

30th January 2024

CARETEQ'S Q2 FY24 ACTIVITIES REPORT AND APPENDIX 4C

Careteq accelerates growth with strategic acquisition, subscriber uplift, and continued momentum in EHS JV

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 December 2023.

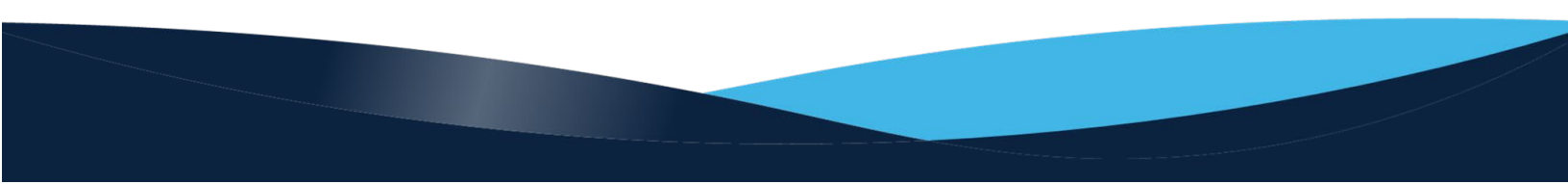
Highlights

- Secured HMR Referrals platform, connecting general practitioners (GPs) and pharmacists, for profitable expansion in medication management
- HMR Referrals integration is on track and revealing exciting new growth opportunities
- Nearing 8k Sofihub subscribers once sold devices have been onboarded following 1.5k purchase order from ADT during the quarter
- Embedded Health Solutions JV maintains its positive trajectory, on track to contribute \$1.5 million EBITDA in FY24
- R&D tax refund of \$1.1 million (\$0.3 million net) and ADT device sales of \$0.4 million expected to boost cash receipts during the March quarter
- Healthy cash balance of \$2.2 million excluding these cash receipts

HMR Referrals fuels multi-pronged growth strategy

During the quarter, the Company solidified its position in medication management with the strategic acquisition of HMR Referrals, a first-to-market software platform connecting GPs and pharmacists. This innovative platform simplifies and streamlines Home Medicines Reviews, a government-funded program that improves elderly health outcomes and reduces medication-related issues.

The acquisition not only strengthens Careteq's core business but also unlocks promising cross-selling opportunities for its Sofihub assistive living technology platform and introduces pharmacists to its residential medication management services through the Embedded Health Solutions division.



HMR Referrals has a revenue run-rate of \$0.3 million at December 2023, up 200% over the prior corresponding period. Careteq is well positioned to continue growing this division through its network of c.5,000 GPs. Since the acquisition, the Company has uncovered additional exciting revenue synergies such as growth through home care providers, the introduction of pharmacy friendly sales initiatives and cross selling opportunities with Careteq's JV, Embedded Health Solutions.

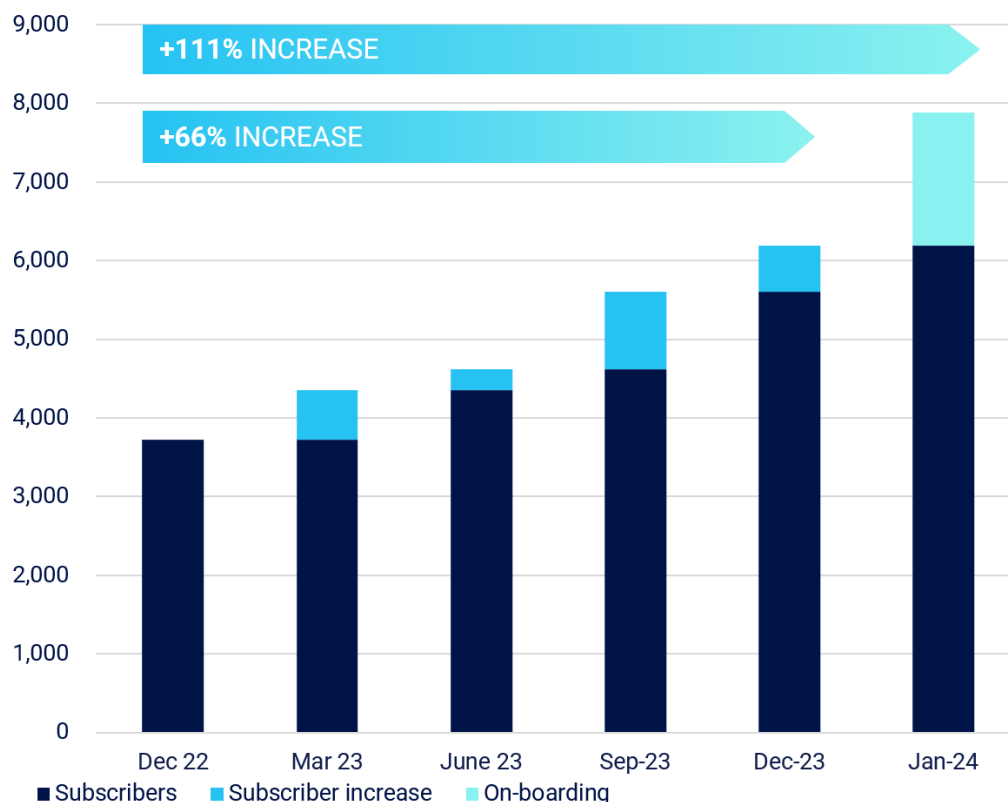
This multi-pronged approach positions Careteq for profitable growth in the rapidly expanding home care market, solidifying its best-in-class technology solutions for the health and aged care sector.

