



# Annual Report 2023

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Technology Solutions for  
Health and Aged Care

Constant Care, Everywhere

# Wellbeing for all

CARETEQ is an ASX-listed, health-tech company delivering a portfolio of innovative solutions in the aged care and healthcare sectors. Founded in 2016 with the mission of improving wellbeing for all - both carers and patients - through technology, the SOFIHUB portal was born. CARETEQ's solutions have since expanded to include assistive living products, as well as medication management services with the acquisition of Ward Medication Management in 2021, and the joint venture to create Embedded Health Solutions in 2023. The portfolio continues to grow through proprietary product development and partnerships.



**CARETEQ is an Australian company with a focus on delivering best in class technology solutions for Health and Aged Care for a global audience.**

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# Corporate Directory

## Directors

Mark Simari Executive Chairman

Stephen Munday Non-Executive Director

Brett Cheong Non-Executive Director

Alex Boyd Executive Director

David Lilja Company Secretary

**Notice of annual general meeting** The details of the annual general meeting of Careteq Limited will be advised once finalised.

**Registered office** Level 10, 99 Queen Street  
Melbourne VIC 3000, Australia

**Principal place of business** Level 8, 525 Flinders Street,  
Melbourne, VIC 3000, Australia

**Auditor** RSM Australia Partners  
Level 21, 55 Collins Street  
Melbourne VIC 3000

**Solicitor** HWL Ebsworth  
Level 14, Australia Square  
264-278 George Street  
Sydney NSW 2000, Australia

Soho Lawyers Pty Ltd  
Level 2, 99 Queen Street  
Melbourne VIC 3000, Australia

Baker McKenzie  
Level 19, 181 William Street  
Melbourne VIC 3000, Australia

Cornwalls  
L4, 380 Collins Street  
Melbourne Vic 3000, Australia

**Bankers** National Australia Bank  
800 Bourke Street  
Docklands VIC 3008, Australia

Commonwealth Bank of Australia  
121 Exhibition Street  
Melbourne VIC 3000, Australia

Westpac Banking Corporation  
Level 11, 150 Collins Street  
Melbourne VIC 3000, Australia

Evolve Bank & Trust (Trading as Mercury)  
6070 Poplar Ave, Suite 200  
Memphis, TN 38119, USA

**Website** [www.careteq.com.au](http://www.careteq.com.au)

**Corporate Governance Statement** The directors' and management are committed to conducting the business of Careteq Limited in an ethical manner and in accordance with the highest standards of corporate governance. Careteq Limited has adopted and has substantially complied with the ASX Corporate Governance Principles and Recommendations (Fourth Edition) ('Recommendations') to the extent appropriate to the size and nature of its operations. The Company's 2021 Corporate Governance Statement, which sets out the corporate governance practices that were in operation during the financial year and identifies and explains any recommendations that have not been followed, which is approved at the same time as the Annual Report, can be found at: [www.careteq.com.au/investors-centre/](http://www.careteq.com.au/investors-centre/)

## Chairman's Report

For the year ended 30 June 2023

# Chairman's Report

Dear Shareholders,

On behalf of the board of Careteq Limited, I am pleased to present the company's 2023 Annual Report.

As we reflect on the past year, it was characterised by both challenges and triumphs in a global economic landscape marked by turbulence. Our continuing growth has coincided with a burgeoning era of assistive living technology solutions poised to reshape the healthcare sector and how technology will be used to increase the levels of care provided.

We have strategically targeted key verticals spanning aged care, acute care, homecare, NDIS and security. We have then targeted selective channel partners within these verticals where our suite of products compliments their existing portfolios and facilitates their ability to upsell to their existing clientele.

This strategy has been adopted across our chosen geographies of Australia, New Zealand and the United States. Although conversion has been frustratingly slow to date, the depth and width of our sales pipeline and agreements executed with channel partners provides an excellent and lucrative foundation for success as we move ahead through FY24.

Our conversations with prospective clients have highlighted an escalating demand for assistive living technology, especially within the aged, home and disability care sectors. A paradigm shift is underway, where these sectors recognise the value of integrating technology to enhance operational efficiency and elevate the quality of care provided.

The validation of our value proposition is underscored by the feedback we receive from existing users, contributing to our impressive subscriber growth which was sitting at 4,600 at the end of FY23 but is quickly heading towards 6,000 in the first few months of FY24.

In April 2023 we were excited to announce the merger of our Ward MM business with Mederev, culminating in the establishment of Embedded Health Solutions, a joint venture that will capitalise on the best of each company's offering whilst delivering on synergistic savings that are available through the merger. Careteq hold a controlling 55% stake in the JV, accompanied by the potential to cross-promote our Sofihub and Strong Care solutions across a combined ~55K aged care beds under contract.

We believe that FY23 was an inflection point in our journey and our investments have positioned us well to capitalise on the expansive growth opportunities across Australia, New Zealand, and the US.

As we move forward, the synergy between Careteq's innovation and the demand for assistive living technology paints a promising future for shareholders. To this point, we extend our heartfelt gratitude to our shareholders, whose support fuels our momentum and drive to deliver on the opportunities available to the company.

Yours faithfully,



Mark Simari

Executive Chairman



CARETEQ is an early mover in the rapidly growing Assistive Living Technology sector that's developed a comprehensive SaaS-based solution which provides **peace-of-mind** for users, family and care givers.

# Directors' Report

The directors' present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Careteq Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2023.

## Directors

The following persons were directors' of the company during the whole of the financial year and up to the date of this report, unless otherwise stated:

<b>Mark Simari</b>	Executive Chairman
<b>Stephen Munday</b>	Non-Executive Director
<b>Brett Cheong</b>	Non-Executive Director
<b>Alex Boyd</b>	Chief Operating Officer and Executive Director

## Principal activities

During the financial year the principal continuing activities of the consolidated entity consisted of:

- Enhancing the capability of the proprietary integrated adaptive care platform that provides monitoring as well as interaction with and for those requiring care, their carers and their homes, whether in establishments or independent living; and
- Continued provision of the Residential Medication Management Review and Quality Use of Medicines services which are funded directly under the Seventh Community Pharmacy Agreement.

## Review of operations

The loss for the consolidated entity after providing for income tax and non-controlling interest amounted to \$4,121,627 (30 June 2022: \$5,250,091).

This year was an important year in laying a solid foundation to drive further revenue growth and towards profitability for Careteq. The Group saw rapid expansion in the sales pipeline in Australia and the US and secured partnerships to expand distribution channels and its offerings.

The Group has continued to grow its revenue base reporting a 21.3% increase in Group revenue to \$6.4 million; EBITDA loss has reduced by 14.3% to \$3.5 million and there has been a significant narrowing in net loss to \$4.1 million.

	FY23	FY22	Change
Total Group Revenue	\$6.4m	\$5.2m	+21.3%
EBITDA	-\$3.5m	-\$4.1m	+14.3%
Net Profit/(Loss)	-\$4.1m	-\$5.3m	+21.5%

The increase in revenue is due to the to the growth and "stickiness" of Careteq's Software-as-a-Service (SaaS) platform subscribers and the benefits enjoyed from the recently settled Embedded Health Solutions joint venture.

The Group's focus continues to be on growing its recurring SaaS subscription revenue, which in the longer term creates a more robust business model as compared to a model that focuses on one-off sales of hardware devices. Our strategy to drive subscription growth continues to be to price Careteq's products and solutions more attractively via hardware and software service bundles.

Careteq has a strong balance sheet, the Group had \$1.8m in cash as of 30 June 2023 which when combined with its recent accelerated rights issue proceeds of \$2.4m leaves the Group in a strong cash position, which management believes is sufficient to fund its current growth agenda.

## Directors' Report *Continued*

For the year ended 30 June 2023

The period has seen a more streamlined approach to developing both sales and delivery across Australia, New Zealand and the United States. This has been actioned by restructuring departments to maximise returns.

In preparation for the joint venture, head office resourcing was rationalised to reflect the further needs of Careteq. At the same time, a review of operational strategy resulted in efficiencies being delivered by outsourcing all hardware development and improving the internal development team.

The proprietary Sofihub SaaS platform continues to develop and deliver enhanced capabilities to a broader range of not only clients but also product lines through a continued and dedicated R&D program. By increasing the functionality of the APIs, it is progressively simpler to integrate with an ever-widening variety of platforms and systems, delivering an increasingly holistic offering to the aged care and disability markets.

Careteq moving forward will concentrate solely on developing its proprietary software platform which increases the flexibility of Sofihub and ensures a responsive service with dynamic proficiencies. Further platforms were integrated into Sofihub and this journey continues into the foreseeable future.

Careteq was also able to expand its offering to include the innovative StrongRoom AI electronic medication management platform. This is enabled by the eNMRC Adoption grant under the Supporting Medication Management in Residential Aged Care Initiative.

Embedded Health Solutions post the merger of Ward MM and Mederev continues to develop the efficiency of its medication review processes whilst improving the sophisticated platform that is also capable of delivering efficient accessibility to remote staff.

Embedded Health Solutions is now the largest medication management service provider of its kind in Australia and continues to share quantifiable benefits with Careteq.

### Material business risks

The material business risks faced by the company that are likely to have an effect on the financial prospects of the company, disclosed above, and how the company manages these risks include:

- Technological obsolescence - given the rapidly changing environment in which the company operates, this could have a significant impact on our financial results. We address this risk through investment in product development and by constantly monitoring the market. With the expansion of eHealth and other digital offerings in the aged care and healthcare markets, we see this risk increasing in the future.

- Government funding risks – given the importance of government funding and subsidies in aged and disability care sectors into which the company sells its solutions, changes in these could have an adverse impact on Group sales, this could have a significant impact on our financial results. We address this risk by diversifying our target markets both geographically and into sectors less reliant on government funding.

### Significant changes in the state of affairs

On 1 April 2023, Careteq Limited formed a joint venture entity called Embedded Health Solutions Pty Ltd (EHS) with Mederev Pty Ltd (Mederev). As part of the transaction, Careteq merged its Ward Health Group Pty Ltd (Ward MM) business with Mederev to create one of Australia's largest aged care medication management businesses. Careteq has 55% controlling stake in EHS and 45% non-controlling interest.

There were no other significant changes in the state of affairs of the consolidated entity during the financial year.

### Matters subsequent to the end of the financial year

On 26 July 2023, Careteq announced capital raising via an accelerated non-renounceable pro-rata entitlement offer, at a ratio of 4 new fully paid ordinary shares in Careteq for every 5 existing shares at an issue price of \$0.025 per new share. The institutional entitlement component of this offer resulted in the issue of 25,609,757 new fully paid ordinary shares and the retail entitlement component of this offer resulted in the issue of 73,242,914 new fully paid ordinary shares, which has raised a total of approximately \$2.472 million (before costs). The total new shares issued were 98,852,671, bringing the total shares on issue on completion of the entitlement offer from 123,565,941 to 222,418,612.

No other matters or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

### Likely developments and expected results of operations

Likely developments in the operations of Careteq Limited and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to Careteq Limited.

### Environmental regulation

The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.



