

26th February 2024

CARETEQ'S H1 FY24 RESULTS

Delivering growth and driving towards profitability

Careteq Limited (ASX: CTQ, "Careteq" or the "Company"), a leader in providing cloud-based assistive living technology solutions and medication management and adherence services is pleased to announce its results for the first half of the financial year ended 31 December 2023 (H1 FY24).

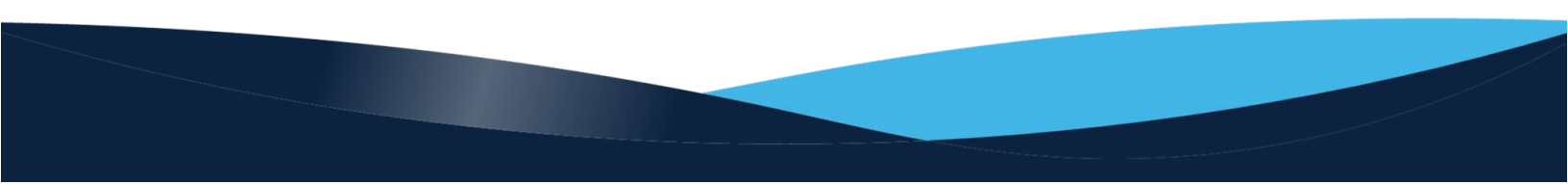
Highlights

- H1 FY24 total Group revenue up 76.8% over prior corresponding period (pcp) to \$4.5 million
- EBITDA loss reduced to \$0.4 million, an 80.8% improvement over pcp (vs. loss of \$2.2 million)
- Net loss reduced by \$1.4 million, a 60.5% improvement over pcp to \$1.0 million (vs. loss of \$2.4 million)
- Sofihub SaaS subscribers up 111% to c.8,000 with ARR approaching \$0.6 million, (includes subscribers in the process of being onboarded)
- Embedded Health Solutions (EHS) EBITDA of \$0.77 million, on track to deliver \$1.5 million EBITDA for FY24
- Targeting 15,000+ Sofihub subscribers in FY24, expected to deliver a cash flow breakeven run-rate for the Company (on an operating basis)
- Acquisition of HMR Referrals with c.\$0.3 million of recurring revenue, an exciting growth driver for the Company

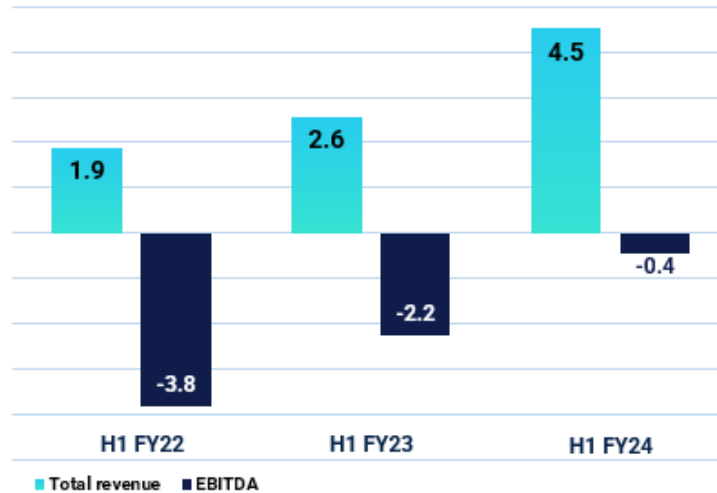
Group result

During the period, Careteq continued to drive revenue growth and its EBITDA towards profitability on an operating basis.

Revenue for the first half was up 76.8% over pcp to \$4.5 million. EBITDA loss was narrowed to \$0.4 million, an improvement of 80.8%.



