

31<sup>st</sup> October 2023

## **CARETEQ'S Q1 FY24 ACTIVITIES REPORT AND APPENDIX 4C**

### **Careteq makes significant progress on strategic goals**

Careteq Limited (ASX: CTQ) ("Careteq" or "the Company"), a leading innovator in remote monitoring and healthcare technology, is pleased to provide the following quarterly update and commentary on its Appendix 4C for the quarter ending September 2023.

#### **Highlights**

- Careteq completes its restructuring initiatives which deliver \$1.2m of annualised operating cost savings. Operating costs were reduced by \$250k during the quarter, which also included one-off restructuring costs of \$200k.
- During the quarter, an additional 1,000 Sofihub products were sold that will result in recurring subscribers once onboarded.
- Following quarter end, ADT New Zealand, a subsidiary of Intelligent Monitoring Group (ASX: IMB), ordered 1,500 TEQ-Secure units with delivery expected in early November.
- Once onboarded, Sofihub subscribers will exceed 7,000 and remains on track to achieve its initial 15,000 subscriber target during FY24.
- Embedded Health Solutions is also on track to achieve \$1.5m EBITDA for FY24.
- Careteq completed a \$2.47m Entitlement Offer announced on 26 July 2023, with a healthy cash balance of \$3.3m at 30 September 2023.

#### **Operational cost management boosts financial health**

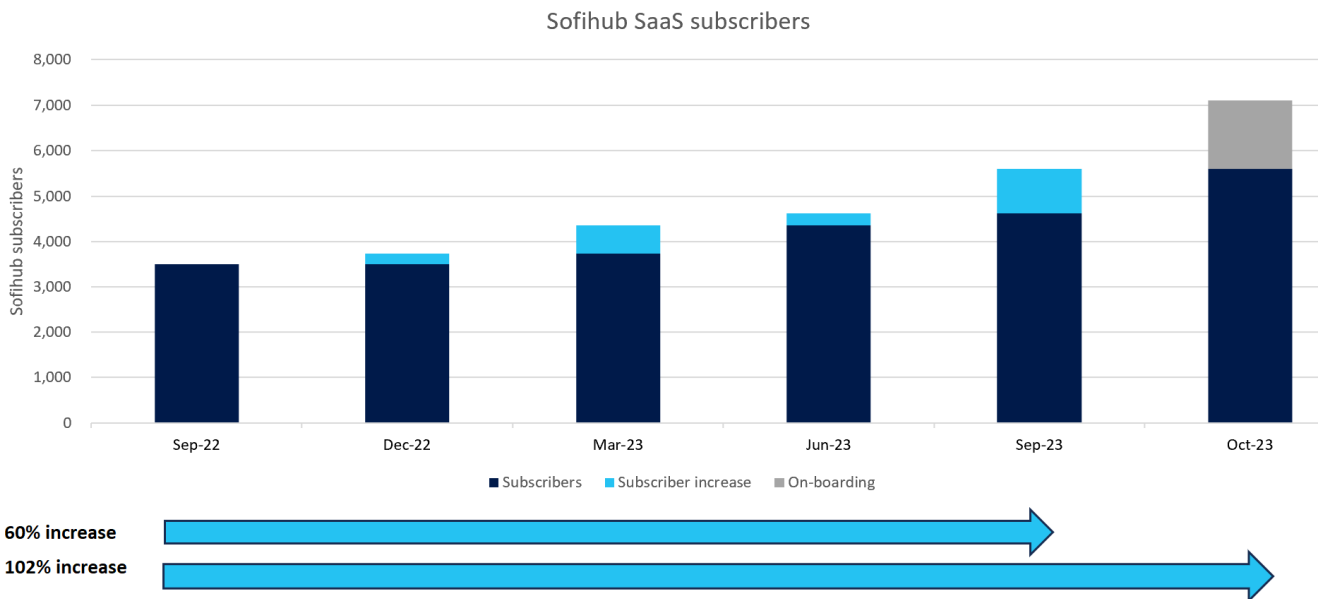
As previously communicated, Careteq intended to reduce operating cash burn by \$1.2m per annum while not impacting revenue growth. The Company has now completed its restructuring program, decommissioned its hardware development division and achieved its annualised savings. This is reflected with operating costs for the quarter reducing by \$250k which also included one off restructuring costs of \$200k.