## Information on Directors'

<b>Name</b>	<b>Mark Simari</b>
Title:	Executive Chairman
Experience and expertise:	Mark is an experienced and accomplished professional in the health industry and has over 14 years' Board experience in a diverse range of organisations. Mark was the former Managing Director and Co-Founder of Paragon Care (ASX: PGC) (between 2008 and 2018). He was instrumental in Paragon Care becoming one of the largest independent healthcare suppliers in the Australian and New Zealand Markets, creating a healthcare platform spanning across capital equipment, consumables, devices and service and maintenance.
Other current directorships	TALi Digital (ASX:TD1); IDT Australia Limited (ASX: IDT)
Former directorships (last 3 years):	Paragon Care (ASX: PGC)
Interests in shares:	8,623,812 ordinary shares
Interests in options:	4,168,965

<b>Name</b>	<b>Stephen Munday</b>
Title:	Non-Executive Director
Experience and expertise:	Stephen is an experienced financial and governance professional and has more than 25 years' experience on or working directly with Boards in a diverse range of organisations. Stephen has over 40 years business experience in Australia and North America including chief financial officer & company secretary positions in several listed companies over that time. Stephen's experience includes a wide range of responsibilities in a variety of management functions including marketing, business development, supply management, commercial management, financial management and change management. Stephen has been working in the health care sector since 2015. He is currently involved in businesses which supply products, services and technologies to the APAC health care and Australian aged care markets.
Other current directorships:	TALi Digital (ASX:TD1)
Former directorships (last 3 years):	N/A
Interests in shares:	100,000 ordinary shares
Interests in options:	Nil

<b>Name:</b>	<b>Brett Cheong</b>
Title:	Non-Executive Director
Experience and expertise:	Brett has over 40 years' experience within the healthcare industry at all levels of management. A former director of Paragon Care (ASX:PGC) for 9 years and former managing director of Axishealth Pty Ltd for 9 years prior to its acquisition by Paragon Care, Brett's depth of experience spans sales and marketing, product design and development and manufacturing and product sourcing.
Other current directorships:	N/A
Former directorships (last 3 years):	N/A
Interests in shares:	416,666 ordinary shares
Interests in options:	584,482

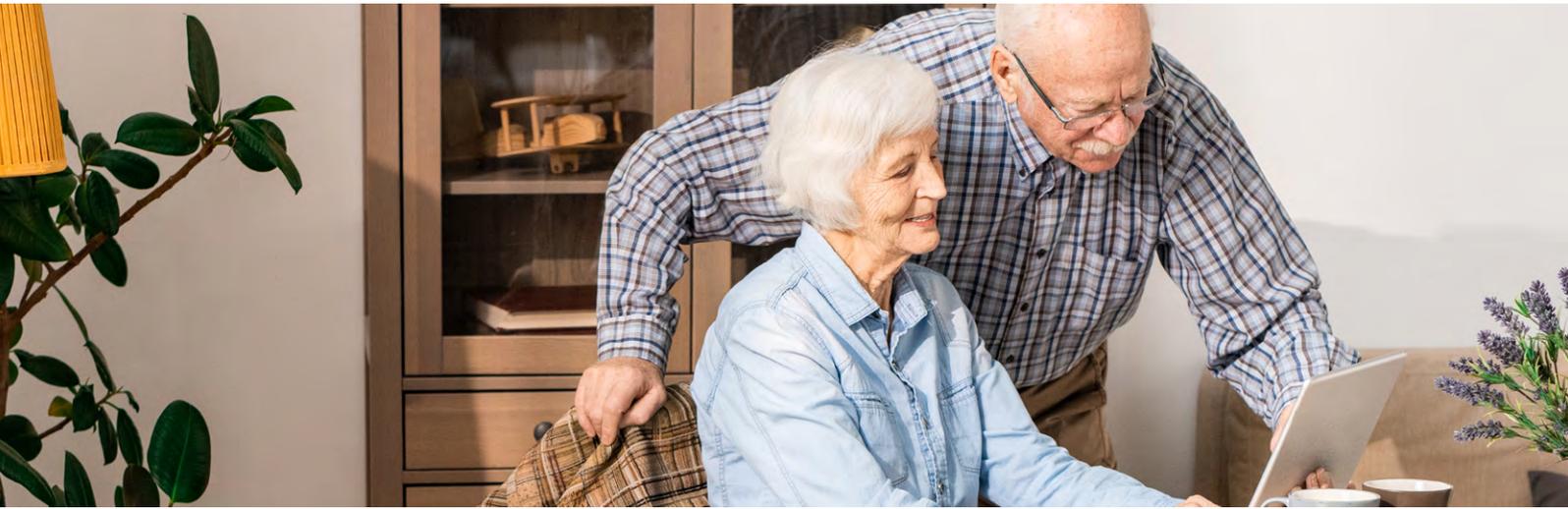
**Directors' Report** *Continued*  
For the year ended 30 June 2023



<b>Name:</b>	<b>Alex Boyd</b>
Title:	Chief Operating Officer and Executive Director
Experience and expertise:	Alex has extensive experience in international operations, procurement, and resource management across multiple sectors at a C-Suite level. Alex's background includes roles as interim Managing Director leading to a successful trade sale at Fix My Truck and Operations Director leading to the restructure of a group out of voluntary administration at Fusion Retail Brands. In addition, Alex supervised the integration of three acquired companies at Idox Plc, UK.
Other current directorships:	N/A
Former directorships (last 3 years):	N/A
Interests in shares:	150,000 ordinary shares
Interests in options:	1,578,101

<b>Company secretary:</b>	<b>David Lilja</b>
	David is a qualified accountant and experienced company secretary with over 20 years within the professional services industry working closely across a wide range of industries. David will supply his services through his firm, DLK Advisory, which provides a breadth of support to its clients including outsourced CFO and Company Secretary services.

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated. 'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.



**Directors’ Report** *Continued*  
For the year ended 30 June 2023

**Meetings of directors**

The number of meetings of the company’s Board of Directors” (‘the Board’) held during the year ended 30 June 2023, and the number of meetings attended by each director were:

	Full Board		Nomination and Remuneration Committee		Audit and Risk Management Committee	
	Attended	Held	Attended	Held	Attended	Held
<b>Mark Simari</b>	10	10	-	-	2	2
<b>Stephen Munday</b>	9	10	-	-	2	2
<b>Brett Cheong</b>	9	10	-	-	2	2
<b>Alex Boyd</b>	10	10	-	-	-	-

Held: represents the number of meetings held during the time the director held office.  
There were 12 meetings of directors’ held during the year ended 30 June 2023.

**Remuneration report (Audited)**

The remuneration report details the key management personnel remuneration arrangements for the company, in accordance with the requirements of the *Corporations Act 2001* and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:

- Details of remuneration
- Service agreements
- Share-based compensation

- Additional information
- Additional disclosures relating to key management personnel

**Principles used to determine the nature and amount of remuneration**

The objective of the consolidated entity’s executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors” (‘the Board’) ensures that executive reward satisfies the following key criteria for good reward governance practices:

## Directors' Report *Continued*

For the year ended 30 June 2023

- Competitiveness and reasonableness
- Acceptability to shareholders
- Performance linkage / alignment of executive compensation
- Transparency
- Capital management

The company has structured an executive remuneration framework that is market competitive and complimentary to the reward strategy of the organisation.

Alignment to shareholders' and program participants' interests:

- Focuses on sustained growth in shareholder wealth
- Attracts and retains high calibre executives
- Rewards capability and experience
- Provides a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

### *Non-executive directors remuneration*

Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors fees and payments are reviewed annually by the board. The board may, from time to time receive advice from independent remuneration consultants to ensure non-executive directors fees and payments are appropriate and in line with the market.

ASX listing rules require the aggregate non-executive directors remuneration be determined periodically by a general meeting. The most recent determination was at the Annual General Meeting held on 5 November 2021, where the shareholders approved a maximum annual aggregate remuneration of \$300,000.

### *Executive directors remuneration*

The consolidated entity aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has four components:

- base pay and non-monetary benefits
- short-term performance incentives
- share-based payments
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the consolidated entity and provides additional value to the executive.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Nomination and Remuneration Committee based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remunerations.

The short-term incentives ('STI') program is designed to align the targets of the business units with the performance hurdles of executives. STI payments are granted to executives based on specific annual targets and key performance indicators ('KPI's') being achieved. KPI's include profit contribution, customer satisfaction, leadership contribution and product management.

The long-term incentives ('LTI') include long service leave and share-based payments. Shares are awarded to executives over a period of three years based on long-term incentive measures. These include increase in shareholders' value relative to the entire market and the increase compared to the consolidated entity's direct competitors. The Nomination and Remuneration Committee reviewed the long-term equity-linked performance incentives specifically for executives during the year ended 30 June 2022.

## Details of remuneration

### *Amounts of remuneration*

Details of the remuneration of key management personnel of the company are set out in the following tables.

The key management personnel of the company consisted of the following directors and other personnel of the company:

- |                  |                          |
|------------------|--------------------------|
| • Mark Simari    | Executive Chairman       |
| • Stephen Munday | Non-Executive Director   |
| • Brett Cheong   | Non-Executive Director   |
| • Alex Boyd      | COO & Executive Director |

**Directors' Report** *Continued*

For the year ended 30 June 2023

**Amounts of remuneration**

Details of the remuneration of key management personnel of the Group are set out in the following tables.

30 June 2023	Short-Term Benefits	Post Employment Benefits	Long-Term Benefits	Share-Based Payments	
	Cash Salary and Fees \$	Superannuation \$	Long Service Leave \$	Equity-settled Options \$	Total \$
<b>Non-Executive Directors</b>					
Brett Cheong	36,000	-	-	-	36,000
Stephen Munday*	35,000	-	-	-	35,000
	<b>71,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>71,000</b>
<b>Executive Directors</b>					
Mark Simari**	360,000	-	-	42,000	402,000
Alex Boyd	187,000	19,635	23,199	-	229,834
	<b>547,000</b>	<b>19,635</b>	<b>23,199</b>	<b>42,000</b>	<b>631,834</b>
<b>TOTAL</b>	<b>618,000</b>	<b>19,635</b>	<b>23,199</b>	<b>42,000</b>	<b>702,834</b>

30 June 2022	Short-Term Benefits	Post Employment Benefits	Long-Term Benefits	Share-Based Payments	
	Cash Salary and Fees \$	Superannuation \$	Long Service Leave \$	Equity-settled Options \$	Total \$
<b>Non-Executive Directors</b>					
Brett Cheong	36,000	-	-	35,741	71,741
Stephen Munday*	22,604	-	-	-	22,604
	<b>58,604</b>	<b>-</b>	<b>-</b>	<b>35,741</b>	<b>94,345</b>
<b>Executive Directors</b>					
Mark Simari**	168,000	-	-	71,483	239,483
Peter Scala***	149,005	14,234	12,636	96,501	272,376
Alex Boyd	174,272	17,027	19,496	96,501	307,296
	<b>491,277</b>	<b>31,261</b>	<b>32,132</b>	<b>264,485</b>	<b>819,155</b>
<b>TOTAL</b>	<b>549,881</b>	<b>31,261</b>	<b>32,132</b>	<b>300,226</b>	<b>913,500</b>

\*Appointed 8 November 2021

\*\*Became Executive Chairman 4 April 2022

\*\*\*Remuneration is from 1 July 2021 to date of resignation as director effective 1 April 2022

The proportion of remuneration linked to performance and the fixed portion are as follows:

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2023 %	2022 %	2023 %	2022 %	2023 %	2022 %
<b>Non-Executive Directors</b>						
Brett Cheong	100	50	-	-	-	50
Stephen Munday	100	100	-	-	-	-
<b>Executive Directors</b>						
Mark Simari	90	70	-	-	10	30
Peter Scala ***	-	60	-	-	-	40
Alex Boyd	90	63	-	-	10	37

\*\*\*Remuneration is from 1 July 2021 to date of resignation as director effective 1 April 2022

**Directors' Report** *Continued*

For the year ended 30 June 2023

**Service agreements**

On appointment to the Board, all Non-Executive Directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the Board policies and terms, including compensation, relevant to the office of Director.