H1 REVENUE AND EBITDA (\$m)



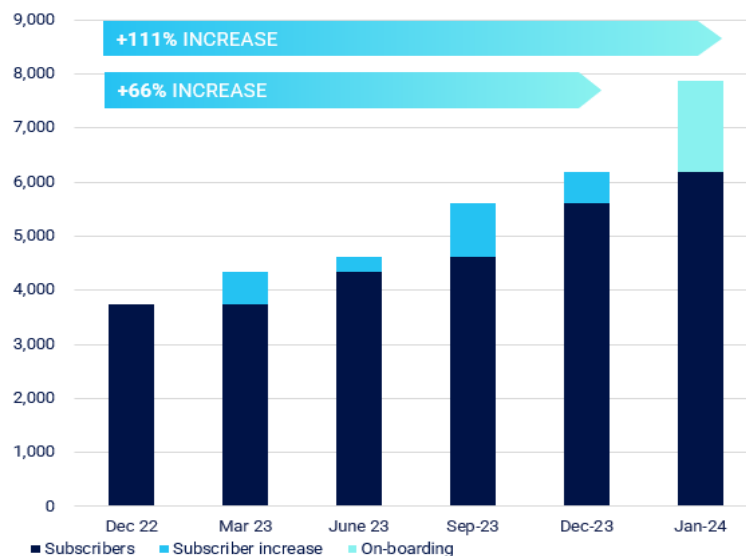
Sofihub

The Company continued to scale its Sofihub subscriber base, with purchase orders received from ADT New Zealand for 1.5k and c.1k from channel partners of TEQ-Secure & TEQ-Life devices.

Once these and other sold devices have been onboarded, subscribers will reach 7.9k, an increase of 111% since 31 December 2022.

With subscriber onboarding underway, more partnerships in the pipeline and new devices added to the platform, Careteq maintains its FY24 subscriber target of 15k.

Sofihub subscribers



Embedded Health Solutions maintains strong profitability FY24 path

The Embedded Health Solutions (EHS) JV delivered EBITDA of \$0.77 million in H1 FY24 and is on track to achieve its FY24 EBITDA target of \$1.5 million.

EHS continues to optimise operational efficiency, exploring cost synergies, and steadily moving towards a single operating platform. These initiatives have boosted financial performance and streamlined operations, enabling high-quality care to residents in the aged care sector.

Securing the HMR Referrals business positions the Company to pursue home medication reviews for clients in the homecare and disability sector over the medium term. With EHS services catering to aged care, Careteq now possesses a natural bridge to introduce comprehensive home medication review solutions leveraging the HMR Referrals platform.

HMR Referrals acquisition

During the half, the Company solidified its position in medication management with the strategic acquisition of HMR Referrals, a first-to-market software platform connecting GPs and pharmacists. This business is expected to contribute towards profitability in FY24.

The acquisition delivers a multi-pronged growth strategy for the Company. It not only strengthens Careteq's core business but also unlocks promising cross-selling opportunities for its Sofihub assistive living technology platform and introduces pharmacists to its residential medication management services through Embedded Health Solutions.

HMR Referrals has a revenue run-rate of \$0.3 million at December 2023, up 200% over the last twelve months. Careteq is well positioned to continue growing this division through its network of c.5,000 GPs.

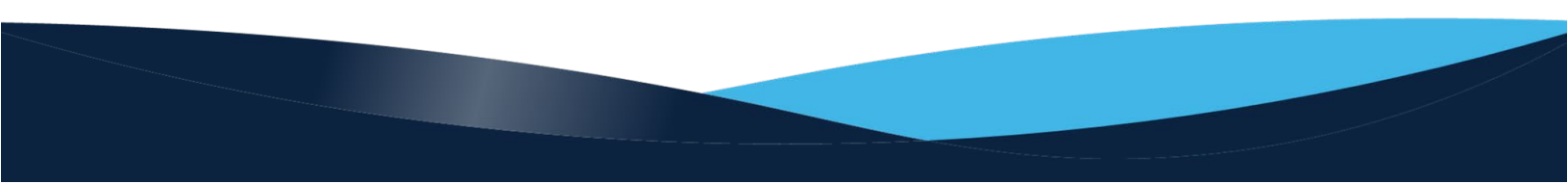
Since the acquisition, the Company has uncovered additional exciting revenue synergies such as growth through home care providers, the introduction of pharmacy friendly sales initiatives and cross selling opportunities with Careteq's JV, Embedded Health Solutions.

