

28th October 2022

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ACTIVITIES REPORT AND APPENDIX 4C: NINE NEW CONTRACT WINS AS SALES PIPELINE EXPANDS FURTHER

Highlights:

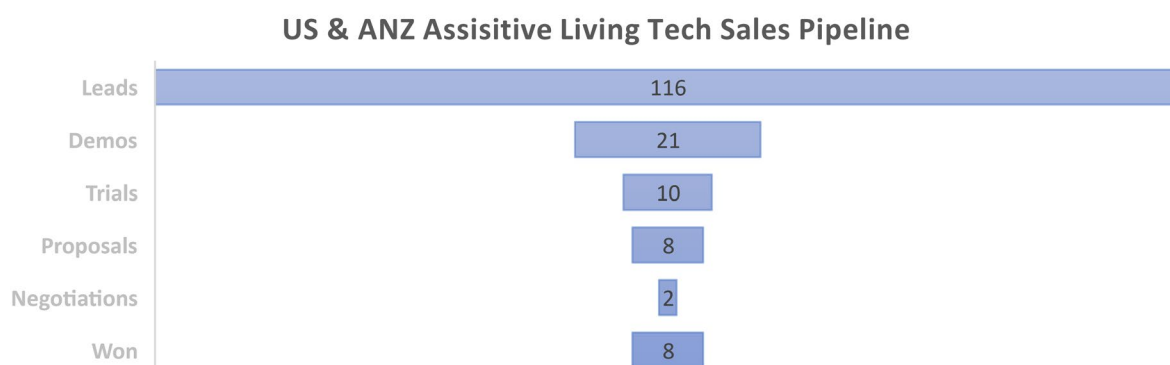
- **Assistive Living Technology revenues on track for solid growth in FY23 as Careteq secures 8 new customers in Q1 and expands sales pipeline to >\$5M**
- **Careteq wins first Strong Care customer and has pipeline of 11 additional opportunities**
- **Operating cash outflow improved for the quarter due to effective cost control that does not impinge on the growth strategy**
- **Positive outlook as Careteq continues to build scale in the business, which is perfectly placed to benefit from the digital evolution in the aged and disability care sectors**

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 September 2022.

The Group recorded a positive start to FY23 as it continues to receive strong market interest for its products and services. Its sales pipeline expanded further in the quarter with Careteq converting a number of opportunities into sales contracts for both its Sofihub Assistive Living Technology offering and its Strong Care digital medication management solution.

Assistive Living Technology

The number of opportunities in the sales pipeline for the Sofihub Software-as-a-Service (SaaS) platform increased from circa 60 in the previous quarter to around 165 in the September quarter, representing a potential deal value of over \$5 million.



Around 60% of the leads are in Australian and New Zealand, while the balance is in the United States.

While there is no guarantee that any of the opportunities in the pipeline will lead to a sales contract, Careteq has successfully converted eight opportunities in ANZ to binding contracts, representing a total value of approximately \$300,000 in the latest quarter which will be fulfilled this financial year.

This modest but growing figure is significant given that Careteq posted FY22 revenue from its Assistive Living Technology business of \$532,849 (SaaS subscriptions and hardware sales).

Further, the contract wins, which came from a range of industries such as residential aged care facility operators to retailers/distributors and security companies, places Careteq in a well-positioned to deliver a meaningful increase in Sofihub subscribers this financial year (subscribers from the contracts will be steadily added over the coming months).

The outlook for this business unit is incredibly positive given the size of the sales pipeline and the interest Careteq is getting from prospective customers.

Strong Care Sales

In another pleasing development during the quarter, Careteq has signed its first Strong Care customer, which is a 360-bed residential aged care facility and has built a sales pipeline of another 11 opportunities with a potential in excess of 3,000 beds.

This achievement was made in just the one-month since Careteq started selling Strong Care, and the Group is expecting its sales pipeline and conversions to actively grow due to a number of industry and government tailwinds.

A large percentage of Residential Aged Care Services (RACs) are using paper-based systems for medication management and the federal government is providing grants to the industry to adopt Transitional or Electronic National Residential Medication Charts (eNRMC) products, like Strong Care. RACs have until December 2024 to apply for the grants, after which, they have to fund the digital transition out of their own pocket.