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

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<b>Name:</b>	<b>Mark Simari</b>
Title:	Executive Chairman
Agreement commenced:	4 April 2022
Terms of agreement:	<p>(a) Fixed Remuneration: \$360,000 (inclusive of directors' fees) including any employer superannuation contribution;</p> <p>(b) Short-term incentives: No short-term incentives in place at the time of appointment;</p> <p>(c) Long-term incentives: No long-term incentives in place at the time of appointment;</p> <p>(d) Sign-on equity: 3,000,000 unlisted options expiring 30 June 2025 with a \$0.20 exercise price, as approved by shareholders at the Company's annual general meeting on 29 November 2022.</p> <p>(e) Termination: the company and Mr Simari may terminate the Agreement without cause giving the other party six months' notice.</p>

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<b>Name:</b>	<b>Stephen Munday</b>
Title:	Non-Executive Director
Agreement commenced:	8 November 2021
Terms of agreement:	<p>(a) No fixed term, no notice period required for termination;</p> <p>(b) Base salary including superannuation \$36,000. No termination benefit.</p>

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<b>Name:</b>	<b>Brett Cheong</b>
Title:	Non-Executive Director
Agreement commenced:	10 November 2021
Terms of agreement:	<p>(a) No fixed term, no notice period required for termination;</p> <p>(b) Base salary including superannuation \$36,000. No termination benefit.</p>

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**Directors' Report** *Continued*  
For the year ended 30 June 2023

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<b>Name:</b>	<b>Alex Boyd</b>
Title:	COO & Executive Director
Agreement commenced:	1 February 2017
Terms of agreement:	<p>(a) Remuneration: Fixed annual salary \$205,700 (inclusive of directors' fees) including 10% employer superannuation contribution;</p> <p>(b) Short-term incentives: eligible for an additional payment of 30% of his base salary on successful achievement of Board approved short term incentive targets;</p> <p>(c) Non-cash benefits: the Board may, at its discretion, determine that Mr Boyd may participate in the company's share plan, subject to shareholder and regulatory approval;</p> <p>(d) Termination: the company and Mr Boyd may terminate the Executive Services Agreement without cause giving the other party one month's notice.</p>

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Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

As at 30 June 2023, no other key management personnel have any service agreement with the consolidated entity.

### **Share-based compensation**

#### *Issue of shares*

There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2023.

**Directors' Report** *Continued*

For the year ended 30 June 2023

*Options*

The terms and conditions of each grant of options over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Name	Number of Options Granted	Grant Date	Vesting Date and Exercisable Date	Expiry Date	Exercise Price*	Fair Value per Option at Grant Date*
Mark Simari	389,655	15/12/2020	15/12/2021	15/12/2023	\$0.094	\$0.088
	389,655	15/12/2020	15/12/2022	15/12/2023	\$0.094	\$0.088
	389,655	15/12/2020	15/12/2023	15/12/2023	\$0.094	\$0.088
	3,000,000	12/12/2022	12/12/2022	30/06/2025	\$0.200	\$0.014
Brett Cheong	194,828	15/12/2020	15/12/2021	15/12/2023	\$0.094	\$0.088
	194,827	15/12/2020	15/12/2022	15/12/2023	\$0.094	\$0.088
	194,827	15/12/2020	15/12/2023	15/12/2023	\$0.094	\$0.088
Alex Boyd	526,034	15/12/2020	15/12/2021	15/12/2023	\$0.094	\$0.088
	526,034	15/12/2020	15/12/2022	15/12/2023	\$0.094	\$0.088
	526,033	15/12/2020	15/12/2023	15/12/2023	\$0.094	\$0.088

*Options granted carry no dividend or voting rights.*

\*Opening balance adjusted for share split (16:10) on 18 November 2021.

**Additional disclosures relating to key management personnel***Shareholding*

The number of shares in the company held during the financial year by each director and other members of key management personnel of the company, including their personally related parties, is set out below:

	Balance at Start of the Year	Additions	Balance at End of the Year
<b>Ordinary shares</b>			
Mark Simari	6,234,248	2,389,564	8,623,812
Brett Cheong	416,666	-	416,666
Stephen Munday	100,000	-	100,000
Alex Boyd	150,000	-	150,000
<b>TOTAL</b>	<b>6,900,914</b>	<b>2,389,564</b>	<b>9,290,478</b>

The additions of ordinary shares to key management personnel arose from the purchase of shares at market value and the conversion to equity of convertible notes.

**Performance rights over ordinary shares**

There were no performance rights issued over ordinary shares during the financial year.

**This concludes the remuneration report, which has been audited.**



## Directors' Report *Continued*

For the year ended 30 June 2023

### Option holding

The number of options over ordinary shares in the company held during the financial year by each director and other members of key management personnel of the company, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Balance at end of the year
<b>Options over ordinary shares</b>			
Mark Simari	1,168,965	3,000,000	4,168,965
Brett Cheong	584,482	-	584,482
Alex Boyd	1,578,101	-	1,578,101
	<b>3,331,548</b>	<b>3,000,000</b>	<b>6,331,548</b>

	Vested options	Unvested options	Balance at end of the year
<b>Options over ordinary shares</b>			
Mark Simari	4,168,965	-	4,168,965
Brett Cheong	584,482	-	584,482
Alex Boyd	1,052,067	526,034	1,578,101
	<b>5,805,514</b>	<b>526,034</b>	<b>6,331,548</b>

During the financial year ended 30 June 2023, the consolidated entity did not employ or use the services of remuneration consultants.

### Performance rights over ordinary shares

There were no performance rights issued over ordinary shares during the financial year.

**This concludes the remuneration report, which has been audited.**



**Directors' Report** *Continued*

For the year ended 30 June 2023

**Additional information**

The earnings of the consolidated entity for the two years to 30 June 2023 are summarised below:

	2023	2022
Sales revenue	6,351,909	5,237,937
EBITDA	(3,486,202)	(4,068,726)
EBIT	(3,922,199)	(4,101,752)
Loss after income tax	(4,121,627)	(5,250,091)

The factors that are considered to affect the total shareholders return ('TSR') are summarised below:

	2023	2022
Share price at financial year end (\$)	0.035	0.079
Total dividends declared (cents per share)	-	-
Basic earnings per share (cents per share)	(3.50)	(5.42)

**Shares under option and performance rights**

Unissued ordinary shares of Careteq Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price*	Number under option*
07/12/2018	07/12/2023	\$0.625	491,229
15/09/2020	15/09/2023	\$0.094	6,809,214
15/10/2021	15/10/2024	\$0.094	350,688
30/11/2021	30/11/2025	\$0.280	1,312,171
30/11/2021	30/11/2025	\$0.300	1,312,171
30/11/2021	30/11/2025	\$0.320	1,312,171
05/06/2022	06/05/2025	\$0.200	2,000,000
12/12/2022	30/06/2025	\$0.200	3,000,000
<b>TOTAL</b>			<b>16,587,644</b>

\*Opening balance adjusted for share split (16:10) on 18 November 2021.



## Directors' Report *Continued*

For the year ended 30 June 2023

### Shares issued on the exercise of options

There were no ordinary shares of Careteq Limited issued on the exercise of options during the year ended 30 June 2023 and up to the date of this report.

### Indemnity and insurance of officers

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

### Indemnity and insurance of auditor

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

### Proceedings on behalf of the company

No person has applied to the Court under *section 237* of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

### Auditor

RSM Australia Partners continues in office in accordance with *section 327* of the *Corporations Act 2001*.

### Officers of the company who are former partners of RSM Australia Partners

There are no officers of the company who are former partners of RSM Australia Partners.

**Directors' Report** *Continued*

For the year ended 30 June 2023

**Non-audit services**

RSM Australia Partners provide ongoing corporate finance assistance in relation to the provision of an investing accounts report.

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 33 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

The directors are of the opinion that the services do not compromise the external auditor's independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

**Rounding of amounts**

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest dollar.

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under *section 307C* of the *Corporations Act 2001* is set out immediately after this directors report.

This report is made in accordance with a resolution of directors, pursuant to *section 298(2)(a)* of the *Corporations Act 2001*.

On behalf of the directors

Mark Simari

Executive Chairman



30 August 2023



**RSM Australia Partners**

Level 21, 55 Collins Street Melbourne VIC 3000  
PO Box 248 Collins Street West VIC 8007

T +61(0) 3 9286 8000  
F +61(0) 3 9286 8199

[www.rsm.com.au](http://www.rsm.com.au)

**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the audit of the financial report of Careteq Limited for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

A handwritten signature in blue ink, appearing to be "RSM".

**RSM AUSTRALIA PARTNERS**

A handwritten signature in blue ink, appearing to be "R B Miano".

**R B MIANO**  
Partner

Dated: 30 August 2023  
Melbourne, Victoria

**THE POWER OF BEING UNDERSTOOD**  
AUDIT | TAX | CONSULTING

RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Partners ABN 36 965 185 036

Liability limited by a scheme approved under Professional Standards Legislation





# Financial Statements

# Financial Statements

For the year ended 30 June 2023

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## General information

The financial statements cover Careteq Limited as a consolidated entity. The financial statements are presented in Australian dollars, which is Careteq Limited's functional and presentation currency.

Careteq Limited is a public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

### Registered office

Level 10, 99 Queens Street  
Melbourne VIC 3000

### Principal place of business

Level 8, 525 Flinders Street  
Melbourne VIC 3000

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 30 August 2023. The directors have the power to amend and reissue the financial statements.

-

## Consolidated Statement of profit or loss and other comprehensive income

For the year ended 30 June 2023

	Note	2023 \$	2022 \$
<b>Revenue</b>	4	5,523,184	4,428,462
Other income	5	828,725	809,475
<b>Total revenue</b>		<b>6,351,909</b>	<b>5,237,937</b>
<i>Expenses</i>			
Raw materials and consumables used	6	(384,755)	(283,712)
Consulting and advisory		(606,780)	(1,163,334)
Corporate and administration		(519,925)	(546,692)
Employee benefits expense		(6,951,781)	(5,715,466)
Research and development		(104,800)	(29,211)
Depreciation and amortisation expense	6	(435,997)	(33,026)
Share-based payments	6	(188,343)	(437,831)
Other expenses		(1,094,188)	(1,130,417)
Finance costs	6	(15,103)	(112,335)
Fair value adjustment to financial liability		-	(1,036,004)
<b>Loss before income tax expense</b>		<b>(3,949,763)</b>	<b>(5,250,091)</b>
Income tax expense	7	(171,864)	-
<b>Loss after income tax expense for the year</b>		<b>(4,121,627)</b>	<b>(5,250,091)</b>
<b>Other comprehensive loss</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(12,461)	(12,464)
Other comprehensive loss for the year, net of tax		(12,461)	(12,464)
<b>Total comprehensive loss for the year</b>		<b>(4,134,088)</b>	<b>(5,262,555)</b>
Loss for the year is attributable to:			
Non-controlling interest	32	208,544	-
Owners of Careteq Limited		(4,330,171)	(5,250,091)
	<b>22</b>	<b>(4,121,627)</b>	<b>(5,250,091)</b>
Total comprehensive loss for the year is attributable to:			
Non-controlling interest	32	208,544	-
Owners of Careteq Limited		(4,342,632)	(5,262,555)
		<b>(4,134,088)</b>	<b>(5,262,555)</b>
		<b>Cents</b>	<b>Cents</b>
Basic loss per share	30	(3.50)	(5.42)
Diluted loss per share	30	(3.50)	(5.42)

## Consolidated Statement of financial position

For the year ended 30 June 2023

	Note	2023 \$	2022 \$
<b>Assets</b>			
<i>Current assets</i>			
Cash and cash equivalents	8	1,852,594	4,499,253
Trade and other receivables	9	1,254,660	1,016,612
Inventories	10	235,160	215,971
Contract assets	11	706,537	537,879
Other	15	145,057	118,556
<b>Total current assets</b>		<b>4,194,008</b>	<b>6,388,271</b>
<i>Non-current assets</i>			
Property, plant and equipment	12	51,480	13,415
Intangibles	13	2,995,520	1,616,782
Right of use assets	14	243,364	-
Other	15	85,583	-
<b>Total non-current assets</b>		<b>3,375,947</b>	<b>1,630,197</b>
<b>Total assets</b>		<b>7,569,955</b>	<b>8,018,468</b>
<b>Liabilities</b>			
<i>Current liabilities</i>			
Trade and other payables	16	2,058,438	1,045,579
Lease liabilities	17	58,400	-
Borrowings	31	700,000	-
Employee benefits	18	578,412	592,852
Contract liabilities	19	302,469	-
<b>Total current liabilities</b>		<b>3,697,719</b>	<b>1,638,431</b>
<i>Non-current liabilities</i>			
Borrowings	31	15,167	-
Employee benefits	18	114,917	83,792
Lease liability	17	188,392	-
<b>Total non-current liabilities</b>		<b>318,476</b>	<b>83,792</b>
<b>Total liabilities</b>		<b>4,016,195</b>	<b>1,722,223</b>
<b>Net assets</b>		<b>3,553,760</b>	<b>6,296,245</b>
<b>Equity</b>			
Issued capital	20	22,955,114	22,955,114
Reserves	21	1,402,422	1,226,540
Accumulated losses	22	(22,215,580)	(17,885,409)
<b>Equity attributable to the owners of Careteq Limited</b>		<b>2,141,956</b>	<b>6,296,245</b>
Non-controlling interest	32	1,411,804	-
<b>Total equity</b>		<b>3,553,760</b>	<b>6,296,245</b>