Outlook

Commenting on the outlook for the Company, Mark Simari (Executive Chairman) said:

"Our first half performance was extremely pleasing, delivering a vastly improved financial performance and a material increase in SaaS subscribers. Additionally, the consolidation of our medication management businesses and the recent acquisition of HMR Referrals is expected to contribute significantly to our financial goals heading into FY25."

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



For further information, please contact:**Careteq Limited (ASX: CTQ)**

Mark Simari
Executive Chairman
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E: info@careteq.com.au

About Careteq Limited (ASX: CTQ)

Careteq Limited (ASX: CTQ), an Australian-headquartered Healthtech company, has successfully developed and commercialized a proprietary assistive living technology platform along with advanced medication management solutions. Leveraging its early-mover advantage, the company is poised to transform the aged, home and disability care sector.

Careteq's revenue streams stem from a dual focus on innovative assistive passive technology products, driven by Sofihub, and medication management solutions facilitated by HMR Referrals and its joint venture, Embedded Health Solutions (EHS).

The Careteq Assistive Living Technology platform offers a comprehensive product suite designed to enhance the quality of life and productivity outcomes for a diverse target market, including elderly, disabled, and vulnerable individuals, as well as their caregivers. This suite encompasses solutions such as continuous non-invasive monitoring, advanced fall detection, and mobile alarm systems. Accessible through various channels including their online store, renowned distributors, and specialized retailers, Careteq products are readily available both domestically and internationally. This widespread access to their suite of products and services ensures that individuals and healthcare providers can benefit from Careteq's innovative solutions.

In addition, Careteq extends its expertise to medication management services, catering to numerous aged care providers across Australia. Through HMR Referrals and Embedded Health Solutions (EHS), a merger between WardMM and Mederev, Careteq has established one of the largest medication review services in Australia. This strategic initiative underscores Careteq's commitment to comprehensive healthcare solutions, ensuring optimal patient care and safety within the sector.

To learn more, please visit: www.careteq.com.au/

Forward-looking statements

This announcement contains or may contain forward-looking statements that are based on Careteq's beliefs, assumptions, and expectations and on information currently available to Careteq. All statements that address operating performance, events, or developments that Careteq or its directors expect or anticipate will occur in the future are forward-looking statements, including, without limitation, statements as to the expectations of Careteq or the market it operates in.

Careteq believes that these forward-looking statements are reasonable as and when made. You should not place undue reliance on forward-looking statements because they speak only as of the date when made. Careteq does not assume any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

No assurance or guarantee is, or should be taken to be, given in relation to, and no reliance should be placed on, the future business performance or results of Careteq or the likelihood that the current assumptions, estimates or outcomes will be achieved. Actual results, developments or events could differ materially from those disclosed in the forward-looking statements.

For more information

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

Careteq Limited
Appendix 4D
Half-year report

1. Company details

Name of entity:	Careteq Limited
ABN:	83 612 267 857
Reporting period:	For the half-year ended 31 December 2023
Previous period:	For the half-year ended 31 December 2022

2. Results for announcement to the market

			\$
Revenues from ordinary activities	up	73.2% to	4,154,880
Loss from ordinary activities after tax attributable to the owners of Careteq Limited	down	53.1% To	(1,142,771)
Loss for the half-year attributable to the owners of Careteq Limited	down	53.1% to	(1,142,771)

Dividends

There were no dividends paid, recommended or declared during the current financial period.

Comments

The loss for the consolidated entity after providing for income tax and non-controlling interest amounted to \$961,674 (31 December 2022: \$2,434,940).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	0.62	2.05

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Details of associates and joint venture entities

Not applicable.

