

31 July 2024

## DIVESTMENT OF SOFIHUB BUSINESS

### Accelerating the core business pathway to profitability

Careteq Limited (ASX: CTQ) ("Careteq" or "the Company") announces the divestment of its Sofihub business for ~\$0.58 million, in cash plus transferring staff entitlements to Directed Technologies Group, with settlement expected to be in the early part of August 2024.

The Board has strategically decided to divest the Sofihub business to accelerate its core strategic plan to achieve the company's target of 15,000 subscribers for its assistive living technology suite. This strategic divestment is projected to improve annualised net operating cash flow by \$0.8 million and accelerate the Company's pathway to profitability in the core medication management and clinical governance services.

Current Director and Chief Operating Officer, Alex Boyd, will be transferring with the Sofihub business as part of the sale. The board would like to thank Alex and the Sofihub team for their loyalty, devotion and contribution during their time with the company, and we wish them all the very best on their new and exciting journey with Directed. Directed is privately owned connected technology leader in smart home, consumer and mobile electronics, and connected vehicle solutions; and the Sofihub business and team will find a great future ahead in Directed's connected services channels.

Careteq will now streamline its focus on medication management and clinical governance in the health, aged, and home care sectors, comprising:

- the profitable Embedded Health Solutions (EHS) business (55% owned); and
- HMR Referrals (100% owned marketplace platform)

The acquisition of HMR Referrals in December 2023 enables Careteq to drive growth in Home Medication Reviews (HMR) and Residential Medication Management Reviews (RMMR), where EHS is a market leader in medication management.

#### Strategic Rationale

- **Accelerated Profitability:** Divesting Sofihub expedites Careteq's pathway to profitability.
- **Enhanced focus:** Consolidates the core focus on medication management, centering around a profitable business within the group.
- **Operational synergies:** The synergy between HMR and Embedded Health Solutions enhances operational efficiencies and is expected to expand the medication review service offerings.

#### Financial Impact

The immediate cash inflow of \$0.58 million from the sale will bolster Careteq's cash reserves as well as the reduction of future outflows by \$0.8 million.

Additionally, the Company has recently undertaken a cost optimisation initiative, reducing its annualised cost base by a further \$0.83 million heading into FY25.

Mark Simari, Executive Chairman of Careteq, commented, *"Whilst the Sofihub business has seen encouraging subscriber and ARR growth over the last 18 months, this divestment is strategically important. It accelerates our path towards profitability and provides the team with a laser focus on medication management and clinical governance where we are a market leader in residential medication management."*

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

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

Careteq Limited (ASX: CTQ) is an Australian-headquartered health-tech company specialising in innovative medication management solutions. The core focus is on enhancing healthcare outcomes through Embedded Health Solutions (EHS) (55% owned) and HMR Referrals. EHS delivers comprehensive residential medication management services. HMR Referrals streamlines Home Medicines Reviews (HMRs) and Residential Medication Management Reviews (RMMRs). By leveraging proprietary technology and a deep understanding of healthcare needs, Careteq is committed to improving patient care in the health and aged care sectors.

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.

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