## Consolidated Statement of changes in equity

For the year ended 30 June 2023

	Issued capital \$	Reserves \$	Non- Controlling Interest \$	Total Accumulated losses \$	Total equity \$
Balance at 1 July 2021	10,879,601	1,005,879	-	(12,635,318)	(749,838)
Loss after income tax expense for the year	-	-	-	(5,250,091)	(5,250,091)
Other comprehensive income for the year, net of tax	-	(12,464)	-	-	(12,464)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>(12,464)</b>	<b>-</b>	<b>(5,250,091)</b>	<b>(5,262,555)</b>
<i>Transactions with owners in their capacity as owners:</i>					
Shares issued during the year	7,155,324	-	-	-	7,155,324
Share issue costs	(797,503)	-	-	-	(797,503)
Share based payments expense	-	733,125	-	-	733,125
Conversion of convertible note	4,181,688	-	-	-	4,181,688
Conversion of SAFE note	500,000	(500,000)	-	-	-
Fair value adjustment to issued capital on conversion of derivative financial liability	1,036,004	-	-	-	1,036,004
Balance at 30 June 2022	22,955,114	1,226,540	-	(17,885,409)	6,296,245
	Issued capital \$	Reserves \$	Non- Controlling Interest \$	Total Accumulated losses \$	Total equity \$
Balance at 1 July 2022	22,955,114	1,226,540	-	(17,885,409)	6,296,245
Loss after income tax expense for the year	-	-	208,544	(4,330,171)	(4,121,627)
Other comprehensive income for the year, net of tax	-	(12,461)	-	-	(12,461)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>(12,461)</b>	<b>208,544</b>	<b>(4,330,171)</b>	<b>(4,134,088)</b>
Non-controlling interest acquired on business acquisition (note 29)	-	-	1,203,260	-	1,203,260
<i>Transactions with owners in their capacity as owners:</i>					
Share based payments expense	-	188,343	-	-	188,343
Balance at 30 June 2023	22,955,114	1,402,422	1,411,804	(22,215,580)	3,553,760

## Consolidated Statement of Cash Flows

For the year ended 30 June 2023

	Note	2023 \$	2022 \$
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		5,623,398	4,301,744
Government grants and tax incentives		1,033,119	429,551
Payments to suppliers and employees (inclusive of GST)		(9,181,182)	(8,970,295)
Interest received		1,298	-
Income taxes paid		(6,804)	-
<b>Net cash used in operating activities</b>	<b>36</b>	<b>(2,530,171)</b>	<b>(4,239,000)</b>
<b>Cash flows from investing activities</b>			
Payment for purchase of business, net of cash acquired	29	84,319	(239,870)
Payments for property, plant and equipment		(170,831)	(16,956)
Payments for intangible assets - Sofihub R&D	13	(713,119)	-
<b>Net cash used in investing activities</b>		<b>(799,631)</b>	<b>(256,826)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		-	6,000,000
Proceeds from issue of Convertible note		-	4,085,000
Share issue transaction costs		-	(541,732)
Proceeds from borrowings	28	700,000	-
Repayment of borrowings		-	(449,570)
Interest and other finance costs paid		(4,507)	(285,157)
Payments of lease liabilities		(12,448)	-
<b>Net cash from financing activities</b>		<b>683,045</b>	<b>8,808,541</b>
Net increase/(decrease) in cash and cash equivalents		(2,646,757)	4,312,715
Cash and cash equivalents at the beginning of the financial year		4,499,253	186,826
Effects of exchange rate changes on cash and cash equivalents		98	(288)
<b>Cash and cash equivalents at the end of the financial year</b>	<b>8</b>	<b>1,852,594</b>	<b>4,499,253</b>

## Notes to the Financial Statements

For the year ended 30 June 2023



### Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

#### The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

*Conceptual Framework for Financial Reporting (Conceptual Framework)*

The revised Conceptual Framework is applicable to annual reporting periods beginning on or after 1 July

2021 and early adoption is permitted. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards. Where the company has relied on the existing framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under the Australian Accounting Standards, the company may need to review such policies under the revised framework. At this time, the application of the Conceptual Framework has not had a material impact on the company's financial statements.

#### Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

#### *Historical cost convention*

The financial statements have been prepared under the historical cost convention.

#### *Going concern*

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business

## Notes to the Financial Statements *Continued*

For the year ended 30 June 2023



As disclosed in the financial statements, the Group incurred a loss of \$4,121,627 (2022: \$5,250,091) and had net cash outflows from operating activities of (2,530,171) (2022: \$4,239,000) for the year ended 30 June 2023.

The Directors believe there are reasonable grounds to believe that the Group will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:

- In August 2023, the Company successfully completed a rights issue, raising \$2,471,315. This injection of capital has significantly improved the Company's liquidity position, enabling it to meet its financial obligations and support ongoing operational requirements; and
- The Directors believe that over the next twelve months, the integration of operations and shared resources within the newly enlarged Group will result in additional revenues for the Group and meaningful cost savings.

### *Critical accounting estimates*

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

### **Parent entity information**

In accordance with the *Corporations Act 2001*, these financial statements present the results of the

consolidated entity only. Supplementary information about the parent entity is disclosed in note 25.

The parent entity disclosure related to the legal parent entity, Careteq Limited.

### **Principles of consolidation**

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Careteq Limited ('company' or 'parent entity') as at 30 June 2023 and the results of all subsidiaries for the year then ended. Careteq Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvements with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisitions of subsidiaries are accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

### **Foreign currency translation**

The financial statements are presented in Australian dollars, which is Careteq Limited's functional and presentation currency.

## Notes to the Financial Statements *Continued*

For the year ended 30 June 2023

### *Foreign currency transactions*

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

### *Foreign Operations*

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

## Revenue recognition

### *Revenue from contracts with customers*

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue

recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

### *Rendering of services*

Careteq primarily generates revenue from sale of its hardware products and subscription services.

Careteq recognises subscription revenue over the subscription period on a straight-line basis.

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

to the revenue streams of Careteq, the main revenue streams are recognised as follows:

- **Hardware Sales:** Upfront revenue from the sale of devices such as TEQ Home, TEQ Secure and falls detection products through distributors or online sales; and
- **Recurring Subscription Revenue (SaaS):** Monthly subscription for accessing the Sofihub online monitoring portal (Software as a Service);
- **Contractual Recurring Revenue:** Sales from Careteq's EHS division that are secured by an average three-year contract with RAC operators.

### *Interest*

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

### *Other revenue*

Other revenue is recognised when it is received or when the right to receive payment is established.

## Government grants

Government grants are recognised in the profit or loss on a systematic basis over the periods in which Careteq recognises, as expenses, the related costs for which the grants are intended to compensate.

## Notes to the Financial Statements *Continued*

For the year ended 30 June 2023

Grants that compensate the Consolidated Entity for expenditures incurred are recognised in profit or loss on a systematic basis in the periods in which the expenditures are recognised. R&D tax offset receivables will be recognised in profit before tax (in EBIT) over the periods necessary to match the benefit of the credit with the costs for which it is intended to compensate. Such periods will depend on whether the R&D costs are capitalised or expensed as incurred.

### Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable

entity or different taxable entities which intend to settle simultaneously.

Careteq Limited (the 'head entity') and its wholly-owned Australian subsidiaries were an income tax consolidated group under the tax consolidation regime until 31 March 2023. Effective 1 April 2023, Ward MM was deconsolidated from Careteq's income tax consolidated group, and formed an income tax consolidated group with Mederev under EHS. Careteq Limited is no longer part of an income tax consolidated group. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

### Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

## Notes to the Financial Statements *Continued*

For the year ended 30 June 2023

Deferred tax assets and liabilities are always classified as non-current.

### Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

### Inventories

Stock on hand is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

### Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. Convertible loan notes issued by the company have been treated as hybrid financial instruments, consisting of a liability classified and measured at amortised cost, and an embedded derivative financial liability, representing the conversion feature of these notes.

### Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial

assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

#### *Financial assets at amortised cost*

A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

#### *Impairment of financial assets*

The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss.

## Notes to the Financial Statements *Continued*

For the year ended 30 June 2023

In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

### Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Leasehold improvements	3-10 year
Property, plant and equipment	3-7 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

### Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

#### Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually

for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

#### Sofihub R&D

Significant costs associated with research and development, are capitalised and amortised over the period of their expected benefit, being their finite life of 3 years.

#### Website

Significant costs associated with the development of the revenue generating aspects of the website, including the capacity of placing orders, are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

#### Patents and trademarks

Significant costs associated with patents and trademarks are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

### Customer relationships on acquisition

Customer relationships on acquisition acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

### Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

## Notes to the Financial Statements *Continued*

For the year ended 30 June 2023

### Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

### Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

On the issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders equity as a convertible note reserve, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on convertible notes is expensed to profit or loss.

### Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

### Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where

the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

### Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

### Provisions

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

**Notes to the Financial Statements** *Continued*

For the year ended 30 June 2023

**Employee benefits***Short-term employee benefits*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

*Other long-term employee benefits*

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

*Defined contribution superannuation expense*

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

*Share-based payments*

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the company receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

## Notes to the Financial Statements *Continued*

For the year ended 30 June 2023

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification

### Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.



Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

There are no items held at fair value.

### Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

## Notes to the Financial Statements *Continued*

For the year ended 30 June 2023

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

## Earnings per share

### *Basic earnings per share*

Basic earnings per share is calculated by dividing the profit attributable to the owners of Careteq Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

### *Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

## Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

## Rounding of amounts

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest dollar.

## Notes to the Financial Statements *Continued*

For the year ended 30 June 2023

### **New Accounting Standards and Interpretations not yet mandatory or early adopted**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2023. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

### **Note 2. Critical accounting judgements, estimates and assumptions**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

#### *Share-based payment transactions*

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

#### *Revenue from contracts with customers involving sale of goods*

When recognising revenue in relation to the sale of goods to customers, the key performance obligation of the consolidated entity is considered to be the point of delivery of the goods to the customer, as this is deemed to be the time that the customer obtains control of the promised goods and therefore the benefits of

unimpeded access.

#### *Allowance for expected credit losses*

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group.

#### *Provision for impairment of inventories*

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

#### *Estimation of useful lives of assets*

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

#### *Goodwill and other indefinite life intangible assets*

The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

#### *Impairment of non-financial assets other than goodwill and other indefinite life intangible assets*

The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

## Notes to the Financial Statements *Continued*

For the year ended 30 June 2023

### *Income tax*

The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

### *Employee benefits provision*

As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

### *Business combinations*

As discussed in note 1, business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the consolidated entity taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported

## **Note 3. Operating segments**

### *Identification of reportable operating segments*

The company is organised into 3 operating segments: Careteq Ltd, Careteq International Inc (US) and Embedded Health Solutions. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.



The information reported to the CODM is on a monthly basis.

### *Types of products and services*

The principal products and services of each of these operating segments are as follows:

Careteq Limited – Sales and distribution agreements within Australia and New Zealand that offer the Sofihub, TEQ Home, TEQ Secure and falls detection products and services.

Careteq International Inc - Sales and distribution agreements within United States of America that offer the Sofihub, TEQ Home, TEQ Secure and falls detection products.

Embedded Health Solutions - Joint venture entity that includes Ward Health Group Pty Ltd and Mederev Pty Ltd and becoming one of Australia's largest provider of clinical pharmacy services to aged care in Australia with a team of clinical pharmacists who care for over 55,000 elderly Australians.