7. Dividends

Current period

There were no dividends paid, recommended or declared during the current financial period.

Previous period

There were no dividends paid, recommended or declared during the previous financial period.

8. Audit qualification or review

The financial statements were subject to a review by the auditors and the review report is attached as part of the Half-year Report.

9. Attachments

The Half-year Report of Careteq Limited for the half-year ended 31 December 2023 is attached.

10. Signed

Signed



Date: 26 February 2024

Mark Simari
Executive Chairman



Careteq Limited

ABN 83 612 267 857

Half-year Report - 31 December 2023

Careteq Limited
Directors' report
31 December 2023

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 period ended 31 December 2023.

Directors

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

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

Principal activities

During the financial half-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 half yearly loss for the consolidated entity after providing for income tax amounted to \$961,674 (31 December 2022: \$2,434,940).

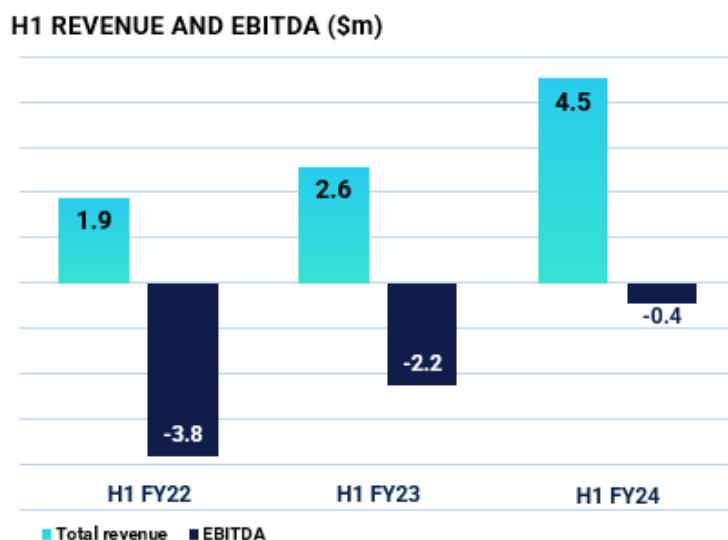
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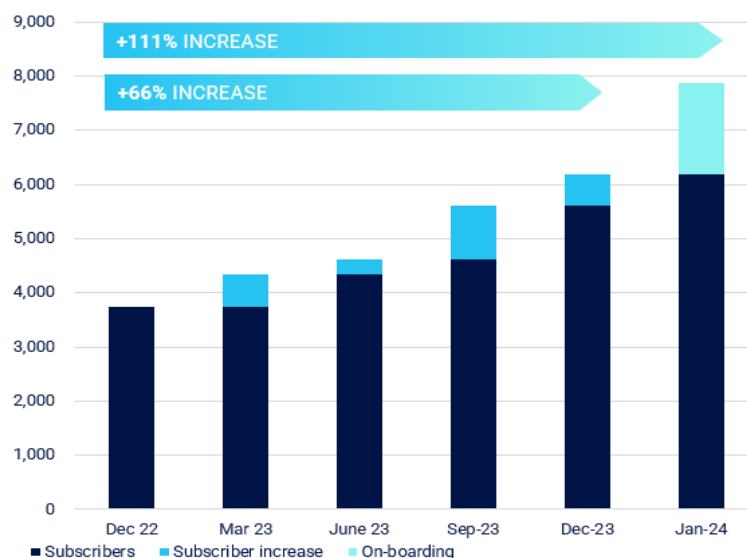
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Outlook

Careteq's first half performance was extremely pleasing, delivering a vastly improved financial performance and a material increase in SaaS subscribers. Additionally, the consolidation of our medication management businesses and the recent acquisition of HMR Referrals is expected to contribute significantly to Careteq's financial goals of heading into FY25.

