



Careteq Limited

ACN 612 267 857

Level 10, 99 Queen St

Melbourne 3000

info@careteq.com.au

Phone: 1300 110 366

International: +613 8866 5594

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The Manager

Market Announcements Platform

Australian Securities Exchange Limited

CARETEQ FORMS STRATEGIC JV TO SIGNIFICANTLY BOOST PROFITABILITY AND PRODUCTIVITY

Highlights:

- **Careteq to merge its Ward MM business with Mederev in a JV to be called Embedded Health Solutions and create one of Australia's largest aged care medication management businesses**
- **Careteq will have a 55% controlling stake in the JV and will have the ability to cross-sell its Sofihub and Strong Care platform solutions to an additional ~22K beds**
- **The transaction will also provide greater economies of scale to the JV partners in an industry where scale is an important competitive and financial advantage**
- **The JV is forecast to generate an annual EBITDA of \$1.5-2M within 12-18 months once synergies are realised (Ward MM's FY22 EBITDA: \$370K)**
- **There is no cash associated with the transaction and the JV will be profitable from year one (will not require a capital injection from Careteq)**
- **The combined resources of the merged business will place it in a strong position to meet the evolving aged care requirement for embedded medication management and quality use of medicines solutions and on-site pharmacist time**

Careteq Limited (ASX: CTQ, "Careteq" or the "Group"), is pleased to announce that it has formed a joint venture (JV) entity to be called Embedded Health Solutions with **Mederev Pty Ltd** (Mederev) that will significantly enhance the operations and profitability of the Group.

As part of the transaction, Careteq will merge Ward MM with Mederev to create one of Australia's largest aged care medication management businesses.

Careteq will have a 55% controlling stake in the JV and will appoint three of the five board directors, including the chairperson. Careteq's Assistive Living Technology (Sofihub) and Strong Care digital medication management platforms will remain with Careteq and promoted through the JV and its clients.

Compelling Value Creation

There are several strategic rationales for the JV, which will not only provide greater economies of scale to both partners but will also expand the opportunity for Careteq to directly cross-sell its Sofihub and Strong Care solutions to more aged care facilities around Australia, while increasing productivity of the Ward MM business.

The Group is forecasting:

- The JV to deliver earnings before interest, tax, depreciation and amortisation (EBITDA) of approximately \$1.5million in 12-18 months (Ward MM posted a FY22 EBITDA of \$370K);
- An increase in the number of beds under management from ~33K to ~55K and will add more than 240 new aged care client facilities to the portfolio;
- Improvement in Ward MM's operating efficiencies by ~35% (from improved utilisation rates and number of reviews per pharmacist through access to improved IT Solutions); and
- An additional \$0.5-1 million in revenue a year (compared with Ward MM and Mederev being standalone entities) and annualised synergies of ~\$500K.

The Executive Chairman of Careteq, Mark Simari, said:

“The JV will bring several benefits to Careteq as it will allow us to cross-sell our full range of solutions to the nation’s leading aged care facilities via our pharmacists who are embedded within these organisations. The expanded network will allow us to further drive subscriptions to both the Sofihub and Strong Care SaaS platforms.”

Mederev is a profitable business that makes approximately \$250K a year in pre-tax profit. It was established in 2008 to provide Residential Medication Management Review (RMMR) and Quality Use of Medicines (QUM) clinical pharmacy services to over 200 aged care facilities in seven states and territories across Australia.

The Clinical Director of Mederev, Dr Stephen Nolan, commented:

“The expanded reach of the new JV will allow us to better service the residential aged care community at a time when the sector is facing multiple challenges. Further, in this industry where scale is critically important, the opportunity to combine two profitable businesses, Mederev and Ward MM, to create a dominant leader in the space will give us a key competitive and financial advantage.”

This announcement has been approved by the Board of Directors.

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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About Mederev

Mederev is an innovative provider of Residential Medication Management Reviews (RMMR) and Quality Use of Medicines (QUM) in the Residential Aged Care sector. Mederev is an established business with more than 14 years' experience in providing these services for approximately 22,000 Aged Care beds in 245 facilities. Mederev was the first RMMR provider in Australia to adopt Information Technology to house and manage medication information and has delivered over 500,000 training modules to our partners.

Mederev understands the increasingly complex clinical governance requirements that are being mandated throughout the Aged Care sector after the Aged Care Royal Commission. These requirements for increasing clinical governance and accountability especially for medication management requires the Aged Care providers, providers of RMMR and QUM services and medical practitioners to work together to demonstrate improved outcomes for all residents that are at risk of medication misadventure. For more information about Mederev visit <https://my.mederev.com.au>

Subscribe to receive investor updates by emailing: investors@careteq.com.au

For investor and media enquiries, please contact:

Brendon Lau

E: brendon@vantagepointpartners.com.au

M: +61 409 341 613

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.