**Notes to the Financial Statements** *Continued*

For the year ended 30 June 2023

**Operating segment information:**

	CARETEQ Limited	CARETEQ International Incorporated	Embedded Health Solutions <sup>1</sup>	Total
30 June 2023	\$	\$	\$	\$
<b>Revenue</b>				
Sales to external customers	521,321	21,398	4,980,465	5,523,184
Other revenue	260,302	-	568,423	828,725
<b>Total Revenue</b>	<b>781,623</b>	<b>21,398</b>	<b>5,548,888</b>	<b>6,351,909</b>
<b>EBITDA</b>	(4,064,489)	(281,730)	860,017	(3,486,202)
Depreciation and amortisation	(374,792)	-	(61,205)	(435,997)
Finance costs	(9,210)	-	(5,893)	(15,103)
<b>Profit/(loss) before income tax expense</b>	<b>(4,448,491)</b>	<b>(281,730)</b>	<b>792,919</b>	<b>(3,937,302)</b>
Foreign exchange translation	-	(12,461)	-	(12,461)
Income tax expense	-	-	(171,864)	(171,864)
<b>Profit/ (Loss) after income tax benefit</b>	<b>(4,448,491)</b>	<b>(294,191)</b>	<b>621,055</b>	<b>(4,121,627)</b>

<sup>1</sup>Current period ended 30 June 2023 includes 9 months trading prior to the transfer of Ward Health Group and 3 months trading of Embedded Health Solutions. Refer to business acquisition note 29.

	CARETEQ Limited	CARETEQ International Incorporated	Embedded Health Solutions <sup>1</sup>	Total
	\$	\$	\$	\$
<i>Segment asset and liabilities</i>				
Current asset	2,665,927	71,763	2,019,890	4,757,580
Non-current asset	2,758,103	-	617,844	3,375,947
<b>Total asset</b>	<b>5,424,030</b>	<b>71,763</b>	<b>2,637,734</b>	<b>8,133,527</b>
Current liabilities	(2,180,219)	(572,897)	(1,508,175)	(4,261,291)
Non-current liabilities	(59,001)	-	(259,475)	(318,476)
<b>Total liabilities</b>	<b>(2,239,220)</b>	<b>(572,897)</b>	<b>(1,767,650)</b>	<b>(4,579,767)</b>
<b>Net asset/(liabilities)</b>	<b>3,184,810</b>	<b>(501,134)</b>	<b>870,084</b>	<b>3,553,760</b>

<sup>1</sup>Current period ended 30 June 2023 includes 9 months trading prior to the transfer of Ward Health Group and 3 months trading of Embedded Health Solutions. Refer to business acquisition note 29.

**Notes to the Financial Statements** *Continued*

For the year ended 30 June 2023

**Operating segment information:**

	CARETEQ Limited	CARETEQ International Incorporated	Ward Health Group <sup>1</sup>	Total
30 June 2022	\$	\$	\$	\$
<b>Revenue</b>				
Sales to external customers	416,356	116,493	3,895,613	4,428,462
Other revenue	370,061	-	439,414	809,475
<b>Total Revenue</b>	<b>786,417</b>	<b>116,493</b>	<b>4,335,027</b>	<b>5,237,937</b>
<b>EBITDA</b>	(4,134,984)	(303,720)	369,978	(4,068,726)
Depreciation and amortisation	(33,026)	-	-	(33,026)
Finance costs	(112,335)	-	-	(112,335)
Fair value adjustments to financial liability	(1,036,004)	-	-	(1,036,004)
<b>(Loss)/Profit before income tax expense</b>	<b>(5,316,349)</b>	<b>(303,720)</b>	<b>369,978</b>	<b>(5,250,091)</b>
Foreign exchange translation	-	(12,464)	-	(12,464)
<b>(Loss)/Profit attributable to the owners of Careteq Limited after income tax expense</b>	<b>(5,316,349)</b>	<b>(316,184)</b>	<b>369,978</b>	<b>(5,262,555)</b>

<sup>1</sup>Prior period ended 30 June 2022 includes only 10 months trading post-acquisition of Ward Health Group.

	CARETEQ Limited	CARETEQ International Incorporated	Ward Health Group <sup>1</sup>	Total
	\$	\$	\$	\$
<i>Segment asset and liabilities</i>				
Current asset	5,295,903	35,094	1,455,683	6,786,680
Non-current asset	1,581,058	-	-	1,581,058
<b>Total asset</b>	<b>6,876,961</b>	<b>35,094</b>	<b>1,455,683</b>	<b>8,367,738</b>
Current liabilities	(640,794)	(421,828)	(903,956)	(1,966,578)
Non-current liabilities	(37,401)	-	(67,524)	(104,925)
<b>Total liabilities</b>	<b>(678,195)</b>	<b>(421,828)</b>	<b>(971,480)</b>	<b>(2,071,503)</b>
<b>Net asset/(liabilities)</b>	<b>6,198,766</b>	<b>(386,734)</b>	<b>484,203</b>	<b>6,296,235</b>

<sup>1</sup>Prior period ended 30 June 2022 includes only 10 months trading post-acquisition of Ward Health Group.



**Notes to the Financial Statements** *Continued*

For the year ended 30 June 2023

**Note 4. Revenue**

	2023 \$	2022 \$
Hardware Sales	271,467	311,880
SaaS Sales	271,252	220,969
Medication Review, Education & Support Services <sup>1</sup>	4,980,465	3,895,613
<b>Revenue</b>	<b>5,523,184</b>	<b>4,428,462</b>

<sup>1</sup>Current period ended 30 June 2023 includes only 9 months trading prior to the transfer of Ward Health Group and 3 months trading of Embedded Health Solutions. Prior period ended 30 June 2022 included only 10 months trading post-acquisition of Ward Health Group.

**Disaggregation of revenue**

The disaggregation of revenue from contracts with customers is as follows:

	2023 \$	2022 \$
<b>Timing of revenue recognition</b>		
Services transferred at a point in time - Contractual Services <sup>1</sup>	2,928,346	2,356,149
Services transferred at a point in time - Sales of Goods	271,467	311,880
Services transferred over time - SaaS	271,252	220,969
Services transferred over time - Contractual Services <sup>1</sup>	2,052,119	1,539,464
<b>TOTAL</b>	<b>5,523,184</b>	<b>4,428,462</b>

<sup>1</sup>Current period ended 30 June 2023 includes only 9 months trading prior to the transfer of Ward Health Group and 3 months trading of Embedded Health Solutions. Prior period ended 30 June 2022 included only 10 months trading post-acquisition of Ward Health Group.

**Geographical regions**

Australia	5,501,786	4,311,969
USA	21,398	116,493
<b>TOTAL</b>	<b>5,523,184</b>	<b>4,428,462</b>

**Major customer revenue contribution**

There is no single customer that more than 10% of sales to external customers is derived from.

**Note 5. Other Income**

	2023 \$	2022 \$
Government Grants	47,264	11,430
R&D tax refund	742,410	798,045
Other income	39,051	-
<b>Total</b>	<b>828,725</b>	<b>809,475</b>

**Notes to the Financial Statements** *Continued*

For the year ended 30 June 2023

**Note 6. Expenses**

	2023 \$	2022 \$
<b>Loss before income tax includes the following specific expenses:</b>		
<i>Cost of sales</i>		
Cost of sales	384,755	283,712
<i>Depreciation</i>		
Depreciation and amortisation	435,997	33,026
<i>Finance costs</i>		
Finance costs	15,103	112,335
<i>Shares issued to employees</i>		
Share-based payments	188,343	437,831
<i>Superannuation expense</i>		
Defined contribution superannuation expense	579,184	439,504

**Note 7. Income tax expense**

	2023 \$	2022 \$
<i>Numerical reconciliation of income tax expense/(benefit) and tax at the statutory rate</i>		
Loss before income tax benefit	(3,949,763)	(5,250,091)
Tax at the statutory tax rate of 25% (2022: 25%)	(987,441)	(1,312,523)
<i>Tax effect amounts which are not deductible/(taxable) in calculating taxable income:</i>		
Research and development expenditure	629,800	458,647
Non assessable R&D income	(185,603)	(199,511)
Share based payment	47,086	109,457
Fair value adjustment to financial liability	-	259,001
Other temporary differences	(85,740)	64,969
Other permanent differences	73,316	27,700
<b>Current year tax losses not recognised</b>	<b>673,642</b>	<b>592,260</b>
Current tax	165,060	-
Adjustment recognised for prior periods	6,804	-
<b>Income tax expense</b>	<b>171,864</b>	<b>-</b>
Total deferred tax assets on tax losses not recognised at 25% (2022: 25%)	2,441,421	2,139,321

**Notes to the Financial Statements** *Continued*

For the year ended 30 June 2023

**Note 8. Cash and cash equivalents**

	2023 \$	2022 \$
<i>Current assets</i>		
Cash on hand	109	109
Cash at bank	1,852,485	4,499,144
<b>Total</b>	<b>1,852,594</b>	<b>4,499,253</b>

**Note 9. Trade and other receivables**

	2023 \$	2022 \$
<i>Current assets</i>		
Trade receivables	390,163	276,118
Less: Allowance for expected credit losses	(120,191)	(116,419)
<b>Total</b>	<b>269,972</b>	<b>159,699</b>
GST receivable	64,687	58,868
Government grants receivable	920,001	798,045
<b>Total</b>	<b>1,254,660</b>	<b>1,016,612</b>

*Allowance for expected credit losses*

The company has recognised a loss of \$3,702 in Careteq International (2022 : \$69,601) in profit or loss in respect of the expected credit losses for the year ended 30 June 2023.

The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
	2023	2022	2023	2022	2023	2022
	%	%	\$	\$	\$	\$
Neither past due not impaired	-	-	175,518	88,079	-	-
Past due 31 - 90 days	-	-	77,677	57,477	-	-
Past due 90+ days*	87.75%	89.17%	136,968	130,562	120,191	116,489
<b>Total</b>			<b>390,163</b>	<b>276,118</b>	<b>120,191</b>	<b>116,489</b>

\*Provision for credit losses is for receivables of Careteq International.

**Notes to the Financial Statements** *Continued*

For the year ended 30 June 2023

**Note 9. Trade and other receivables** *Continued**Movements in the allowance for expected credit losses are as follows:*

	2023 \$	2022 \$
Opening balance	116,489	46,888
Additional provisions recognised	3,702	69,601
<b>Closing balance</b>	<b>120,191</b>	<b>116,489</b>

**Note 10. Inventories**

	2023 \$	2022 \$
Finished goods	235,160	215,971

**Note 11. Contract Assets**

	2023 \$	2022 \$
Accrued Income	706,537	537,879

**Note 12. Property, plant and equipment**

	2023 \$	2022 \$
<i>Non-current assets</i>		
Leasehold improvements - at cost	79,988	-
Less: Accumulated depreciation	(37,316)	-
	<b>42,672</b>	-
Computer equipment - at cost	42,655	26,168
Less: Accumulated depreciation	(33,847)	(12,753)
	<b>8,808</b>	<b>13,415</b>
<b>Total</b>	<b>51,480</b>	<b>13,415</b>

**Note 13. Intangibles**

<i>Non-current assets</i>		
Goodwill - at cost	2,001,612	1,058,288
Website - at cost	164,798	164,798
Less: Accumulated amortisation	(123,287)	(108,748)
	<b>41,511</b>	<b>56,050</b>
Patents and trademarks - at cost	50,957	50,957
Less: Accumulated amortisation	(15,287)	(10,191)
	<b>35,670</b>	<b>40,766</b>
Customer relationships on acquisition - at cost	461,678	461,678
Less: Accumulated amortisation	(215,453)	-
	<b>246,225</b>	<b>461,678</b>
Sofihub R&D - at cost	713,119	-
Less: Accumulated amortisation	(42,617)	-
	<b>670,502</b>	-
<b>Total</b>	<b>2,995,520</b>	<b>1,616,782</b>

**Notes to the Financial Statements** *Continued*

For the year ended 30 June 2023

**Note 13. Intangibles** *Continued***Reconciliations:**

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Goodwill \$	Customer relationships on acquisition \$	Website \$	Patents & Trademarks \$	Sofihub R&D \$	Total \$
<b>Balance at 1 July 2021</b>	-	-	<b>76,588</b>	<b>45,861</b>	-	<b>122,449</b>
Additions	1,058,288	461,678	-	-	-	1,519,966
Amortisation expense	-	-	(20,538)	(5,095)	-	(25,633)
<b>Balance at 30 June 2022</b>	<b>1,058,288</b>	<b>461,678</b>	<b>56,050</b>	<b>40,766</b>	-	<b>1,616,782</b>
Additions	-	-	-	-	713,119	713,119
Additions through business combinations (note 29)	943,324	-	-	-	-	943,324
Amortisation expense	-	(215,453)	(14,539)	(5,096)	(42,617)	(277,705)
<b>Balance at 30 June 2023</b>	<b>2,001,612</b>	<b>246,225</b>	<b>41,511</b>	<b>35,670</b>	<b>670,502</b>	<b>2,995,520</b>

The recoverable amount of the consolidated entity's goodwill has been determined by a value-in-use calculation using a discounted cash flow model, based on a 2 year projection period approved by management and extrapolated for a further 3 years using a steady rate, together with a terminal value.