Given the importance of government funding to the sector, Careteq is confident that sales of Strong Care will continue to grow over the coming quarters – particularly as the Group can cross-sell the solution through its Ward MM business, which has over 30,000 beds under contract.

Careteq believes that Strong Care is one of the most cost effective and fully featured solutions in the market. Careteq signed a 15-year (5+5+5) reseller agreement with StrongRoom AI in August this year, which gives the Group exclusivity to Strong Care in the Australian RACS market.

Summary of cash flows

Careteq holds no debt and its cash position at the end of the quarter was \$3.7 million as the Group continued to invest in its unique Sofihub SaaS platform and driving sales in multiple markets.

The Group's net cash flows from operating activities were an outflow of \$811,000, which is a 36% improvement from the June 2022 quarter due to good cost control that does not impede on the



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growth of the Group. The largest operating expenses were staff costs of \$1.6 million and administrative and corporate costs of \$359,000.

The net cash outflow from investing activities of \$8,000 is related to the purchase of office equipment and there was no cash movement from financing activities.

As stated in Item 6.1 in the accompanying Appendix 4C, Careteq made aggregate payments to related parties and their associates totalling \$120,000 during the quarter. The payment relates to payments to directors.

Outlook

The ongoing expansion of Careteq's sales pipeline and early sales conversions in the first quarter of FY23, provides the Company confidence that it is well placed to deliver a significant increase in sales for the full year.

Careteq's Executive Chairman, Mark Simari, commented:

"Strong Care provides an additional growth driver for Careteq that was not in our original plan, and we are constantly on the lookout for opportunities that can help accelerate our pathway to a cashflow positive position and leverage on our strengths.

"Careteq is perfectly positioned to benefit from the digital evolution unfolding in the aged and disability care sectors."

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.

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 September 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	1,246	1,246
1.2 Payments for		
(a) research and development	12	12
(b) product manufacturing and operating costs	(92)	(92)
(c) advertising and marketing	(60)	(60)
(d) leased assets	—	—
(e) staff costs	(1,558)	(1,558)
(f) administration and corporate costs	(359)	(359)
1.3 Dividends received (see note 3)	—	—
1.4 Interest received	—	—
1.5 Interest and other costs of finance paid	—	—
1.6 Income taxes paid	—	—
1.7 Government grants and tax incentives	—	—
1.8 Other (provide details if material)	—	—
1.9 Net cash from / (used in) operating activities	(811)	(811)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	—	—
(b) businesses	—	—
(c) property, plant and equipment	(8)	(8)
(d) investments	—	—
(e) intellectual property	—	—
(f) other non-current assets	—	—

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
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	(8)	(8)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	—	—
3.2	Proceeds from issue of convertible debt securities	—	—
3.3	Proceeds from exercise of options	—	—
3.4	Transaction costs related to issues of equity securities or convertible debt securities	—	—
3.5	Proceeds from borrowings	—	—
3.6	Repayment of borrowings	—	—
3.7	Transaction costs related to loans and borrowings	—	—
3.8	Dividends paid	—	—
3.9	Other (provide details if material)	—	—
3.10	Net cash from / (used in) financing activities	—	—

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	4,499	4,499
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(811)	(811)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(8)	(8)

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)	—	—
4.5	Effect of movement in exchange rates on cash held	—	—
4.6	Cash and cash equivalents at end of period	3,680	3,680

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	3,680	3,680
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)	3,680	3,680

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	120
6.2	Aggregate amount of payments to related parties and their associates included in item 2	
<i>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.</i>		

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	—	—
7.2	Credit standby arrangements	—	—
7.3	Other (please specify)	—	—
7.4	Total financing facilities	—	—
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)	(811)
8.2	Cash and cash equivalents at quarter end (item 4.6)	3,680
8.3	Unused finance facilities available at quarter end (item 7.5)	0
8.4	Total available funding (item 8.2 + item 8.3)	3,680
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	4.5
	<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1	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:	
8.6.2	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:	
8.6.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	Answer:	
	<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

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: 30th September 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.