#### **Strong sales growth and subscriber retention**

The Company experienced continued momentum in Sofihub subscribers, adding 1k throughout the quarter. Sofihub subscribers were 5.6k at 30 September 2023, an increase of 21.7% from the previous quarter.

Combined with the recent order of 1.5k TEQ-Secure units from ADT New Zealand, a subsidiary of Intelligent Monitoring Group (ASX: IMB), recurring subscribers are expected to exceed 7.0k once onboarded..

The sales pipeline remains strong, with potential opportunities in Australia, the U.S. and Singapore. Subscriber churn rate remains low at 1.8% p.a.



### Embedded Health Solutions JV continues to generate cash flow

Post the merger of Ward MM and Mederev in April, the JV continues to explore and implement cost synergies, move towards a single operating platform and remains on track to deliver \$1.5m EBITDA for FY24.

### Entitlement Offer successfully completed

During the quarter, Careteq completed the \$2.47 million accelerated non-renounceable pro-rata entitlement offer announced on 26 July 2023. The funds raised will enable the company to continue to invest in software development and expand its successful sales and marketing initiatives.

### Executive Chairman's positive outlook

Careteq Executive Chairman Mark Simari said: "The positive reception I recently received in Singapore and Hong Kong leaves me optimistic about Careteq's prospects. The visit not only enabled me to broaden the potential investor reach for Careteq, but it also unveiled prospective new channel partnership opportunities to explore which have the potential to boost our company's growth further without diluting the current sales and marketing programs in Australia, New Zealand and the US."

**This ASX announcement has been authorised by the Board of Careteq Limited (ASX: CTQ)**

**For further information, please contact:****Careteq Limited (ASX: CTQ)**

Mark Simari  
Executive Chairman  
P: +61 3 8866 5594  
E: info@careteq.com.au

**About Careteq Limited (ASX: CTQ)**

Careteq Limited (ASX: CTQ) is an Australian-headquartered Healthtech company that has developed and commercialised a proprietary Assistive Living Technology platform. The company is now using its early-mover advantage in the Assistive Living Technology sector to revolutionise aged and disability care across the globe.

Careteq's revenues are derived from assistive passive technology products powered by Sofihub. The product suite on the Careteq Assistive Living Technology platform delivers better quality of life and productivity outcomes to a broad-based target addressable market, comprised of both patients (the elderly, disabled and vulnerable individuals), and their carers.

Careteq provides a range of solutions including continuous non-invasive monitoring, fall detection and mobile alarms. Careteq products are today widely available through their online store, industry leading distributors and specialist retailers, both in Australia and overseas.

To learn more, please visit: [www.careteq.com.au/](http://www.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.

**For more information**

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To learn more about Careteq please click here: <https://www.careteq.com.au/investors-centre/>

## 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 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	1,952	1,952
1.2 Payments for		
(a) research and development	—	—
(b) product manufacturing and operating costs	(195)	(195)
(c) advertising and marketing	(63)	(63)
(d) leased assets	—	—
(e) staff costs	(1,645)	(1,645)
(f) administration and corporate costs	(603)	(603)
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)	—	—
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(554)</b>	<b>(554)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	—	—
(b) businesses	(25)	(25)
(c) property, plant and equipment	(271)	(271)
(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	2	2
	(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>(294)</b>	<b>(294)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	2,471	2,471
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	(160)	(160)
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)	—	—
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>2,311</b>	<b>2,311</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	1,853	1,853
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(554)	(554)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(294)	(294)

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)	2,311	2,311
4.5	Effect of movement in exchange rates on cash held	—	—
4.6	<b>Cash and cash equivalents at end of period</b>	<b>3,316</b>	<b>3,316</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	3,316	1,853
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>3,316</b>	<b>1,853</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)	(554)
8.2	Cash and cash equivalents at quarter end (item 4.6)	3,316
8.3	Unused finance facilities available at quarter end (item 7.5)	—
8.4	Total available funding (item 8.2 + item 8.3)	3,316
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	6.0
	<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> October 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.