Key assumptions are those to which the recoverable amount of an asset or cash-generating units is most sensitive.

The following key assumptions were used in the discounted cash flow model:

- 18.1% (2022: 13%) pre-tax discount rate;
- 7.1% (2022: 7.1%) per annum projected revenue growth rate;
- 5.8% (2022: 5.8%) per annum increase in operating costs and overheads.

The discount rate of 18.1% pre-tax reflects management's estimate of the time value of money and the consolidated entity's weighted average cost of capital adjusted for the computer retailing division, the risk free rate and the volatility of the share price relative to market movements.

There were no other key assumptions for the Medication Review, Education & Support Services ('EHS') division.

Based on the above, the recoverable amount of the Medication Review, Education & Support Services division exceeded the carrying amount by \$8,981,248.

**Sensitivity**

As disclosed in note 2, the directors have made judgements and estimates in respect of impairment testing of goodwill. Should these judgements and estimates not occur the resulting goodwill carrying amount may decrease.

The sensitivities are as follows:

- Revenue growth rate would need to decrease from 7.1% to 1.8% for the Medication Review, Education & Support Services division before goodwill would need to be impaired, with all other assumptions remaining constant.
- The discount rate would be required to increase from 18.1% to 69.3% for the Medication Review, Education & Support Services division before goodwill would need to be impaired, with all other assumptions remaining constant.

Management believes that other reasonable changes in the key assumptions on which the recoverable amount of the Medication Review, Education & Support Services division's goodwill is based would not cause the cash-generating unit's carrying amount to exceed its recoverable amount.

If there are any negative changes in the key assumptions on which the recoverable amount of goodwill is based, this would result in a further impairment charge for the Medication Review, Education & Support Services division's goodwill.

**Notes to the Financial Statements** *Continued*

For the year ended 30 June 2023

**Note 14: Right of Use Asset**

	2023 \$	2022 \$
<i>Non-Current assets</i>		
Right of Use Asset	260,343	-
Right of Use Asset - Accumulated depreciation	(16,979)	-
<b>Total</b>	<b>243,364</b>	<b>-</b>

Right-of-use asset during the year was \$260,343. This is in relation to the office lease acquired from Mederev during the EHS joint venture. The office lease is under agreement of five years with an option to extend.

**Note 15: Other**

	2023 \$	2022 \$
<i>Current assets</i>		
Prepayments	119,708	90,561
Security deposits	25,000	25,000
Other deposits	-	2,995
Other current assets	349	-
<b>Total</b>	<b>145,057</b>	<b>118,556</b>
<i>Non-current assets</i>		
Security deposits	76,383	-
Other deposits	9,200	-
<b>Total</b>	<b>85,583</b>	<b>-</b>

**Note 16. Trade and other payables**

	2023 \$	2022 \$
<i>Current liabilities</i>		
Trade payables	861,381	316,073
Other payables	1,197,057	729,506
<b>Total</b>	<b>2,058,438</b>	<b>1,045,579</b>

**Note 17. Lease liabilities**

	2023 \$	2022 \$
<i>Current liabilities</i>		
Lease liabilities	58,400	-
<b>Total</b>	<b>58,400</b>	<b>-</b>
<i>Non-Current liabilities</i>		
Lease liabilities	188,392	-
<b>Total</b>	<b>188,392</b>	<b>-</b>

**Notes to the Financial Statements** *Continued*

For the year ended 30 June 2023

**Note 18. Employee benefits**

	2023 \$	2022 \$
<i>Current liabilities</i>		
Employee benefits	578,412	592,852
<b>Total</b>	<b>578,412</b>	<b>592,852</b>
<i>Non-current liabilities</i>		
Employee benefits	114,917	83,792
<b>Total</b>	<b>114,917</b>	<b>83,792</b>

*Amounts not expected to be settled within the next 12 months*

The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the consolidated entity does not have an unconditional right to defer settlement. However, based on past experience, the consolidated entity does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

**Note 19. Contract liabilities**

	2023 \$	2022 \$
<i>Current liabilities</i>		
Deferred income	302,469	-
<b>Total</b>	<b>302,469</b>	<b>-</b>

**Note 20. Issued capital**

	2023 Shares	2022 Shares	2023 \$	2022 \$
Ordinary shares - fully paid	123,565,941	123,565,941	22,955,114	22,955,114

**Notes to the Financial Statements** *Continued*

For the year ended 30 June 2023

**Note 20. Issued capital** *Continued**Ordinary shares*

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

*Share buy-back*

There is no current on-market share buy-back.

*Capital risk management*

Careteq's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders, issue new shares or sell assets to reduce debt.

Capital is regarded as total equity, as recognised in the financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, Careteq may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current company's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

Careteq would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current company's share price at the time of the investment. Careteq is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

**Note 21. Reserves**

	2023 \$	2022 \$
Foreign currency reserve	(25,355)	(12,894)
Options reserve	1,427,777	1,239,434
<b>Total</b>	<b>1,402,422</b>	<b>1,226,540</b>

*Foreign currency reserve*

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

*Options reserve*

The reserve is used to recognise the value of equity benefits provided to employees, directors and other parties as part of their remuneration and compensation for services.

**Notes to the Financial Statements** *Continued*

For the year ended 30 June 2023

**Note 21. Reserves** *Continued**Movements in reserves*

Movements in each class of reserve during the current and previous financial year are set out below:

	Foreign exchange reserve \$	Option reserve \$	Safe note \$	Total \$
<b>Balance at 1 July 2021</b>	<b>(430)</b>	<b>506,309</b>	<b>500,000</b>	<b>1,005,879</b>
Foreign currency translation	(12,464)	-	-	(12,464)
Options issued during the year	-	733,125	-	733,125
SAFE note converted during the year	-	-	(500,000)	(500,000)
<b>Balance at 30 June 2022</b>	<b>(12,894)</b>	<b>1,239,434</b>	<b>-</b>	<b>1,226,540</b>
Foreign currency translation	(12,461)	-	-	(12,461)
Share based payments	-	188,343	-	188,343
<b>Balance at 30 June 2023</b>	<b>(25,355)</b>	<b>1,427,777</b>	<b>-</b>	<b>1,402,422</b>

On 23 February 2021 the consolidated entity issued one SAFE note with a face value of \$500,000. The SAFE note is treated as an equity instrument. The holder is entitled to a coupon rate of 10% p.a. payable through the issue of fully paid ordinary shares in Careteq Ltd at the same conversion price of \$0.25. The note has been fully converted into ordinary shares of Careteq Ltd during IPO. The conversion was undertaken at \$0.25 per fully paid ordinary share in Careteq Ltd.

**Note 22. Accumulated losses**

	2023 \$	2022 \$
Accumulated losses at the beginning of the financial year	(17,885,409)	(12,635,318)
Loss after income tax expense for the year	(4,330,171)	(5,250,091)
<b>Accumulated losses at the end of the financial year</b>	<b>(22,215,580)</b>	<b>(17,885,409)</b>

## Notes to the Financial Statements *Continued*

For the year ended 30 June 2023

### Note 20. Financial instruments

#### Financial risk management objectives

The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses derivative financial instruments such as forward foreign exchange contracts to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the consolidated entity's operating units. Finance reports to the Board on a monthly basis.

#### Market risk

##### *Foreign currency risk*

The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

#### Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum

exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

The consolidated entity has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the consolidated entity based on recent sales experience, historical collection rates and forward-looking information that is available. As disclosed in note 2, due to the Coronavirus (COVID-19) pandemic, the calculation of expected credit losses has been revised as at 30 June 2022 and rates have increased in each category up to 6 months overdue, as at 30 June 2023 the expected credit loss rates have been maintained at around the same levels as 30 June 2022.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

#### Liquidity risk

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

##### *Remaining contractual maturities*

The following tables detail the company's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

**Notes to the Financial Statements** *Continued*

For the year ended 30 June 2023

**Note 23. Financial instruments** *Continued*

	Weighted average interest rate	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
2023	%	\$	\$	\$	\$	\$
<b>Non-derivatives</b>						
<i>Non-interest bearing</i>						
Trade payables	-	861,381	-	-	-	861,381
Lease liabilities	-	58,400	-	188,392	-	246,792
Other payables	-	1,197,057	-	-	-	1,197,057
<b>Total non-derivatives</b>	-	<b>2,116,838</b>	-	<b>188,392</b>	-	<b>2,305,230</b>
<b>2022</b>						
<b>Non-derivatives</b>						
<i>Non-interest bearing</i>						
Trade payables	-	316,073	-	-	-	316,073
Other payables	-	729,506	-	-	-	729,506
<b>Total non-derivatives</b>	-	<b>1,045,579</b>	-	-	-	<b>1,045,579</b>

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

**Fair value of financial instruments**

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

**Note 24. Key management personnel disclosures***Compensation*

The aggregate compensation made to directors and other members of key management personnel of the company is set out below:

	2023 \$	2022 \$
Short-term employee benefits	618,000	531,881
Post-employment benefits	19,635	31,261
Long-term benefits	23,199	32,132
Share-based payments	42,000	300,226
	<b>702,834</b>	<b>895,500</b>

**Notes to the Financial Statements** *Continued*

For the year ended 30 June 2023

**Note 25. Parent entity information**

Set out below is the supplementary information about the parent entity.

*Statement of profit or loss and other comprehensive income*

	2023 \$	2022 \$
Loss after income tax benefit	(4,448,491)	(5,316,349)

**Statement of financial position**

	2023 \$	2022 \$
Total current assets	2,665,927	5,295,908
Total non-current assets	2,758,103	1,581,058
<b>Total assets</b>	<b>5,424,030</b>	<b>6,876,961</b>
Total current liabilities	(2,180,219)	(640,784)
Total non-current liabilities	(59,001)	(37,401)
<b>Total liabilities</b>	<b>(2,239,220)</b>	<b>(678,185)</b>
<b>Equity</b>		
Issued capital	23,752,617	23,752,617
Capital raising costs	(797,503)	(797,503)
Options reserve	1,427,777	1,239,434
Accumulated losses	(21,198,081)	(17,995,782)
<b>Total equity/(deficiency)</b>	<b>3,184,810</b>	<b>6,198,766</b>

*Guarantees entered into by the parent entity in relation to the debts of its subsidiaries*

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2023 and 30 June 2022.

*Contingent liabilities*

The parent entity had no contingent liabilities as at 30 June 2023 and 30 June 2022.

*Capital commitments - Property, plant and equipment*

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2023 and 30 June 2022.

*Significant accounting policies*

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the investments in subsidiaries are accounted for at cost, less impairment, in the parent entity.

