

30 August 2024

## FY24 PRELIMINARY FINANCIAL RESULTS AND STRATEGIC UPDATE

### Transitioning to a profitable, medication management-focused business

Careteq Limited (ASX: CTQ) (“Careteq” or “the Company”), an innovative medication management business, is pleased to release its preliminary final report for the full year ended 30 June 2024 (“FY24”).

#### Summary

- After financial year end, Sofihub was divested and the remaining 45% of Embedded Health Solutions (EHS) was acquired
- Revenue from continuing operations was \$7.2 million, up 45.2% over pcp
- EBITDA Loss from continuing operations<sup>1</sup> of \$0.8 million, an improvement of 61.5% over pcp
- Underlying EBITDA for EHS<sup>2</sup> of \$1.5 million, an improvement of 79.5% over pcp
- After execution of strategic plan, FY25 is expected to deliver a positive EBITDA and cash flow

#### Financial results overview

Careteq continued to grow revenue and reduce losses in FY24.

- Total revenue from continuing operations increased 41.4% to \$7.8 million, up from \$5.5 million in FY23.
- The loss after tax from continuing operations was reduced by \$0.82 million as a result of an improvement in the Underlying EBITDA of EHS of \$0.68 million; an improvement in the EBITDA of Careteq continuing operations of \$0.6 million; off-set by a tax increase of \$0.16 million and increases in Depreciation & Amortisation and Finance Charges of \$0.3 million.

During July/August 2024, the Company implemented key outcomes from its strategic review, which was completed at the back end of FY24. These resulted in the divestment of Sofihub and the acquisition of the remaining 45% stake in EHS, resulting in full ownership of the subsidiary.

EHS delivered \$1.5 million in underlying EBITDA.<sup>2</sup> With the Company now owning 100% of EHS, we are well positioned entering into FY25. This solid foundation provides the pathway to execute the final element of the strategic review and achieve profitability and positive cash flows.

The Company also expects to extract synergies post-acquisition as it merges EHS and HMR Referrals to further improve financial performance from continuing operations.

<sup>1</sup>Underlying EBITDA from continuing operations was calculated as Loss before tax of \$1.4 million add back Finance charges \$0.1 million and add back Depreciation & amortization \$0.5 million.

<sup>2</sup>The EHS underlying EBITDA for FY24 of \$1.5 million was calculated by adding back corporate overhead charges of \$0.54 to the EBITDA reported in the Annual Accounts segment note of \$0.984 million. This represents the EHS underlying EBITDA for FY24 on a standalone basis.

## Strategically positioned as a leader in medication management

Over the last 12 months, Careteq has made the following strategic decisions:

- Acquired HMR Referrals, a marketplace platform that simplifies and streamlines the Home Medication Review process for GPs and pharmacists;
- Divested Sofihub, an assisted living technology business; and
- Acquired the remaining 45% in EHS it didn't own, a medication management business for residential medication management reviews (RMMRs).

## Trading Update and Outlook

The Company is now focusing exclusively on its core strengths in medication management and clinical governance. The combined capabilities of EHS and HMR Referrals create a comprehensive platform for medication management across aged care, homecare, and disability sectors, positioning Careteq as a leader in this sector.

The divestment of Sofihub resulted in net proceeds of \$0.6 million in cash. It is expected to improve net operating cash flow by \$0.8 million per annum, accelerating the Company's pathway to profitability. The divestment allows Careteq to focus exclusively on its medication management and clinical governance businesses.

In August 2024, Careteq acquired the remaining 45% of EHS for \$2.4 million to be funded by vendor financing. EHS's underlying EBITDA<sup>2</sup> for FY24 was \$1.5 million.

Looking ahead, Careteq is well-positioned to achieve profitability in FY25, driven by the full integration of EHS and HMR Referrals. The Company is focused on unlocking synergies between these two businesses, particularly in the expanding Residential Medication Management Reviews (RMMR), where EHS is already a market leader. By leveraging the strengths of both businesses, Careteq expects to enhance service offerings and drive revenue and profit growth.

The Company previously disclosed the ATO's position paper regarding historical R&D claims. With assistance from R&D experts, we have responded to the ATO, addressing the concerns raised in the paper. The ATO is currently reviewing our submission and has not yet confirmed acceptance of our response. While we look forward to resolving this matter with the ATO in due course, we have exercised caution in our financial reporting. We have included the full amount of all R&D claims from FY21 onwards as contingent liabilities in the notes to our financial statements and also highlighted this matter in the accounting policies note.

**Mark Simari, Executive Chairman of Careteq, commented,** "Careteq has undergone significant changes in the past year, including acquiring EHS and divesting Sofihub. The company is now focused on medication management and clinical governance in the health, aged, and home care sectors. These strategic moves aim to position Careteq for profitability by FY25. The integration of EHS and HMR Referrals is expected to drive growth and increase shareholder value. Overall, Careteq is optimistic about its streamlined direction and future prospects in providing comprehensive medication management and clinical services".

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

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**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 specialising in innovative medication management solutions. The core focus is on enhancing healthcare outcomes through Embedded Health Solutions (EHS) and HMR Referrals. EHS delivers comprehensive residential aged care medication management services. HMR Referrals streamlines Home Medication Reviews (HMRs). By leveraging proprietary technology and a deep understanding of healthcare needs, Careteq is committed to improving patient care in the health, aged and home care sectors.

To learn more about Careteq please click here: <https://www.careteq.com.au/investors-centre/>

**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**

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