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:

- Technology 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

In August 2023, Careteq issued 25,609,757 entitlement shares and 73,242,914 shortfall shares at \$0.025 per share under Retail Entitlement Offer. The entitlement offer together with the shortfall placement raised \$2,471,317 through the issue of 98,852,671 new fully paid ordinary shares.

On 1 December 2023, Careteq Limited acquired the business and assets of New Medical Enterprises Pty Ltd trading as HMR Referrals (HMRR) for total consideration of \$250k cash and \$250k in ordinary shares at 2.5c per share. HMR Referrals is a marketplace platform that securely simplifies and streamlines the Home Medicines Review processes for GPs and accredited pharmacists.

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

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.

Matters subsequent to the end of the financial half-year

On 11 January 2024, Careteq announced that its cash position has been bolstered by the receipt of \$1,093,096 from the Australian Taxation Office under the federal government's Research and Development (R&D) Tax Incentive program for FY23. The tax refund relates to the R&D activities undertaken by Careteq in FY23. The funds received will be used to repay an outstanding R&D loan of around \$770,000 with net proceeds of around \$320,000 added to working capital.

No other matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

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.

Careteq Limited
Directors' report
31 December 2023

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the *Corporations Act 2001*.

On behalf of the directors



Mark Simari
Executive Chairman

26 February 2024

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Careteq Limited and its controlled entities for the half year ended 31 December 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 review; and
- (ii) any applicable code of professional conduct in relation to the review.

A blue ink signature that appears to read "RSM" in a stylized, cursive font.**RSM AUSTRALIA PARTNERS**A blue ink signature that appears to read "Miano" in a cursive font.**R B MIANO**

Partner

Date: 26 February 2024

Melbourne, Victoria

Careteq Limited
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31 December 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 company'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 26 February 2024. The directors have the power to amend and reissue the financial statements.

Careteq Limited
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2023

	Note	31 December 2023 \$	31 December 2022 \$
Revenue	3	4,154,880	2,398,642
Other income	4	370,414	161,342
Total revenue		<u>4,525,294</u>	<u>2,559,984</u>
Expenses			
Raw materials and consumables used		(441,211)	(122,571)
Consulting and advisory		(324,011)	(330,770)
Corporate and administration		(285,062)	(237,152)
Employee benefits expense		(3,294,088)	(3,315,835)
Depreciation and amortisation expense		(203,216)	(182,421)
Share-based payments		(19,516)	(125,477)
Other expenses		(579,036)	(671,540)
Finance costs		(89,598)	(2,355)
Loss attributable to the owners of Careteq Limited before income tax expense		(710,444)	(2,428,137)
Income tax expense		(251,230)	(6,803)
Loss attributable to the owners of Careteq Limited after income tax expense for the half-year		<u>(961,674)</u>	<u>(2,434,940)</u>
Other comprehensive loss			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Foreign currency translation		12,999	(2,119)
Other comprehensive loss for the half-year, net of tax		<u>12,999</u>	<u>(2,119)</u>
Total comprehensive loss for the half-year		<u><u>(948,675)</u></u>	<u><u>(2,437,059)</u></u>
Loss for the half-year is attributable to:			
Non-controlling interest		181,097	-
Owners of Careteq Limited		(1,142,771)	(2,434,940)
		<u><u>(961,674)</u></u>	<u><u>(2,434,940)</u></u>
Total comprehensive loss for the half-year is attributable to:			
Non-controlling interest		181,097	-
Owners of Careteq Limited		(1,129,772)	(2,437,059)
		<u><u>(948,675)</u></u>	<u><u>(2,437,059)</u></u>
		Cents	Cents
Basic loss per share	13	(0.58)	(1.97)
Diluted loss per share	13	(0.58)	(1.97)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Careteq Limited
Consolidated statement of financial position
As at 31 December 2023

