

29th April 2022

The Manager
Market Announcements Platform
Australian Securities Exchange Limited

CARETEQ'S 3Q-FY22 ACTIVITIES REPORT AND APPENDIX 4C

Highlights:

- Careteq achieves several milestones in the quarter and advances on significant opportunities in Australia and North America, as highlighted in Careteq's prospectus
- Further business investments made in 3QFY22, including hiring of new sales staff and enlarging the development team
- Investments made enables Careteq to pursue new markets better, expand the Sofihub ecosystem and drive further recurring revenue growth
- Careteq signs exclusive agreement with Rayintelligence to expand its North American offering and better penetrate the Hospital-in-the-Home market
- Careteq significantly grows its retail network in the March quarter by signing several leading distributors in Australia and US
- Positive outlook with multiple growth opportunities on the horizon and the restructure of executive team to capitalise further on these opportunities

Careteq Limited (ASX: CTQ, "Careteq" or the "Group"), a leading cloud-based Assistive Living Technology solutions provider that improves the lives and care of the elderly, disabled and vulnerable through its network of intelligent sensors and devices, is pleased to provide the following quarterly update and commentary on its Appendix 4C for the three months to 31st March 2022.

Increased investments for future growth

The March quarter sees Careteq make significant advances and investments in its Sofihub SaaS platform as it continues to grow its pipeline of opportunities and gain market share in the Australian and North American markets.

These investments, which are consistent with the strategy outlined in Careteq's prospectus, include the hiring of new sales professionals in Queensland and New South Wales and the expansion of its development team.

As a result, the Group is in a stronger position to pursue new verticals, expand the Sofihub ecosystem, deepen its penetration into its key in-home care market and continue to drive growth in recurring subscription revenue from the Sofihub platform.

Milestones and achievements

During the quarter, Careteq expanded its partner and client networks in Australia and North America. These include:

- **Rayintelligence:** 3+3 year agreement giving Careteq exclusive rights to distribute Eazense fall detection radar in the US and Canada, on top of Careteq's existing exclusivity agreement for ANZ. The agreements also allow Careteq to penetrate more effectively the Hospital-in-the-Home market across these countries. There are ~36 million reported falls among older adults in the US each year resulting in 32,000 deaths¹.
- **Baptist Care:** Supply agreement that will allow the Australian-based organisation with 17,500 clients across 75 locations in NSW and ACT to provide Careteq products to enhance its homecare assistance package.
- **Rehabmart LLC:** Reseller agreement whereby the US-based company will sell Careteq's products (including Eazense) to its 750,000 customers, which include families, hospitals, schools and government bodies.
- **Senior Safety Technologies LLC:** Additional reseller agreement for the US market for Careteq's products, including Eazense. Senior Safety's clients include hospitals, post-acute care facilities, and assisted living facilities.
- **Geohaven:** Agreement with the Australian smart home technology retailer to offer the full range of Careteq's solutions to its customer base.
- **NDIS partners:** Careteq is working with a number of NDIS providers to offer its solutions to their customers. Each NDIS recipient is given an amount to spend on Assistive Living Technologies each year. Careteq is a registered NDIS supplier.

Careteq is also in active discussions with other leading US and Australian channel partners and anticipates it will have further strategic partnerships in place over the coming months.

Further, the Group has a significant opportunity in the US market through its partnership with anti-domestic violence organisation, the SiTa Foundation. SiTa has informed Careteq that trials of the safety device utilising Careteq's Sofihub platform have been delayed for a few months due to factors unrelated to Careteq. Careteq will provide updates on further developments as necessary.

Summary of cash flows

Careteq holds no debt and its net cash position at the end of the quarter was \$5.7 million as the Group continued to invest in the rollout of its unique Sofihub SaaS platform into multiple markets.

Expenses relating to the Group's listing on the ASX in January this year also contributed to the decline in the cash balance in the current quarter. Going forward, these costs will not be repeated.

¹ <https://www.cdc.gov/injury/features/older-adult-falls/index.htm>

The Group's net cash flows from operating activities were an outflow of \$1.1 million to fund Careteq's growth program outlined above. The largest operating expenses were staff costs of \$1.4 million and administrative and corporate costs of \$0.7 million.

Net cash outflows from investing activities were \$17k due to equipment purchases, while net cash outflows from financing activities were \$430k due to costs relating to the Group's IPO.

As stated in Item 6.1 in the accompanying Appendix 4C, Careteq made aggregate payments to related parties and their associates totalling \$196k during the quarter. The payment relates to salary and fees associated with company directors.

Outlook

The aged and disability care sectors are ripe for a technological disruption and Careteq continues to make progress to secure the significant global opportunities highlighted in Careteq's prospectus and investor presentations. The bright outlook for the Group is based on:

- Multiple near-term opportunities in Australia and internationally that can dramatically add scale to Careteq's business.
- Changes to the senior management team to capitalise strongly on growth opportunities with Non-Executive Chairman, Mark Simari, taking on the Executive Chairman role to lead the Group, which will allow Peter Scala to step away from his CEO duties to focus on revenue growth opportunities.
- Growth momentum from last year carrying through into this calendar year
- Expected expansion of Careteq's distribution network with potentially more leading channel partners joining the Group
- Large and fast-growing demand for aged and disability care solutions driven by demographics

Careteq's Executive Chairman, Mark Simari, commented: "Nothing has changed the positive outlook for Careteq or the industry since we listed. If anything, the ongoing political debate on aged care has drawn further attention to the resourcing challenges facing that sector.

"This only adds to our confidence about the growth outlook for the Group given how our Assistive Living Technology solutions can simultaneously lift productivity and standard of care at home or at a residential/medical facility."

This announcement has been approved by the Board of Directors.

