

31<sup>st</sup> July 2023

## CARETEQ'S 4QFY23 ACTIVITIES REPORT AND APPENDIX 4C

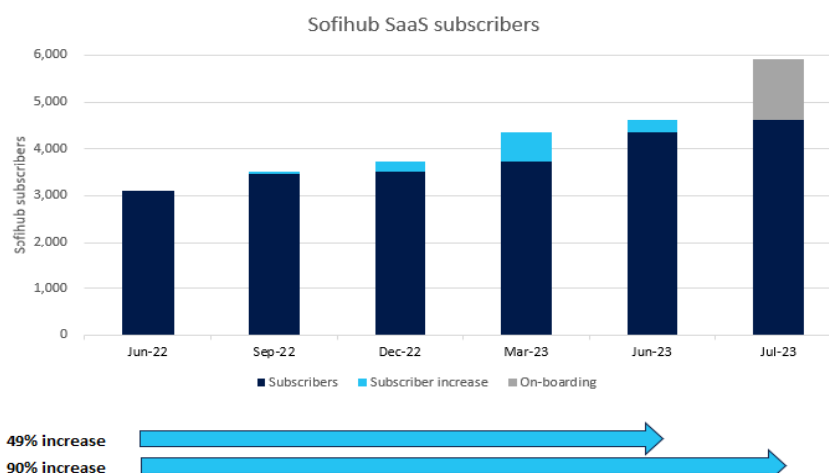
**Careteq Limited** (ASX: CTQ, "Careteq" or the "Company"), a leading cloud-based assistive living technology business, is pleased to provide the following quarterly update and commentary on its Appendix 4C for the three months to 30 June 2023.

### Highlights:

- Careteq's assistive living technology business, Sofihub, finished FY23 with Q4 4.6k subscribers, up 49% over pcg, and is already approaching 6k subscribers early in FY24, 90% pcg
- Newly formed JV, Embedded Health Solutions (55% owned by CTQ) is forecasting \$1.5M EBITDA for FY24
- Outsourcing hardware development program (while maintaining exclusive rights) results in annualised cost savings of approximately \$1.2 million p.a.
- National Seniors Australia to exclusively promote and market Careteq's Assistive Living Technology solutions through its digital audience of 1.4 million seniors annually
- Sales pipeline across the US (11 trials) Australia (7 trials) and New Zealand continues to expand with increased activity across the company's active channel partners
- Well capitalised with fully committed \$2.47 million entitlement offer underway in addition to \$1.8 million cash balance
- Targeting 15,000+ Sofihub subscribers in FY24, resulting in a cash flow breakeven run-rate for the Company (on an operating basis).

### Growth in Sofihub's recurring SaaS subscribers

The Company finished FY23 with 4.6k Sofihub subscribers, an increase of 1.5k or 48% over pcg. An additional 1.3k subscribers will be added over the coming weeks following hardware device sales, representing 90% growth over pcg. Churn rate remains low at 1.8% p.a.



Growth is attributed to the combination of an increased conversion of the sales pipeline, and the sales expansion from the Company's existing active channel partners. Building on this momentum, Careteq has set a target of achieving 15k+ recurring SaaS subscribers during FY24; which once achieved, will result in a cash flow break even run rate for the Company on an operational basis.

### **Medication Management Joint Venture**

In April, the Company announced the merger of its Ward MM business with another leading medication management business, Mederev, to create a joint venture (JV) called Embedded Health Solutions (EHS). Careteq owns 55% of EHS and has a board majority. The initial integration has delivered early cost synergies, and future sales and operational synergies have been identified. The JV is estimating an EBITDA of \$1.5m for FY24.

### **Exclusive partnership with National Seniors Australia**

Commencing early July, Careteq entered into an exclusive partnership with National Seniors Australia, the country's leading advocacy group for older Australians, to market and sell Careteq's Assistive Living Technology solutions through its extensive networks. National Seniors, which was formed in 1976, has a large national membership base and advocates to advance the wellbeing of more than six million Australians who are over the age of 50. The not-for-profit has a very engaged membership base and reaches a digital audience of 1.4 million annually.