	Note	31 December 2023 \$	30 June 2023 \$
Assets			
Current assets			
Cash and cash equivalents		2,173,002	1,852,594
Trade and other receivables	5	1,987,551	1,254,660
Inventories		207,920	235,160
Contract assets		653,750	706,537
Other		161,262	145,057
Total current assets		<u>5,183,485</u>	<u>4,194,008</u>
Non-current assets			
Property, plant and equipment		51,693	51,480
Intangibles	6	3,766,784	2,995,520
Right of use assets		209,406	243,364
Other		85,583	85,583
Total non-current assets		<u>4,113,466</u>	<u>3,375,947</u>
Total assets		<u>9,296,951</u>	<u>7,569,955</u>
Liabilities			
Current liabilities			
Trade and other payables	7	2,000,057	2,058,438
Lease liabilities		62,176	58,400
Borrowings		700,000	700,000
Employee benefits		563,718	578,412
Contract liabilities		444,241	302,469
Total current liabilities		<u>3,770,192</u>	<u>3,697,719</u>
Non-current liabilities			
Borrowings		9,930	15,167
Employee benefits		139,019	114,917
Lease liabilities		156,668	188,392
Total non-current liabilities		<u>305,617</u>	<u>318,476</u>
Total liabilities		<u>4,075,809</u>	<u>4,016,195</u>
Net assets		<u>5,221,142</u>	<u>3,553,760</u>
Equity			
Issued capital	8	25,458,895	22,955,114
Reserves	9	494,354	1,402,422
Accumulated losses		(22,325,008)	(22,215,580)
Equity attributable to the owners of Careteq Limited		<u>3,628,241</u>	<u>2,141,956</u>
Non-controlling interest		<u>1,592,901</u>	<u>1,411,804</u>
Total equity		<u>5,221,142</u>	<u>3,553,760</u>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Careteq Limited
Consolidated statement of changes in equity
For the half-year ended 31 December 2023

	Issued capital \$	Reserves \$	Accumulated losses \$	Non- controlling interest \$	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 half-year	-	-	(2,434,940)	-	(2,434,940)
Other comprehensive loss for the half-year, net of tax	-	(2,119)	-	-	(2,119)
Total comprehensive income for the year	-	(2,119)	(2,434,940)	-	(2,437,059)
<i>Transactions with owners in their capacity as owners:</i>					
Share based payment transactions	-	125,477	-	-	125,477
Balance at 31 December 2022	<u>22,955,114</u>	<u>1,349,898</u>	<u>(20,320,349)</u>	<u>-</u>	<u>3,984,663</u>
	Issued capital \$	Reserves \$	Accumulated losses \$	Non- controlling interest \$	Total equity \$
Balance at 1 July 2023	22,955,114	1,402,422	(22,215,580)	1,411,804	3,553,760
Loss after income tax expense for the half-year	-	-	(1,142,771)	181,097	(961,674)
Other comprehensive loss for the half-year, net of tax	-	12,999	-	-	12,999
Total comprehensive income for the year	-	12,999	(1,142,771)	181,097	(948,675)
<i>Transactions with owners in their capacity as owners:</i>					
Shares issued during the year	2,799,534	-	-	-	2,799,534
Share issue costs	(295,753)	-	-	-	(295,753)
Share based payment transactions	-	112,276	-	-	112,276
Reclassification of expired options	-	(1,033,343)	1,033,343	-	-
Balance at 31 December 2023	<u>25,458,895</u>	<u>494,354</u>	<u>(22,325,008)</u>	<u>1,592,901</u>	<u>5,221,142</u>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Careteq Limited
Consolidated statement of cash flows
For the half-year ended 31 December 2023