Use of Funds

Pursuant to Listing Rule 4.7C.2, the Company confirms that, in the quarter since listing on the ASX, the Company's expenditure profile is largely in line with the use of funds set out in its Prospectus, as detailed in the table below. The Company is well funded to achieve its strategic objectives and planned activities.

**Careteq Limited**

ACN 612 267 857

Level 10, 99 Queen St

Melbourne 3000

info@careteq.com.au

Phone: 1300 110 366

International: +613 8866 5594

Use of Funds	Supplementary Prospectus Totals (2 yrs)	Actual To Date
Technology Development	\$1,970,000	\$156,387
Sales & Marketing	\$1,200,000	\$99,911
Operations	\$685,000	\$25,753
Personnel	\$330,000	\$0
Working Capital	\$1,764,794	\$85,376
Cost of the Offers	\$670,206	\$666,103
Total Funds Allocated	\$6,620,000	\$1,033,530

It is to be noted in the December 2021 half yearly results that the cash paid for transaction costs relating to issues of equity securities incorrectly included \$397,151 that was for the payment of general administrative suppliers. The year-to-date numbers disclosed in the Appendix 4C for the quarter ended 31 March 2022 accounts for the correction accordingly.

About Careteq Limited

Careteq is an Australian-headquartered health-tech company that has developed and commercialised a suite of products that sit on its proprietary SaaS-based Assistive Living Technology platform for use by the elderly, disabled and vulnerable individuals. Its products and services, which improve outcomes for patients and their carers while increasing productivity, are sold in Australia and internationally through industry leading distributors and specialist retailers. Careteq generates revenues from recurring platform subscriptions, contracted medication management services and sales of its innovated range of sensors and devices that detect falls or unusual behaviour, monitor patient health, provides SOS emergency call functionality and deliver medication reminders. Careteq is using its early-mover advantage in the Assistive Living Technology sector to revolutionise aged and disability care. For more information about Careteq, visit <https://www.careteq.com.au/>.

Subscribe to receive investor updates by emailing: investors@careteq.com.au

For investor and media enquiries, please contact:

Brendon Lau

E: brendon@vantagepointpartners.com.au

M: +61 409 341 613



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ACN 612 267 857

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Melbourne 3000

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Forward-looking statements

This announcement contains or may contain forward-looking statements that are based on Careteq's beliefs, assumptions and expectations and on information currently available to Careteq.

All statements that address operating performance, events or developments that Careteq or its directors expect or anticipate will occur in the future are forward-looking statements, including, without limitation, statements as to the expectations of Careteq or the market it operates in.

Careteq believes that these forward-looking statements are reasonable as and when made. You should not place undue reliance on forward-looking statements because they speak only as of the date when made. Careteq does not assume any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. No assurance or guarantee is, or should be taken to be, given in relation to, and no reliance should be placed on, the future business performance or results of Careteq or the likelihood that the current assumptions, estimates or outcomes will be achieved. Actual results, developments or events could differ materially from those disclosed in the forward-looking statements.

Appendix 4C on next page

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Careteq Limited

ABN

83 612 267 857

Quarter ended ("current quarter")

31 March 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,200	3,044
1.2 Payments for		
(a) research and development	(4)	(8)
(b) product manufacturing and operating costs	(176)	(448)
(c) advertising and marketing	(58)	(176)
(d) leased assets		
(e) staff costs	(1,452)	(3,790)
(f) administration and corporate costs	(650)	(2,050)
1.3 Dividends received (see note 3)		
1.4 Interest received		
1.5 Interest and other costs of finance paid		(285)
1.6 Income taxes paid		
1.7 Government grants and tax incentives	11	351
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(1,129)	(3,362)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities		(238)
(b) businesses		
(c) property, plant and equipment	(17)	(17)
(d) investments		
(e) intellectual property (amount is paid to a related party for in-house software development)		

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
(f) other non-current assets		
2.2 Proceeds from disposal of:		
(a) entities		
(b) businesses		
(c) property, plant and equipment		
(d) investments		
(e) intellectual property		
(f) other non-current assets		
2.3 Cash flows from loans to other entities		
2.4 Dividends received (see note 3)		
2.5 Other (provide details if material)		
2.6 Net cash from / (used in) investing activities	(17)	(255)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)		6,000
3.2 Proceeds from issue of convertible debt securities		4,085
3.3 Proceeds from exercise of options		
3.4 Transaction costs related to issues of equity securities or convertible debt securities	(430)	(540)
3.5 Proceeds from borrowings		
3.6 Repayment of borrowings		(450)
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid		
3.9 Other (payments for share buyback)		
3.10 Net cash from / (used in) financing activities	(430)	9,095

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	7,241	186
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,129)	(3,362)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(17)	(255)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(430)	9,095
4.5	Effect of movement in exchange rates on cash held	(3)	(2)
4.6	Cash and cash equivalents at end of period	5,662	5,662

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	5,662	7,241
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	5,662	7,241

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter
\$A'000**

196

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

Quarterly cash flow report for entities subject to Listing Rule 4.7B

7. Financing facilities

Note: the term "facility" includes all forms of financing arrangements available to the entity.

Add notes as necessary for an understanding of the sources of finance available to the entity.

- 7.1 Loan facilities
- 7.2 Credit standby arrangements
- 7.3 Other (please specify)
- 7.4 **Total financing facilities**

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000

7.5 Unused financing facilities available at quarter end

- 7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(1,129)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	5,662
8.3 Unused finance facilities available at quarter end (Item 7.5)	
8.4 Total available funding (Item 8.2 + Item 8.3)	5,662
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	5

- 8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date:29 April 2022.....

Authorised by:By the Board of Directors of Careteq Limited.....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.