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The Manager  
Market Announcements Platform  
Australian Securities Exchange Limited

**FULL-YEAR REVENUE JUMPS 502%  
WITH CARETEQ FACING A POTENTIAL GROWTH INFLECTION POINT IN FY23**

**Highlights:**

- **Rapidly growing sales pipeline and strong balance sheet put Careteq at a potential growth inflection point in the current financial year**
- **Currently managing >60 active sales opportunities in US & Australia – a five-fold increase from 3QFY22 to 4QFY22**
- **Value proposition of Careteq’s offering validated by broad-based interest from potential clients, low churn rate of subscribers and general lack of competition in key markets**
- **FY22 Operating revenue jumps 502% to \$4.4m and subscriber base lifts 25% to ~3,500**
- **Net loss only increased slightly to \$5.3m (vs. FY21 loss of \$5.1m) even in the face of significant investments to scale the business and one-off acquisition/listing costs**
- **New opportunity to sell Careteq’s solution to the large and lucrative Lone Worker market via existing channel partners**
- **Positive outlook despite volatile operating environment with multiple opportunities for Careteq to deliver a step-change in growth in FY23**

**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, announces its results for the financial year ended 30<sup>th</sup> June 2022 (FY22).

This was a foundation year for the Group, which only listed on the ASX eight months ago. The investments Careteq has made over the period has enabled it to significantly expand its pipeline of opportunities in the United States and in Australia – to a point where management is increasingly confident in delivering a step-change in subscription and earnings growth in FY23.

This progress comes against a challenging operating backdrop for Careteq and the industry. The ongoing disruptions stemming from the global pandemic has slowed, and occasionally derailed, the decision process of potential Assistive Living Technology customers.

Despite these challenges, Careteq’s Sofihub subscriber base increased by 25% to around 3,500 active users. This growth will undoubtedly accelerate as the disruptions to the industry start to abate.

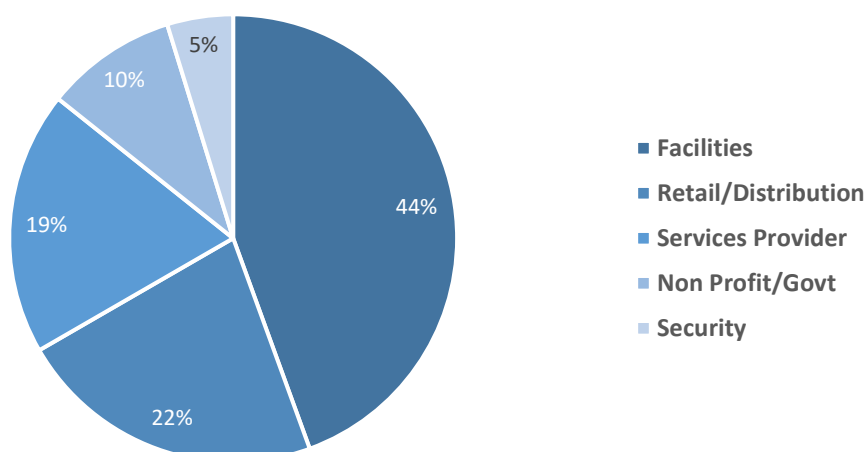
## Expanding Pipeline puts Careteq at FY23 Inflection Point

Notwithstanding the current environment, Careteq's sales pipeline expanded five-fold to over 60 active opportunities in just the last few months of FY22 (4QFY22 vs. 3QFY22). One third of these opportunities are in the US with the balance in Australia.

While it is too early to say if the sector has decisively turned a corner, Careteq believes it is well placed to deliver a materially stronger result in FY23 compared to FY22, where Group revenue reached \$4.4 million and net loss after tax came in at \$5.3 million. The net loss would have significantly improved over FY21 if not for the heavy investments Careteq made to scale up the business and the one-off expenses relating to the Ward MM acquisition and Careteq's listing on the ASX.

There are a few reasons for the Group's positive outlook for the current financial year. Firstly, Careteq is receiving interest from a broad range of companies across several industries in the US and Australia.

Active Opportunities by Industry (US & Australia)



These industries represent significant opportunities for Careteq. For instance, facilities operators (i.e., residential aged care, hospitals, etc.) in both countries are actively engaging with Careteq's sales team as they struggle with staff shortages, funding shortfalls and quality of care issues. There are an estimated 2.5 million<sup>1</sup> elderly residents living in nursing homes and assisted living facilities in the US and around 200,000 here in Australia<sup>2</sup>.