Strong sales growth and subscriber retention

Momentum in Careteq's Sofihub subscriber base continued, bringing the Company closer to its target of 15k subscribers by FY24. This was boosted by ADT New Zealand's 1.5k-unit purchase order for TEQ-Secure devices during the quarter. Once these and other sold devices have been onboarded, subscribers will reach 7.9k, an increase of 111% since 31 December 2022.

With subscriber onboarding underway, more partnerships in the pipeline and new devices added to the platform, Careteq is well-positioned to reach its FY24 subscriber target.

Sofihub SaaS subscribers



Embedded Health Solutions maintains strong profitability FY24 path

The Embedded Health Solutions JV (55% owned by Careteq) continues to deliver free cash flow and remains on track to achieve its \$1.5 million EBITDA FY24 target.

EHS continues to optimise operational efficiency, exploring cost synergies, and steadily moving towards a single operating platform. These initiatives have boosted financial performance and streamlined operations, enabling high-quality care to residents in the aged care sector.

Securing the HMR Referrals business positions the Company to pursue home medication reviews for clients in the homecare and disability sector over the medium-term. With its existing JV (Embedded Health Solutions) services catering to aged care, Careteq now possesses a natural bridge to introduce comprehensive home medication review solutions leveraging the HMR Referrals platform.

Financial position

The Company effectively managed its cash flow during the quarter, balancing operating costs with investments in growth. Careteq reported cash flows from operations of (\$0.7 million). This included inventory of \$0.2 million which was sold during the December quarter, with sales proceeds expected to be received during the March quarter.

Total cash flow for the quarter was (\$1.1 million) including \$0.25 million cash consideration paid to HMR Referrals vendors.

Careteq's cash position closed the December quarter at \$2.2 million. After quarter end, the Company received a \$1.1 million R&D tax refund (\$0.3 million after R&D tax refund loan).

In accordance with ASX Listing Rule 4.7C.3, payments to related parties and their associates totalling \$0.15 million outlined in Item 6 of the Company's Appendix 4C relate to director fees, salaries, and superannuation.

Executive Chairman's positive outlook

"The acquisition of HMR Referrals and the continued momentum of Sofihub subscriptions solidify our position as a leading innovator in remote monitoring and healthcare technology. Looking ahead, we're confident in our ability to reach our 15,000 subscriber target for FY24. With a robust pipeline, a continued strong contribution from EHS, and a new set of opportunities from HMR Referrals, we have laid a solid foundation for profitable growth."

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/

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

Follow us on [LinkedIn](#)

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")

31 December 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	2,009	3,961
1.2 Payments for		
(a) research and development	—	—
(b) product manufacturing and operating costs	(357)	(552)
(c) advertising and marketing	(63)	(126)
(d) leased assets	—	—
(e) staff costs	(1,637)	(3,282)
(f) administration and corporate costs	(679)	(1,282)
1.3 Dividends received (see note 3)	—	—
1.4 Interest received	—	—
1.5 Interest and other costs of finance paid	(2)	(2)
1.6 Income taxes paid	—	—
1.7 Government grants and tax incentives	37	37
1.8 Other (provide details if material)	—	—
1.9 Net cash from / (used in) operating activities	(692)	(1,246)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	(250)	(250)
(b) businesses	—	(25)
(c) property, plant and equipment	(158)	(429)
(d) investments	—	—
(e) intellectual property	—	—

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
	(f) other non-current assets	—	—
2.2	Proceeds from disposal of:		
	(a) entities	—	—
	(b) businesses	—	—
	(c) property, plant and equipment	—	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)	—	—
2.6	Net cash from / (used in) investing activities	(408)	(702)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	—	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	(42)	(202)
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	(42)	2,269

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,316	1,853
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(692)	(1,246)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(408)	(702)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(42)	2,269
4.5	Effect of movement in exchange rates on cash held	(1)	(1)
4.6	Cash and cash equivalents at end of period	2,173	2,173

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	2,173	3,316
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)	2,173	3,316

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>		

7.	Financing facilities <i>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.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	700	700
7.2	Credit standby arrangements	—	—
7.3	Other (please specify)	—	—
7.4	Total financing facilities	700	700
7.5	Unused financing facilities available at quarter end		—
7.6	<p>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.</p> <p>Loan from Rocking Horse Capital Finance Co. LLC secured FY23 R&D claim is repayable from the proceeds of the FY23 R&D claim. On 11 January 2023 Careteq announced the repayment of the loan from the \$1.09m proceeds of the FY23 R&D claim received from the ATO.</p>		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(692)
8.2	Cash and cash equivalents at quarter end (item 4.6)	2,173
8.3	Unused finance facilities available at quarter end (item 7.5)	—
8.4	Total available funding (item 8.2 + item 8.3)	2,173
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	3.0
	<p><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></p>	
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:	
	<p><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></p>	

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:31st January 2024.....

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.