	Note	31 December 2023 \$	31 December 2022 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		3,961,836	2,488,466
Government grants and tax incentives		36,600	959,387
Payments to suppliers and employees (inclusive of GST)		<u>(5,204,738)</u>	<u>(4,385,309)</u>
Net cash used in operating activities		<u>(1,206,302)</u>	<u>(937,456)</u>
Cash flows from investing activities			
Payments in relation to business acquisitions		(275,000)	-
Payments for property, plant and equipment		(45,053)	(10,449)
Payments for intangible assets - Sofihub R&D		(383,618)	-
Disposal of property, plant and equipment		<u>1,650</u>	<u>-</u>
Net cash used in investing activities		<u>(702,021)</u>	<u>(10,449)</u>
Cash flows from financing activities			
Proceeds from issue of shares		2,471,317	-
Share issue transaction costs		(202,995)	-
Payments of lease liabilities		(37,344)	-
Interest and other finance costs paid		<u>(2,171)</u>	<u>(1,083)</u>
Net cash from/(used in) financing activities		<u>2,228,807</u>	<u>(1,083)</u>
Net increase/(decrease) in cash and cash equivalents		320,484	(948,988)
Cash and cash equivalents at the beginning of the financial half-year		1,852,594	4,499,253
Effects of exchange rate changes on cash and cash equivalents		<u>(76)</u>	<u>(63)</u>
Cash and cash equivalents at the end of the financial half-year		<u><u>2,173,002</u></u>	<u><u>3,550,202</u></u>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2023 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, 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 company.

The following Accounting Standards and Interpretations are most relevant to the company:

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 is not expected to have a material impact on the company's financial statements.

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.

As disclosed in the financial statements, the Group incurred a comprehensive loss after tax of \$961,674 (December 2022: \$2,434,940) and had net cash outflows from operating activities of \$1,206,302 (December 2022: \$937,456) for the half-year ended 31 December 2023.

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

- The Consolidated entity has a history of successful capital raises, including raising \$2,471,317 in August 2023 through a rights issue. This injection of capital has significantly improved the Consolidated entity's liquidity position, enabling it to meet its financial obligations and support ongoing operational requirements; and
- As disclosed in note 12, in January 2024, the Consolidated entity received \$1,093,096 from the Australian Taxation Office under the federal government's Research and Development (R&D) Tax Incentive program. The tax refund relates to the R&D activities undertaken by Careteq in FY23. The funds received was offset against an outstanding R&D loan of around \$770,000 and the net proceeds of around \$320,000 were added to working capital; and
- The Directors believe that over the next twelve months, the integration of operations and shared resources within the newly enlarged Consolidated entity will result in additional revenues for the Group and meaningful cost savings.

Careteq Limited
Notes to the consolidated financial statements
31 December 2022

Note 2. Operating segments

Identification of reportable operating segments

The consolidated entity 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.

Operating segment information

	Careteq Limited \$	Careteq International Inc \$	Embedded Health Solutions ¹ \$	Total \$
31 December 2023				
Revenue				
Sales to external customers	703,156	3,625	3,448,099	4,154,880
Other revenue	66,317	-	304,097	370,414
Total revenue	<u>769,473</u>	<u>3,625</u>	<u>3,752,196</u>	<u>4,525,294</u>
EBITDA	(1,107,532)	(88,607)	765,510	(430,629)
Depreciation and amortisation	(102,441)	-	(100,775)	(203,216)
Finance costs	(78,531)	-	(11,067)	(89,598)
(Loss)/Profit before income tax expense	<u>(1,288,504)</u>	<u>(88,607)</u>	<u>653,668</u>	<u>(723,443)</u>
Foreign exchange translation	-	12,999	-	12,999
Income tax expense	-	-	(251,230)	(251,230)
(Loss)/Profit attributable to the owners of Careteq Limited after income tax expense	<u>(1,288,504)</u>	<u>(75,608)</u>	<u>402,438</u>	<u>(961,674)</u>

¹Current period ended 31 December 2023 is for trading after the transfer of Ward Health Group to Embedded Health Solutions. Refer to business acquisition note 11.