Under the 2+2 year referral partnership agreement, National Seniors will develop a marketing plan to refer potential customers to Careteq. This plan includes (but is not limited to):

- Sponsored content via National Seniors Electronic Direct Mail (eDM) newsletters, websites, and social media
- Banner advertising on National Seniors' newsletters and websites
- Dedicated landing page for Careteq on National Seniors' website with a click through to make purchases on Careteq's website
- Advertising in National Seniors' quarterly magazine (called "Our Generation")
- Specialised training for National Seniors call centre staff so they can better support their members, many of whom are not tech savvy, in purchasing Careteq's solutions

### **Hardware development projects outsourced**

As the Company put plans in place for the upcoming year, Careteq decided to outsource hardware research and development projects to shift assisted technology solutions focus towards its proprietary Sofihub SaaS platform. This has resulted in an annualised cost saving of approximately \$1.2 million (excluding one off costs) and still allow the Company access to R&D products from the outsourced party for commercial release.

### **Events subsequent to quarter end – Fully committed entitlement offer to raise \$2.47m**

The Company has announced an entitlement offer to raise \$2.47 million before costs via a 4 for 5 accelerated non-renounceable pro-rata entitlement offer at an issue price of \$0.025 per share. Lead manager, Sequoia Corporate Finance, has procured advance commitments for any shortfall under the offer.

## Outlook

In combination with \$1.8 million at 30 June 2023, the Company's pro forma cash balance of \$4.0 million means it is well funded to deliver on a cash flow break even run rate on an operating basis in FY24.

## Summary of cash flows

Careteq holds no ongoing core debt and its net cash position at the end of the quarter was \$1.8 million (vs. \$2.1 million in Q3FY23) as the Company continued to invest in the rollout of its unique Sofihub SaaS platform into the Australian, New Zealand and US markets.

During the quarter the Company accessed an R&D loan facility for the amount of \$700k which is secured against the FY23 R&D claim expected to deliver approximately \$900k refund based on prior successful experiences.

The largest operating expenses in the quarter were staff costs of \$1.9 million and administrative and corporate costs of \$601K, which contributed to an operating cash outflow of \$673K in the period (previous quarter outflow was \$934k).

The net cash outflow from investing activities of \$304k is related to ongoing product development related to the SaaS based Sofihub platform.

As stated in Item 6.1 in the accompanying Appendix 4C, Careteq made aggregate payments to related parties and their associates totalling \$153K during the quarter. The payment relates to payments to executive and non-executive directors.

**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-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](mailto:investors@careteq.com.au)

**For investor and media enquiries, please contact:**

Samantha Thompson

E: [samantha.thompson@careteq.com.au](mailto:samantha.thompson@careteq.com.au)

**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 2023

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (.....months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	1,989	5,623
1.2 Payments for		
(a) research and development	—	(11)
(b) product manufacturing and operating costs	(144)	(507)
(c) advertising and marketing	(89)	(257)
(d) leased assets	—	—
(e) staff costs	(1,895)	(6,563)
(f) administration and corporate costs	(601)	(1,855)
1.3 Dividends received (see note 3)	—	—
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	(1)	(4)
1.6 Income taxes paid	(7)	(7)
1.7 Government grants and tax incentives	74	1,033
1.8 Other (provide details if material)	—	—
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(673)</b>	<b>(2,547)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	84	84
(b) businesses	—	—
(c) property, plant and equipment	(388)	(884)
(d) investments	—	—
(e) intellectual property	—	—
(f) other non-current assets	—	—

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (.....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)	—	—
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(304)</b>	<b>(800)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
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	700	700
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)	—	—
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>700</b>	<b>700</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	2,130	4,499
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(673)	(2,547)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(304)	(800)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (.....months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	700	700
4.5	Effect of movement in exchange rates on cash held	—	1
4.6	<b>Cash and cash equivalents at end of period</b>	<b>1,853</b>	<b>1,853</b>

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	1,853	2,130
5.2	Call deposits	—	—
5.3	Bank overdrafts	—	—
5.4	Other (provide details)	—	—
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,853</b>	<b>2,130</b>

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	153
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>		

<b>7.</b>	<b>Financing facilities</b> <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>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1	Loan facilities	700	700
7.2	Credit standby arrangements	—	—
7.3	Other (please specify)	—	—
7.4	<b>Total financing facilities</b>	700	700
7.5	<b>Unused financing facilities available at quarter end</b>		—
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.		
	Secured loan from Rocking Horse Capital Finance Co. LLC, payable before 31 December 2023 and secured FY23 R&D claim expected to deliver approximately \$900k refund based on prior successful experiences.		

<b>8.</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	(673)
8.2	Cash and cash equivalents at quarter end (item 4.6)	1,853
8.3	Unused finance facilities available at quarter end (item 7.5)	—
8.4	Total available funding (item 8.2 + item 8.3)	1,853
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	2.8
	<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: .....31<sup>st</sup> July 2023.....

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.