
- B. A webinar presentation published to the website www.sharecafe.com.au titled "Stealth Group Holdings (ASX:SGI) – Webinar Presentation" (the 'ShareCafe Presentation') which discloses, among other things, the following slide:

Pre-Audit Financial Performance 1H24			
Year ended 31 December (\$m)	1H FY24	1H FY23	Var %
Revenue	55.5	52.4	7.8%
Gross Profit	19.6	15.2	9.3%
Earnings before interest, tax, depreciation and amortisation	2.8	2.3	23.7%
Earnings before interest and tax	1.4	0.8	71.3%
Profit before tax	0.7	0.3	121.0%
Net profit after tax	0.5	0.3	49.1%
Basic earnings per share (cents)	0.45	0.31	45.4%
Return on capital employed (%)	11.8%	6.6%	77.2%
Operating cash flows	2.9	1.8	65.2%
Net capital expenditure	0.5	0.6	(9.8%)
Free cash flows	2.4	1.2	101.2%
Cash realisation ratio (%)	130	75	73.3
Net financial debt	5.8	10.1	(42.1%)
Net Debt to EBITDA (x)	1.0x	2.2x	(53.2%)



Mike Arnold
Group Managing Director

Stealth Group Holdings
(ASX:SGI)



www.sharecafe.com.au

(the 'ShareCafe Disclosure')

- C. The change in the price of SGI's securities from a low of \$0.20 at the commencement of trade to a high of \$0.24 at market close today, Friday, 16 February 2024, being an increase of 20%.
- D. The significant increase in the volume of SGI's securities traded today.

- E. SGI's announcement titled "Stealth Investor Webinar Presentation" released on MAP at 5.07pm (AEST) on 16 February 2024 and marked market sensitive (the 'MAP Presentation'), which disclosed, among other things, the following slide:

Pre-Audit Financial Performance 1H24



Year ended 31 December (\$m)	1H FY24	1H FY23	Var %
Revenue	56.5	52.4	7.8%
Gross Profit	16.6	15.2	9.3%
Earnings before interest, tax, depreciation and amortisation	2.8	2.3	23.7%
Earnings before interest and tax	1.4	0.8	71.3%
Profit before tax	0.7	0.3	121.0%
Net profit after tax	0.5	0.3	49.1%
Basic earnings per share (cps)	0.45	0.31	48.4%
Return on capital employed (%)	11.8%	6.6%	77.3%
Operating cash flows	2.9	1.8	65.2%
Net capital expenditure	0.5	0.6	(9.8%)
Free cash flows	2.4	1.2	101.2%
Cash realisation ratio (%)	130	75	73.3
Net financial debt	5.8	10.1	(42.1%)
Net Debt to EBITDA (x)	1.0x	2.2x	(53.2%)

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(the 'Half Year Results')

- 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.”
- J. Listing Rule 15.7, which states:

“An entity must not release information that is for release to the market to any person until it has given the information to ASX and has received an acknowledgment that ASX has released information to the market.”

Request for information

In light of this, ASX asks SGI to respond separately to each of the following questions and requests for information:

1. Can SGI confirm that the ShareCafe Presentation is the same as the MAP Presentation?
2. Does SGI consider the ShareCafe Disclosure to contain information that a reasonable person would expect to have a material effect on the price or value of SGI’s securities, that is, information that should be given to ASX under Listing Rule 3.1?
3. If the answer to question 2 is “no”, please advise the basis for that view.
4. When did SGI first become aware of the Half Year Results?
5. If the answer to question 2 is “yes” and SGI first became aware of the Half Year Results before the lodgement of the MAP Presentation, did SGI 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 SGI was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps SGI took to ensure that the information was released promptly and without delay. Please comment specifically on the ShareCafe Disclosure.
6. Please detail what procedures SGI has in place to ensure compliance with Listing Rule 15.7.
7. Did the Webinar disclose any Listing Rule 3.1 information that was not disclosed in the MAP Presentation?
8. Please confirm that SGI is complying with the Listing Rules and, in particular, Listing Rule 3.1.
9. Please confirm that SGI’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 SGI 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 **4:00 PM AWST on Wednesday, 21 February 2024**. 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, SGI'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 SGI to request a trading halt immediately.

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

Trading halt

If you are unable to respond to this letter by the time specified above, or if the answer to question 1 is "yes" and an announcement cannot be made immediately, you should discuss with us whether it is appropriate to request a trading halt in SGI'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 SGI's securities under Listing Rule 17.3.

Listing Rules 3.1 and 3.1A

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

Kind regards

ASX Compliance