**Notes to the Financial Statements** *Continued*

For the year ended 30 June 2023

**Note 26. Interests in subsidiaries***(a) Ultimate parent*

Careteq Limited is the ultimate parent entity and the parent entity of the consolidation entity from a legal perspective. For accounting purposes, Careteq Limited is the deemed ultimate parent of the consolidated entity in line with reverse acquisition accounting.

*(b) Corporate structure*

The legal corporate structure of the consolidated entity is set out below;

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly-owned subsidiaries in accordance with the accounting policy described in note 1:

Name	Principal place of business/ Country of incorporation	Ownership Interest	
		2023 %	2022 %
Careteq Limited	Australia	-	-
Careteq International Inc	United States of America	100	100
Ward Health Group Pty Ltd*	Australia	-	100

\*100% ownership in Ward Health Group Pty Ltd up to 31 March 2023. Ward Health Group merged with Mederev Pty Ltd in Embedded Health Solutions Pty Ltd from 1 April 2023.

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiary with non-controlling interests in accordance with the accounting policy described in note 1:

Name	Principal place of business/ Country of incorporation	Principal activities	Parent		Non-Controlling Interest	
			Ownership interest 2023 %	Ownership interest 2022 %	Ownership interest 2023 %	Ownership interest 2022 %
Embedded Health Solutions Pty Ltd Australia	Australia		55	-	45	-

**Summarised financial information**

Summarised financial information of the subsidiary with non-controlling interests that are material to the consolidated entity are set out below:

**Note 26. Interests in subsidiaries** *Continued*

	<b>Embedded Health Solutions Pty Ltd*</b>
	<b>2023</b>
	<b>\$</b>
<i>Summarised statement of financial position</i>	
Current assets	2,019,890
Non-current assets	617,844
<b>Total assets</b>	<b>2,637,734</b>
Current liabilities	(1,508,175)
Non-current liabilities	(259,475)
<b>Total liabilities</b>	<b>(1,767,650)</b>
<b>Net assets</b>	<b>870,084</b>
<i>Summarised statement of profit or loss and other comprehensive income</i>	
Revenue	2,330,580
Expenses	(1,702,088)
<b>Profit before income tax expense</b>	<b>628,492</b>
Income tax expense	(165,060)
<b>Profit after income tax expense</b>	<b>463,432</b>
Other comprehensive income	-
<b>Total comprehensive income</b>	<b>628,492</b>
<i>Summarised statement of cash flows</i>	
Net cash from operating activities	309,216
Net cash used in investing activities	(2,973)
Net cash used in financing activities	-
<b>Net increase in cash and cash equivalents</b>	<b>306,243</b>
<i>Other financial information</i>	
Profit attributable to non-controlling interests	208,544
<b>Accumulated non-controlling interests at the end of reporting period</b>	<b>1,411,804</b>

\* The financial results above for Embedded Health Solutions Pty Ltd has been provided for the period from 1 April 2023 to 30 June 2023.

## Note 27. Events after the reporting period

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On 26 July 2023, Careteq announced capital raising via an accelerated non-renounceable pro-rata entitlement offer, at a ratio of 4 new fully paid ordinary shares in Careteq for every 5 existing shares at an issue price of \$0.025 per new share. The institutional entitlement component of this offer resulted in the issue of 25,609,757 new fully paid ordinary shares and the retail entitlement component of this offer resulted in the issue of 73,242,914 new fully paid ordinary shares, which has raised a total of approximately \$2.472 million (before costs). The total new shares issued were 98,852,671, bringing the total shares on issue on completion of the entitlement offer from 123,565,941 to 222,418,612.

No other matters or circumstances has arisen since 30 June 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.



## Note 28. Share-based payments

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A share option plan has been established by Careteq Limited, whereby the consolidated entity may, at the discretion of the Board of Directors, grant options over ordinary shares in the company to certain personnel of Careteq Limited. Share options are issued at nil consideration.

In addition, options may also be issued to advisers of the company for example to assist with capital raising activities.

On 12 December 2022, 3,000,000 options at an exercise price of \$0.20 were issued to the Mr Mark Simari as part of the remuneration terms for the Executive Chair, approved by shareholders in the annual general meeting.

**Notes to the Financial Statements** *Continued*

For the year ended 30 June 2023

**Note 28. Share-based payments** *Continued*

Set out below are summaries of options granted under the plan:

2023	Grant Date	Expiry Date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/forfeited/other	Balance at the end of the year
	07/12/2018	07/12/2023	\$0.625	491,229	-	-	-	491,229
	15/12/2020	15/12/2023	\$0.094	6,614,386	-	-	-	6,614,386
	30/11/2021	30/11/2025	\$0.280	1,312,171	-	-	-	1,312,171
	30/11/2021	30/11/2025	\$0.300	1,312,171	-	-	-	1,312,171
	30/11/2021	30/11/2025	\$0.320	1,312,171	-	-	-	1,312,171
	15/10/2021	15/10/2024	\$0.094	350,688	-	-	(116,896)	233,792
	06/05/2022	06/05/2025	\$0.200	2,000,000	-	-	-	2,000,000
	12/12/2022	30/06/2025	\$0.200	-	3,000,000	-	-	3,000,000
				<b>13,392,816</b>	<b>3,000,000</b>	<b>-</b>	<b>(116,896)</b>	<b>16,275,920</b>

Weighted average exercise price	\$0.190	\$0.200	\$0.000	\$0.094	\$0.192
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2022	Grant Date	Expiry Date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/forfeited/other	Balance at the end of the year
	07/12/2018	07/12/2023	\$0.625	491,229	-	-	-	491,229
	15/12/2020	15/12/2023	\$0.094	6,809,214	-	-	(194,828)	6,614,386
	30/11/2021	30/11/2025	\$0.280	-	1,312,171	-	-	1,312,171
	30/11/2021	30/11/2025	\$0.300	-	1,312,171	-	-	1,312,171
	30/11/2021	30/11/2025	\$0.320	-	1,312,171	-	-	1,312,171
	15/10/2021	15/10/2024	\$0.940	-	350,688	-	-	350,688
	06/05/2022	06/05/2025	\$0.200	-	2,000,000	-	-	2,000,000
				<b>7,300,443</b>	<b>6,287,201</b>	<b>-</b>	<b>(194,828)</b>	<b>13,392,816</b>

Weighted average exercise price	\$0.129	\$0.248	\$0.000	\$0.000	\$0.185
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For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows

Grant Date	Expiry Date	Share price at grant date	Exercise price	Expected volatility	Divident yield	Risk-free interest rate	Fair value at grant date
12/12/2022	30/06/2025	\$0.070	\$0.200	75.000%	-	3.180%	\$0.014

**Notes to the Financial Statements** *Continued*

For the year ended 30 June 2023

**Note 29. Business combinations**

The business combination of Ward Health Group Pty Ltd (Ward MM) that occurred in the previous financial year, as disclosed in the 30 June 2022 Annual Report, has now been finalised. As a result, a customer relationships intangible of \$461,678 has been recognised with a net book value of \$307,785 as at 31 December 2022. This resulted in a revised goodwill amount of \$1,058,288.

	<b>Fair value \$</b>
Cash and cash equivalents	281,341
Trade receivables	65,485
Accrued revenue	420,777
Prepayments	3,737
Trade payables	(145,886)
Other payables	11,332
Provision for income tax	78,986
Employee benefits	(580,414)
Net assets acquired	135,358
Customer relationships on acquisition	461,678
Goodwill	1,058,288
<b>Acquisition-date fair value of the total consideration transferred</b>	<b>1,655,324</b>

*Representing:*

Cash paid or payable to vendor	500,000
Careteq Limited shares issued to vendor	1,155,324
	<b>1,655,324</b>

*Cash used to acquire business, net of cash acquired:*

Acquisition-date fair value of the total consideration transferred	500,000
Add: legal cost	21,211
Less: cash and cash equivalents acquired	(281,341)
<b>Net cash used</b>	<b>239,870</b>

On 1 April 2023, Careteq Limited formed a joint venture entity called Embedded Health Solutions Pty Ltd (EHS) with Mederev Pty Ltd (Mederev). As part of the transaction, Careteq merged its Ward Health Group Pty Ltd (Ward MM) business with Mederev to create one of Australia's largest aged care medication management businesses. Careteq has 55% controlling stake in EHS and 45% non-controlling interest.

The values identified in relation to the acquisition of EHS are provisional as at 30 June 2023.

**Notes to the Financial Statements** *Continued*

For the year ended 30 June 2023

**Note 29. Business combinations** *Continued*

	<b>Fair value</b> <b>\$</b>
Cash and cash equivalents	365,660
Trade receivables	172,535
Accrued revenue	634,561
Prepayments	90,595
Fixed assets	46,231
Right of Use asset	260,343
Trade payables	(278,534)
Other payables	(173,513)
Provision for income tax	171,467
Employee benefits	(633,707)
Lease liabilities	(260,343)
<b>Net assets acquired</b>	<b>395,295</b>
Customer contracts	461,678
Goodwill	2,001,611
<b>Acquisition-date fair value of the total consideration transferred</b>	<b>2,858,584</b>
<i>Representing:</i>	
Fair value of Ward transferred by Careteq to non-controlling interest	1,655,324
Non-controlling interest acquired	1,203,260
	<b>2,858,584</b>
<i>Cash used to acquire business, net of cash acquired:</i>	
Acquisition-date fair value of the total consideration transferred	2,858,584
Less: cash and cash equivalents acquired	(84,319)
Less Fair Value of assets transferred by Careteq	(1,655,324)
Less: Non-Controlling interest acquired in Mederev	(1,203,260)
<b>Net cash used/(received)</b>	<b>(84,319)</b>

Careteq has maintained control of Ward MM notwithstanding the EHS merger. In accordance with AASB3 *Business Combinations*, the acquisition of EHS has been accounted for using the fair value attributed to WardMM on acquisition at 31 August 2021 and the fair value of Mederev on acquisition at 31 March 2023.

**Notes to the Financial Statements** *Continued*

For the year ended 30 June 2023

**Note 30: Loss per share**

	2023 \$	2022 \$
<i>Loss per share from continuing operations</i>		
Loss after income tax attributable to the owners of Careteq Limited	(4,330,171)	(5,250,091)
Loss after income tax	(4,121,627)	(5,250,091)
Non-controlling interest	(208,544)	-
<b>Loss after income tax attributable to the owners of Careteq Limited</b>	<b>(4,330,171)</b>	<b>(5,250,091)</b>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share*	123,565,941	96,799,494
<i>Adjustments for calculation of diluted earnings per share:</i>		
Options over ordinary shares	10,287,090	4,040,184
Weighted average number of ordinary shares used in calculating diluted earnings per share	133,853,031	100,839,678
*Balance adjusted for share split (16:10) on 18 November 2021.		
	<b>Cents</b>	<b>Cents</b>
Basic loss per share	(3.50)	(5.42)
Diluted loss per share	(3.50)	(5.42)

1,958,014 (30 June 2022: 2,172,325) vested performance options, 5,936,513 (30 June 2022: 5,936,513) pre-IPO Consultant options, and 3,000,000 (30 June 2022: nil) executive chairman options have been excluded from the above calculations as their inclusion would be anti-dilutive.

**Note 31: Borrowings**

	2023 \$	2022 \$
<i>Current liabilities</i>		
Loan - Payable	700,000	-
<i>Non-current liabilities</i>		
Loan - Payable	15,167	-

Current liabilities loan - payable is a loan from Rocking Horse Capital Finance Co. LLC, payable before 31 December 2023 and secured R&D claim for financial year ending 30 June 2023. The loan is at 16.0% interest rate.

Non-current liabilities loan - payable is a loan from Bank of Queensland secured against the office furniture its funds purchased, payable by instalment up to November 2024. The loan is at 0.3% interest rate.

Refer to note 23 for further information on financial instruments.

**Notes to the Financial Statements** *Continued*

For the year ended 30 June 2023

**Note 32: Non-controlling interest**

	2023 \$	2022 \$
Reserves	1,203,260	-
Retained profits	208,544	-
	<b>1,411,804</b>	<b>-</b>

The non-controlling interest has 45% (2022: nil) equity holding in Embedded Health Solutions.

