

29th July 2022

The Manager
Market Announcements Platform
Australian Securities Exchange Limited

CARETEQ'S 4QFY22 ACTIVITIES REPORT AND APPENDIX 4C

Highlights:

- Careteq's pipeline expands five-fold in 4QFY22 vs. the previous quarter with over 60 active leads across the US and Australia
- The Group is generating interest from a wide range of industries in both markets – from resellers and service providers to facility operators and insurers
- Existing partnership opens new opportunity for Careteq to expand into growing Lone Worker market
- Strong interest in Careteq's solutions across multiple industries and markets validates the value proposition of the Sofihub ecosystem
- Positive outlook from rapidly expanding sales pipeline, strong balance sheet with \$4.5m in cash and large addressable markets

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 30th June 2022.

Expanding Pipeline of Opportunities

The investments Careteq has made to advance its Sofihub SaaS platform is starting to pay dividends for the Group as the pipeline of opportunities in the United States and Australia have increased markedly in the June quarter.

Careteq currently has over 20 active leads across the US and 40 active leads in Australia, which represents a five-fold increase over the previous quarter. While there is no guarantee any of these leads will convert into contracts, particularly as the sales cycle for our industry is relatively long (typically around six months), there are a few reasons for investors to feel upbeat about the outlook.

For one, Careteq is getting interest from a broad range of companies in the healthcare space in both countries. These include equipment/solutions resellers, aged/disability care and medical facility operators, service providers to in-home and in-facilities clients, security companies and US medical insurance providers.

The level of interest Careteq is generating in the two countries not only validates the value proposition that the Sofihub ecosystem brings, but it also shows the general lack of competition in our field. This appears to be especially so for the US market.

A number of these leads in the US and Australia are undertaking trials of Careteq's solutions and management will provide updates if and when these advance to a sufficiently material stage.

New Lone Worker Market

Careteq's TEQ-Secure safety pendant was recently sold into the Lone Worker market through an existing channel partner. The Transport Accident Commission (TAC) and the federal government's Department of Health are among some of the customers who have purchased the device, along with the associated subscriptions on Careteq's Sofihub platform.

The Lone Worker market is a significant new opportunity for Careteq in terms of device sales and subscription growth as lone workers come from multiple industries where they are:

- **Working separately from others** (e.g., factories, warehouses, petrol stations, kiosks)
- **Working away from a fixed base** (e.g., construction, plant installation, maintenance)
- **Service workers** (e.g., postal, social work, health services, drivers, pest control, real estate)
- **Agriculture & forestry workers** (e.g., logging, farm)
- **Working outside normal hours** (e.g., cleaning services, security, repairs/emergency)

The global lone worker safety market is estimated to be worth US\$877.4 million in 2022 and is forecast to grow at a 12.4% CAGR to reach US\$1.6 billion by 2027¹.

TEQ-Secure has a number of key advantages over many similar devices as it can detect falls, is fully waterproof, has a 60-hour battery life and is constantly connected to a response centre.

Other Significant Developments

Other notable events and achievements during the quarter include:

- **Strategic Partnership with LinQ Group:** Careteq signed a collaboration agreement with the established investment banking and corporate advisory group. Some of the US and Australian leads in Careteq's pipeline have been generated by LinQ as announced to the market on 6 May 2022.
- **Channel Agreement with Senior.com:** The major US online retailer has started selling TEQ-Secure with some early encouraging sales. Senior.com sells products/equipment to the elderly and their carers and has around 2.7million members. This partnership complements the channel agreement Careteq struck with another leading US medical equipment retailer, Senior Safety Technologies LLC, which was announced on 11 March 2022.
- **Research Collaboration Agreement with RMIT:** The leading Victorian university with a track record in medical and healthcare innovations will work closely with Careteq to expand the Sofihub ecosystem. The partnership will give Careteq access to expertise and innovative technologies to deliver increased levels of care and accelerate the commercialisation process as previously announced on 26 April 2022.
- **Restructure of Executive Leadership Team for Growth:** To better capitalise on the many growth opportunities, Mark Simari has taken over the role of leading the Group from Peter

¹ <https://www.reportlinker.com/p06169073/Emergency-Services-for-Lone-Worker-s-Safety-Market-Research-Report-by-Type-by-Component-by-Deployment-by-Region-Global-Forecast-to-Cumulative-Impact-of-COVID-19.html>

Scala who will be focusing on his passion of pursuing revenue growth opportunities and key account engagement for Careteq as previously announced on 4 April 2022.

Summary of cash flows

Careteq holds no debt and its cash position at the end of the quarter was \$4.5 million as the Group continued to invest in the rollout of its unique Sofihub SaaS platform into multiple markets.

The Group's net cash flows from operating activities were an outflow of \$1.2 million to fund Careteq's growth program outlined above. The largest operating expenses were staff costs of \$1.5 million and administrative and corporate costs of \$736,000.

As stated in Item 6.1 in the accompanying Appendix 4C, Careteq made aggregate payments to related parties and their associates totalling \$160,000 during the quarter. The payment relates to payments to directors.

Outlook

Careteq believes the outlook for the Group is particularly bright due to its large market opportunities, strong balance sheet and rapid expansion of its sales pipeline since listing in January this year.

The interest that the Group is getting for its suite of solutions in the US and Australia confirms management's fervent belief that the aged and disability care sectors are ripe for a technological disruption.

"It is very encouraging to see how quickly our opportunity pipeline has grown in 4QFY22. This gives me great confidence that we will start seeing significant results in the current financial year from the investments we have made to expand our Assistive Living Technology solutions," said Careteq's Executive Chairman, Mark Simari.

"Careteq has never been in a stronger position to grow our subscriber base on our Sofihub platform, which will not only increase the Group's recurring revenue but will expand our profit margins exponentially."

This announcement has been approved by the Board of Directors.

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-

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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/>.

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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

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")

30 June 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,258	4,302
1.2 Payments for		
(a) research and development	(41)	(49)
(b) product manufacturing and operating costs	(184)	(632)
(c) advertising and marketing	(89)	(265)
(d) leased assets		
(e) staff costs	(1,449)	(5,239)
(f) administration and corporate costs	(736)	(2,786)
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	79	430
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(1,162)	(4,524)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities		(238)
(b) businesses		
(c) property, plant and equipment	(2)	(19)
(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 (12 months) \$A'000
2.2	(f) other non-current assets 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	(2)	(257)

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		(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	-	9,095

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	5,662	186
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,162)	(4,524)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2)	(257)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	9,095
4.5	Effect of movement in exchange rates on cash held	1	(1)
4.6	Cash and cash equivalents at end of period	4,499	4,499

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	4,499	5,662
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)	4,499	5,662

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**

160

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

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)	(1,162)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	4,499
8.3 Unused finance facilities available at quarter end (Item 7.5)	
8.4 Total available funding (Item 8.2 + Item 8.3)	4,499
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	4

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 July 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.