

25th January 2022

The Manager
Market Announcements Platform
Australian Securities Exchange Limited

ACTIVITIES REPORT AND APPENDIX 4C: SIGNIFICANT SALES CONVERSION & SALES PIPELINE EXPANSION

- Significant increase in contracts won and expansion of sales pipeline for both Sofihub Assistive Living Tech and Strong Care Digital Medication Management solutions
- Number of Sofihub revenue generating contracts jumps to 22 (vs. 8 in Q1FY22) and value of pipeline stands at ~\$6m
- Strong Care secures 2nd Residential Aged Care client with its sales pipeline expanding ~4x in the quarter
- Positive outlook as Careteq has never been better placed to grow since listing on the ASX

Careteq Limited (ASX: CTQ, “Careteq” or the “Group”), a leading cloud-based Assistive Living Technology solutions provider that improves the lives and care of the elderly, disabled and vulnerable through its network of intelligent sensors and devices, is pleased to provide the following quarterly update and commentary on its Appendix 4C for the three months to 31st December 2022.

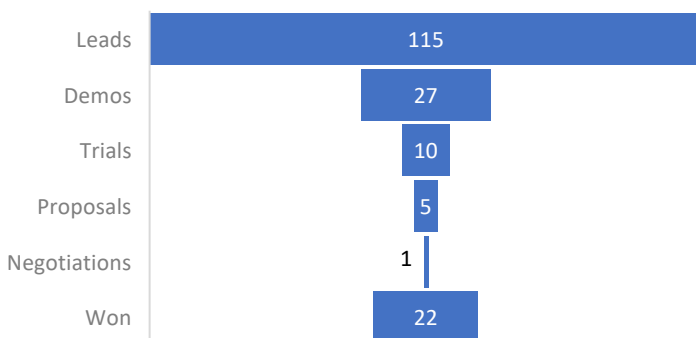
The strong momentum from the previous quarter for both its Sofihub Assistive Living Technology and Strong Care digital medication management solutions carried through to Q2FY23.

Careteq recorded a significant increase in the number of new contracts won across North America and ANZ and a further expansion in its sales pipeline, which puts it in its strongest position yet to grow the business and disrupt the aged/disability care sector since listing on the ASX a year ago.

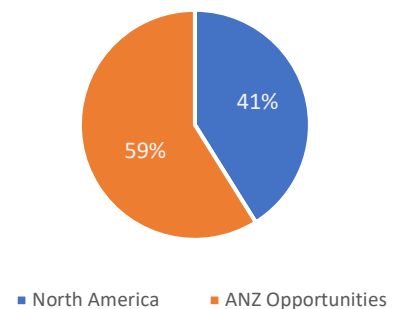
Assistive Living Technology

Sales conversion for Sofihub was a standout with the number of new contracts won in the December quarter jumping to 22 from eight in the previous quarter.

US & ANZ Assistive Living Tech Sales Pipeline



Geographical Split



While the first orders for hardware (and associated SaaS subscriptions) started from an initial modest base, Careteq is confident that sales to these clients will grow due to the size of many of

these organisations and the network effect (operationally efficient to use one common system across an organisation).

On top of the contracts won, there were 158 additional opportunities in the sales pipeline from across various industries (e.g. facilities operators, services providers, government bodies, security companies and retail/distribution partners), representing a potential deal value of around \$6 million.

The strong interest Careteq is receiving for its Assistive Living Technology solutions from potential clients is further bolstered by the recent addition of TEQ-Light (Carer Light system), which plugs into a wall socket for monitoring, communications and medication reminders.

While there is no guarantee that any of the opportunities in the pipeline will be converted to sales, Careteq is well placed to deliver significant growth in the Sofihub business over the next six to 12 months, and beyond.

Strong Care Digital Medication Management

Meanwhile, Careteq's Strong Care offering continues to gain traction in the market and has secured its second residential aged care (RAC) client in the December quarter.

The sales pipeline for Strong Care has also expanded significantly to 42 contracts in the quarter (versus 11 in previous quarter). In addition, five RAC providers have asked for a proposal from Careteq with another three requesting a demo of the Strong Care solution.

As mentioned in previous announcements, most RAC providers are using paper-based medication management systems and the federal government is pushing them to adopt a digital system by offering grants until December 2024. After which, RAC providers must fund the transition themselves or risk being excluded from other government programs.

Summary of cash flows

Careteq holds no debt and its cash position at the end of the quarter was \$3.6 million (vs. \$3.7m in Q1FY23) with an operating cash outflow of \$129,000 (vs. an outflow of \$811,000 in Q1FY23).

The largest operating expenses were staff costs of \$1.7 million and administrative and corporate costs of \$485,000. Careteq received a Research and Development (R&D) tax refund and Export Market Development Grants worth \$959,000 in the period.

The net cash outflow from investing activities of \$2,000 is related to the purchase of office equipment and there was no cash movement from financing activities.

As stated in Item 6.1 in the accompanying Appendix 4C, Careteq made aggregate payments to related parties and their associates totalling \$159,000 during the quarter. The payment relates to payments to directors.

This announcement has been approved by the Board of Directors.

**Careteq Limited**

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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/>.

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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.