There is also strong interest from equipment and services providers to sell Careteq's suite of solutions to their customer base, which is due in part to the growing number of elderly Americans

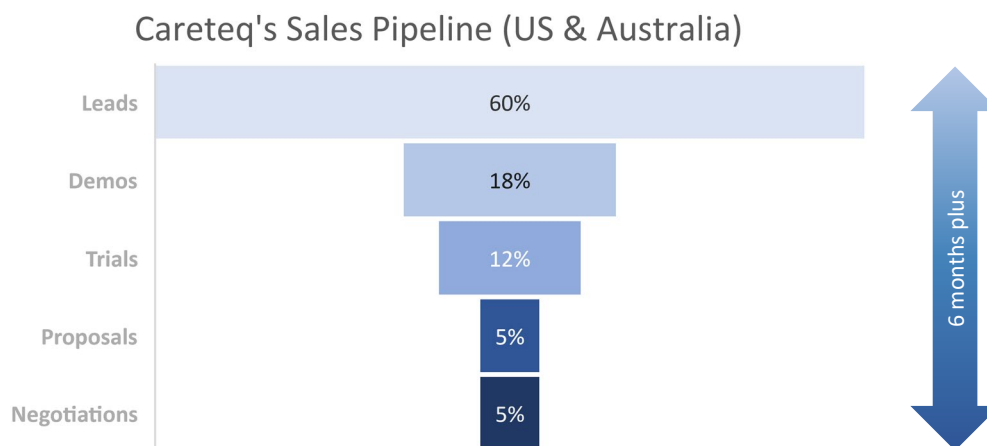
<sup>1</sup> <https://www.ncbi.nlm.nih.gov/books/NBK51841/>

<sup>2</sup> <https://www.abs.gov.au/ausstats/abs@.nsf/Previousproducts/4430.0Main%20Features1042015?opendocument&tabname=Summary&prodno=4430.0&issue=2015&num=&view=2015>

and Australians choosing to live at home. This cohort represents the largest group of citizens over the age of 65.

Additionally, the level of interest Careteq is generating in the two countries and the low gross churn rate of existing subscribers (less than 2% with far more new subscribers registering on the platform than cancelling) validate the value proposition of the Sofihub ecosystem and show the general lack of competition in the market. This is especially so for the US market.

While delays caused by the fallout from COVID-19 and continual labour force shortages continue to plague the sector (the sales cycle has blown out from around 3 months to 6 months plus), the growth in Careteq's pipeline bodes well for future orders and subscription growth.



### 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 also 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 2027<sup>3</sup>.

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

## FY22 Revenue and Earnings Performance

Careteq posted its first full year result as a publicly listed company with an operating revenue of \$4,428,462 (FY21: \$735,442) and net loss after tax of \$5,250,091 (FY21: loss of \$5,112,674).

The increase in revenue is due to the Ward MM acquisition and the growth and “stickiness” of its Software-as-a-Service (SaaS) platform subscribers with only 1.8% of users cancelling their subscriptions and the number of new subscribers far exceeding those cancelling.

The Group’s focus has been on growing its recurring SaaS subscription revenue, which in the longer term creates a more robust business model as compared to a model that focuses on one-off sales of hardware devices. Our strategy to drive subscription growth is to price Careteq’s products and solutions more attractively via hardware and software service bundles.

	FY22	FY21
SaaS Subscriptions	\$220,969	\$59,916
Hardware Sales	\$311,880	\$675,526
Ward MM Sales*	\$3,895,613	N/A
<b>Operating Revenue</b>	<b>\$4,428,462</b>	<b>\$735,442</b>

\*Ward MM acquired in Aug 2021

As mentioned above, investments to grow the business (including new staff hires) and one-off costs relating to the Ward MM acquisition and the Group’s initial public offering (IPO) on the ASX contributed to Careteq’s net loss of \$5.3 million for the year.

Careteq has a strong balance sheet with \$4.5 million in cash (as of 30 June 2022), which management believes is sufficient to fund its current growth agenda.

## Outlook

Careteq expects to deliver improved results in FY23 with further growth in revenue and subscribers that is driven by its strong pipeline of sales opportunities in the US and Australia. Most of the organisations in the pipeline represent a potentially significant order for Careteq given the size of the individual organisations.

This means Careteq could experience a step-change in revenue from just one of these opportunities – if and when Careteq is successful in converting the lead into a binding sales contract.

<sup>3</sup> <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>



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The positive outlook for the Group is further bolstered by the partnerships Careteq has secured in recent times. This ranges from the expanding number of channel partnerships (e.g., Senior.com) to its technology collaboration with a leading Australian university, the Royal Melbourne Institute of Technology (RMIT).

“Providing an outlook in this volatile economic environment is particularly challenging for any company, but we are very excited about what lies ahead as we believe Careteq will likely reach an inflection point in the current financial year,” said Careteq’s Executive Chairman, Mark Simari.

“The strong growth in our sales pipeline is due to our sales team, which has been bolstered by Peter Scala, receiving more positive than negative responses from potential customers that it has been reaching out to. Given the multiple tailwinds driving the aged and disability care industry towards Assistive Living Technologies, I believe we are in the right place at the right time to capitalise on this global trend.”

The Board of Directors have approved this announcement.

### **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/>.

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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.