**Note 33: Remuneration of auditors**

During the financial year the following fees were paid or payable for services provided by RSM, the auditor of the company:

	2023 \$	2022 \$
<i>Audit services</i>		
Audit or review of the financial statements	120,557	108,000
<i>Other services</i>		
Due diligence	-	40,000
	<b>120,557</b>	<b>148,000</b>

**Note 34: Commitments**

	2023 \$	2022 \$
<i>Committed at the reporting date but not recognised as liabilities, payable:</i>		
Within one year	-	58,333

**Notes to the Financial Statements** *Continued*

For the year ended 30 June 2023

**Note 35. Related party transactions***Parent entity*

Careteq Limited is the parent entity.

*Subsidiaries*

Interests in subsidiaries are set out in note 26.

*Key management personnel*

Disclosures relating to key management personnel are set out in note 24 and the remuneration report included in the directors' report.

*Transactions with related parties*

The following transactions occurred with related parties:

	2023 \$	2022 \$
<i>Sale of goods and services:</i>		
Sale of goods to subsidiaries	50,449	12,183
Sales to entities over which the entity has joint control	703,862	
<i>Payment for other expenses:</i>		
Consulting services provided by related entity of Mark Simari	-	18,000
Consulting services provided by related entity of Brett Cheong	6,800	34,300

**Receivable from and payable to related parties**

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	2023 \$	2022 \$
<i>Current receivables:</i>		
Trade receivables from subsidiaries	80,628	12,183
<i>Current payables:</i>		
Trade payables to commonly controlled entity	149	-
Trade payables to key management personnel	39,458	254

*Loans to/from related parties:*

The following balances are outstanding at the reporting date in relation to loans with related parties:

	2023 \$	2022 \$
<i>Current receivables:</i>		
Loan to subsidiaries	563,572	387,013

*Terms and conditions*

All transactions were made on normal commercial terms and conditions and at market rates.

**Notes to the Financial Statements** *Continued*

For the year ended 30 June 2023

**Note 36. Reconciliation of loss after income tax to net cash used in operating activities**

	2023 \$	2022 \$
Loss after income tax expense for the year	(4,121,627)	(5,250,091)
<i>Adjustments for:</i>		
Depreciation and amortisation	435,997	33,026
Share-based payments	188,343	437,831
Write-off of inventory	44,609	-
Foreign exchange differences	1,810	(5,425)
Finance costs	15,103	112,335
Fair value adjustment to financial liability	-	1,036,004
Interest income	(1,298)	-
<i>Change in operating assets and liabilities:</i>		
Increase in trade and other receivables	(238,048)	(536,286)
Increase in inventories	(19,189)	(122,747)
Increase in accrued revenue	(168,658)	(537,879)
Increase in prepayments	(29,147)	(81,026)
(Decrease)/Increase in other assets	2,995	(27,995)
Increase/(decrease) in other operating assets	(349)	2,420
Increase in trade and other payables	1,012,859	297,852
Decrease/(increase) in employee benefits	(14,440)	402,981
Increase in contract liabilities	302,469	-
Increase in lease liabilities	58,400	-
<b>Net cash used in operating activities</b>	<b>(2,530,171)</b>	<b>(4,239,000)</b>

# Directors Declaration

For the year ended 30 June 2023

In the directors opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
- The directors have been given the declarations required by *section 295A* of the *Corporations Act 2001*.
- Signed in accordance with a resolution of directors made pursuant to *section 295(5)(a)* of the *Corporations Act 2001*.

On behalf of the directors

Mark Simari  
Executive Chairman



30 August 2023



# Auditor's Report

**RSM Australia Partners**

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## INDEPENDENT AUDITOR'S REPORT To the Directors of Careteq Limited

**Opinion**

We have audited the financial report of Careteq Limited (the Company), and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

**Basis for Opinion**

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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**Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed this matter
<p><b>Revenue</b></p>	
<p>Refer to Note 4 in the financial statements</p>	
<p>The Group have several different revenue streams include fees for services that are recognised at a point in time and in some cases overtime.</p> <p>There is a risk that inappropriate revenue recognition will lead to a material misstatement of income and related receivables. The risk is heightened due to the timing of invoicing, when the service has been provided and as well as the contracts having several complexities attached to them.</p> <p>Furthermore, there is a fraud risk as management has an incentive or is under pressure to engage in fraudulent financial reporting to meet board and shareholder expectations.</p>	<p>Our audit procedures in relation to revenue included:</p> <ul style="list-style-type: none"> <li>Assessing whether the Group’s revenue recognition policies are in compliance with AASB 15 <i>Revenue with Contracts with customers</i>;</li> <li>Evaluating the operating effectiveness of management’s controls related to revenue recognition;</li> <li>Assessing sales transactions before and after year-end to ensure that revenue is recognised in the correct period; and</li> <li>Performing substantive testing on the different revenue streams.</li> </ul>
<p><b>Impairment of intangible assets</b></p>	
<p>Refer to Note 13 in the financial statements</p>	
<p>Careteq hold \$2m of Goodwill from the following acquisitions:</p> <ul style="list-style-type: none"> <li>The acquisition of Ward in September 2021 (\$1.06m); and</li> <li>The acquisition of Mederev in April 2023 (\$0.94m).</li> </ul> <p>Due to the creation of EHS and the amalgamation of the two entities post-acquisition, management have deemed there to be one cash-generating-unit (CGU).</p> <p>Management is required to assess the Goodwill for impairment in accordance with AASB 136 <i>Impairment of Assets</i>, with a value in use cashflow model needing to be prepared for each identified cash-generating-unit (CGU). There is an inherent risk that the future cash flows of each CGU do not support the carrying value of intangible assets.</p> <p>Managements’ assessment of the ‘value in use’ of the CGU involves judgements about the future underlying cash flows of the business and the discount rates applied to them.</p>	<p>Our audit procedures in relation to management’s assessment of impairment included:</p> <ul style="list-style-type: none"> <li>Assessing management’s determination that the goodwill should be allocated to as a single CGU based on the nature of the Group’s business;</li> <li>Assessing the valuation methodologies used;</li> <li>Challenging the reasonableness of key assumptions, including the cash flow projections, discount rates, and sensitivities used;</li> <li>Checking the mathematical accuracy of the cash flow model, and reconciling input data to supporting evidence, such as approved budgets and considering the reasonableness of these budgets; and</li> <li>Reviewing the accuracy of disclosures of critical estimates and assumptions in the financial report in relation to the valuation methodologies.</li> </ul>



**Key Audit Matters (continued)**

Key Audit Matter	How our audit addressed this matter
<p><b>Business acquisition</b> Refer to Note 29 in the financial statements</p>	
<p>On 1 April 2023, the entity Embedded Health Solutions Pty Limited (EHS) was formed and became the holding company for Mederev Pty Ltd (Mederev) and Ward Health Group Pty Ltd (Ward).</p> <p>Ward was sold to EHS by Careteq, and Mederev was subsequently sold to EHS by the three existing vendors of Mederev. As a result of the transaction, Careteq now hold 55% equity (and a controlling interest) of EHS.</p> <p>It was treated as one business combination where by 45% of the net assets of Ward were used as consideration to purchase a 55% share in Mederev.</p> <p>The acquisition was considered a Key Audit Matter as the accounting for the transaction is complex, and involves significant judgements in applying the accounting standards.</p> <p>This includes the recognition and valuation of consideration as well as the determination of the fair value of the assets and liabilities acquired.</p> <p>As at 30 June 2023, the accounting for the acquisition is on a provisional basis and the identification and valuation of intangible assets has not been performed.</p>	<p>Our audit procedures included, among others:</p> <ul style="list-style-type: none"> <li>• Reviewing the share purchase agreements and other associated documents to understand the nature of the transaction to ensure the accounting is reflective of the terms of the agreement;</li> <li>• Assessing the accounting treatment and acquisition accounting is in line with AASB 3 <i>Business Combinations</i>;</li> <li>• Assessing the accuracy and completeness of the fair values of the identified assets and liabilities acquired including the accuracy of the non-controlling interest recognised.; and</li> <li>• Assessing the adequacy of the disclosures in respect of the business acquisition to ensure it was in line with AASB 3.</li> </ul>

**Other Information**

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2023, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



### **Responsibilities of the Directors for the Financial Report**

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

### **Auditor's Responsibilities for the Audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [https://www.auasb.gov.au/admin/file/content102/c3/ar1\\_2020.pdf](https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf) This description forms part of our auditor's report.

### **Report on the Remuneration Report**

#### *Opinion on the Remuneration Report*

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Careteq Limited, for the year ended 30 June 2023, complies with section 300A of the Corporations Act 2001.

#### *Responsibilities*

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

**RSM AUSTRALIA PARTNERS**

**R B MIANO**  
Partner

Dated: 30 August 2023  
Melbourne, Victoria



# Shareholder Information

## Shareholder Information

The shareholder information set out below was applicable as at 24 August 2023.

### Distribution Schedules

Analysis of number of equitable security holders by size of holding:

	Ordinary shares		Options over ordinary shares	
	Number of holders	% of total shares issued	Number of holders	% total shares issued
1 to 1,000	9	0.00	-	-
1,001 to 5,000	56	0.09	-	-
5,001 to 10,000	73	0.28	-	-
10,001 to 100,000	189	3.52	-	-
100,001 and over	183	96.11	-	-
<b>Balance at 30 June 2023</b>	<b>510</b>	<b>100.00</b>	-	-
<b>Holding less than a marketable parcel</b>	-	-	-	-

## Options

	Number of holders	Number of options	% Units
100,001 and over	16	16,178,506	99.40
10,001 to 100,000	1	97,414	0.60
	<b>17</b>	<b>16,275,920</b>	<b>100.00</b>
	<b>17</b>	<b>16,275,920</b>	<b>100.00</b>

**Shareholder information** *Continued*

For the year ended 30 June 2023

**Top Holders****The 20 largest holders of Fully Paid Ordinary Shares as at were:**

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
DMX ASSET MANAGEMENT LIMITED	25,907,512	11.49
DEMPSEY CAPITAL PTY LTD	15,367,084	6.81
HSBC CUSTODY NOMINEES	10,307,198	4.57
MR MARK SIMARI	9,863,812	4.37
JTO FLINDERS PTY LTD	8,635,837	3.83
BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD (DRP A/C)	8,145,564	3.61
JMT INVESTMENT GROUP	8,135,069	3.61
NATIONAL NOMINEES LIMITED	7,109,578	3.15
GROWTH ENDEAVOURS / ASCENT SUPER FUND	6,334,294	2.81
VANWARD INVESTMENTS LIMITED	6,280,000	2.78
SCINTILLA STRATEGIC INVESTMENTS LIMITED	6,000,000	2.66
DEAKIN UNIVERSITY	4,995,571	2.21
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	4,896,834	2.17
SILVER CLOUD	4,687,158	2.08
MORSEC NOMINEES PTY LTD (ACCUMULATION ACCOUNT)	4,685,000	2.08
COVENANT HOLDINGS (WA) PTY LTD	4,404,277	1.95
IAN HERAUD HOLDINGS PTY LTD (THE HERAUD FAMILY A/C)	4,074,008	1.81
SNOWBALL ASSET MANAGEMENT PTY LTD (SNOWBALL UNIT A/C)	3,454,335	1.53
ABCK INVESTMENTS TRUST	3,172,774	1.41
MOUNTNEY LIMITED	3,086,433	1.37
<b>Total</b>	<b>149,542,338</b>	<b>66.30</b>

**Shareholder information** *Continued*

For the year ended 30 June 2023

**Substantial holders**

Substantial holders in the company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
DMX ASSET MANAGEMENT LIMITED	25,907,512	11.49
DEMPSEY CAPITAL PTY LTD	15,367,084	6.81

**Voting rights**

The voting rights attached to ordinary shares are set out below:

*Ordinary shares*

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

*Options*

All quoted and unquoted options do not carry any voting rights.



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