

30 October 2024

CARETEQ'S Q1 FY25 ACTIVITIES REPORT AND APPENDIX 4C

Strategic acquisition of EHS solidifies focus on medication management; tracking ahead of pcg

Careteq Limited (ASX: CTQ) ("Careteq" or "the Company"), a clinical healthtech company specialising in innovative medication management solutions, is pleased to provide the following quarterly update and commentary on its Appendix 4C for the quarter ending 30 September 2024.

Highlights

- Acquisition of the remaining 45% of Embedded Health Solutions (EHS) completed, focusing the business on clinical governance and medication management
- Successful divestment of Sofihub, with proceeds of \$0.58 million received and expected to improve annual operating cash flow by \$0.8 million
- The Company (now consisting of EHS and HMR Referrals) is trading well and ahead of budget and pcg with reviews, revenue and EBITDA growth expected in FY25
- One-off costs for the quarter of \$0.35 million as the Company approaches operating cash flow breakeven
- Synergy upside remaining following the EHS acquisition and the expansion of the HMR Referrals platform

Strategic transition to medication management with acquisition of EHS

During the quarter, Careteq completed the acquisition of the remaining 45% of Embedded Health Solutions (EHS) for \$2.4 million (vendor finance, payable in arrears over eight quarterly payments). This acquisition solidifies the Company's focus on medication management and clinical governance in the health, aged, and home care sectors.

The Company is tracking ahead of budget with pcg growth in reviews, revenue and EBITDA for the September quarter (on a like-for-like basis). New facility opportunities have been identified for expanded review volumes and implementing cost-saving measures. Streamlining IT platforms is expected to drive further efficiencies.

Full ownership of EHS also allows Careteq to fully integrate the HMR Referrals platform. This integration is expected to unlock synergies, particularly in Residential Medication Management Reviews (RMMR).

The Company is making progress with several tender opportunities whilst expanding its business development efforts into residential care and home care medication management, including a working partnership with Jasda Care for a joint pharmacist/physio program targeting aged care.

To bolster its position, EHS is enhancing its educational offerings and has established strategic partnerships, such as with the Pharmaceutical Society of Australia (PSA) for training referrals.

Sofihub Divestment

Careteq divested its Sofihub business in July 2024 for \$0.58 million in cash, streamlining its operations and enabling the Company to focus on its core business of medication management.

This is expected to improve Careteq's net operating cash flow by \$0.8 million annually. The divestment also resulted in the transfer of Alex Boyd, Executive Director and Chief Operating Officer, to the acquiring company, further realigning Careteq's management structure.

Financial overview

Careteq continued to enhance its financial position during the September quarter. The company recorded net cash receipts from customers of \$2.2 million and net cash outflows from operating activities of \$0.45 million. The sale of Sofihub contributed \$0.58 million in net cash from investing activities, further improving Careteq's cash position to \$1.25 million by the end of the quarter.

With strong financial management and operational improvements, Careteq is now positioned to achieve profitability during FY25. The ongoing integration of EHS and HMR Referrals is expected to deliver revenue growth and operational efficiencies, strengthening the Company's market leadership in medication management and clinical governance.

Financial position

The Company continues to manage its cash flows efficiently with the current quarter delivering an underlying operating quarterly cash outflow of (\$0.45 million). Included in this were one-off costs of \$0.35 million relating to redundancy payments, salaries and oncosts.

Total underlying operating cash flow for the quarter was (\$0.1 million) accounting for one-off costs. Careteq's cash position closed the March quarter at \$1.2 million.

The Company continues to work with the ATO and its advisers in relation to the R&D tax matter and will update the market when it is in a position to do so.

In accordance with ASX Listing Rule 4.7C.3, payments to related parties and their associates totalling \$0.1 million outlined in Item 6 of the Company's Appendix 4C relate to director fees, salaries, and superannuation.

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 healthtech company focused on innovative medication management solutions. The Company is dedicated to improving healthcare outcomes through its fully owned Embedded Health Solutions (EHS) and HMR Referrals platforms. EHS provides comprehensive aged care medication management solutions through Residential Medication Management Reviews (RMMRs), while HMR Referrals streamlines Home Medicines Reviews (HMRs).

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.

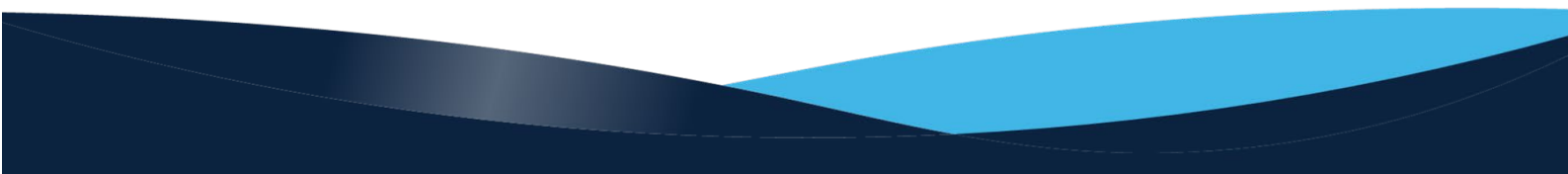
No assurance or guarantee is, or should be taken to be, given in relation to, and no reliance should be placed on, the future business performance or results of Careteq or the likelihood that the current assumptions, estimates or outcomes will be achieved. Actual results, developments or events could 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")

30 September 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	2,199	2,199
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(60)	(60)
(c) advertising and marketing	(41)	(41)
(d) leased assets	-	-
(e) staff costs	(2,078)	(2,078)
(f) administration and corporate costs	(464)	(464)
1.3 Dividends received	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(5)	(5)
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	(449)	(449)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(18)	(18)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	(25)	(25)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	—	—
	(b) businesses	579	579
	(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	536	536

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 (Note 3)	(90)	(90)
3.9	Other (provide details if material)	—	—
3.10	Net cash from / (used in) financing activities	(90)	(90)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,252	1,252
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(449)	(449)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	536	536

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(90)	(90)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1,249	1,249

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	1,249	1,249
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)	1,249	1,249

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	79
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)	(449)
8.2	Cash and cash equivalents at quarter end (item 4.6)	1,249
8.3	Unused finance facilities available at quarter end (item 7.5)	—
8.4	Total available funding (item 8.2 + item 8.3)	1,249
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1) <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>	2.8
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 October 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 paid may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity. During the quarter, our subsidiary Embedded Health Solutions Pty Ltd declared and paid a total dividend of \$200,000. As this is a consolidated report, the 55% received by Careteq Limited is eliminated in consolidation. The amount shown in item 3.8 'Dividends paid' represents the 45% paid to external shareholders of Embedded Health Solutions Pty Ltd.
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.