	Careteq Limited \$	Careteq International Inc. \$	Embedded Health Solutions \$	Total \$
31 December 2023				
<i>Segment assets and liabilities</i>				
Current assets	3,283,945	73,052	2,514,573	5,871,570
Non-current assets	3,588,006	-	525,460	4,113,466
Total assets	<u>6,871,951</u>	<u>73,052</u>	<u>3,040,033</u>	<u>9,985,036</u>
Current liabilities	(2,172,411)	(666,037)	(1,619,829)	(4,458,277)
Non-current liabilities	(57,157)	-	(248,460)	(305,617)
Total liabilities	<u>(2,229,568)</u>	<u>(666,037)</u>	<u>(1,868,289)</u>	<u>(4,763,894)</u>
Net asset/(liabilities)	<u>4,642,383</u>	<u>(592,985)</u>	<u>1,171,744</u>	<u>5,221,142</u>

Careteq Limited
Notes to the consolidated financial statements
31 December 2023

Note 2. Operating segments (continued)

	Careteq Limited \$	Careteq International Inc \$	Ward Health Group ¹ \$	Total \$
31 December 2022				
Revenue				
Sales to external customers	181,963	8,057	2,208,622	2,398,642
Other revenue	139,214	-	22,128	161,342
Total revenue	<u>321,177</u>	<u>8,057</u>	<u>2,230,750</u>	<u>2,559,984</u>
EBITDA	(2,281,667)	(77,852)	116,158	(2,243,361)
Depreciation and amortisation	(172,726)	-	(9,695)	(182,421)
Finance costs	(2,084)	-	(271)	(2,355)
(Loss)/Profit before income tax expense	<u>(2,456,477)</u>	<u>(77,852)</u>	<u>106,192</u>	<u>(2,428,137)</u>
Income tax expense	-	-	(6,803)	(6,803)
(Loss)/Profit attributable to the owners of Careteq Limited after income tax expense	<u>(2,456,477)</u>	<u>(77,852)</u>	<u>99,389</u>	<u>(2,434,940)</u>

¹Prior period ended 31 December 2022 is for trading before transfer of Ward Health Group to Embedded Health Solutions. Refer to business acquisition note 11.

	Careteq Limited \$	Careteq International Inc. \$	Embedded Health Solutions \$	Total \$
30 June 2023				
<i>Segment assets and liabilities</i>				
Current assets	2,665,927	71,763	2,019,890	4,757,580
Non-current assets	2,758,103	-	617,844	3,375,947
Total assets	<u>5,424,030</u>	<u>71,763</u>	<u>2,637,734</u>	<u>8,133,527</u>
Current liabilities	(2,180,219)	(572,897)	(1,508,175)	(4,261,291)
Non-current liabilities	(59,001)	-	(259,475)	(318,476)
Total liabilities	<u>(2,239,220)</u>	<u>(572,897)</u>	<u>(1,767,650)</u>	<u>(4,579,767)</u>
Net asset/(liabilities)	<u>3,184,810</u>	<u>(501,134)</u>	<u>870,084</u>	<u>3,553,760</u>

Note 3. Revenue

	31 December 2023 \$	31 December 2022 \$
Hardware Sales	498,596	66,106
SaaS Sales	190,863	123,914
Medication Review, Education & Support Services	<u>3,465,421</u>	<u>2,208,622</u>
Revenue	<u>4,154,880</u>	<u>2,398,642</u>

Careteq Limited
Notes to the consolidated financial statements
31 December 2023

Note 3. Revenue (continued)

Disaggregation of revenue

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

	31 December 2023	31 December 2022
	\$	\$
<i>Timing of revenue recognition</i>		
Services transferred at a point in time - Contractual Services	2,066,454	1,330,763
Services transferred at a point in time - Sales of Goods	498,596	66,106
Services transferred over time - SaaS	190,863	123,914
Services transferred over time - Contractual Services	1,398,967	877,859
Total	<u>4,154,880</u>	<u>2,398,642</u>

Geographical information

	Sales to external customers	
	31 December 2023	31 December 2022
	\$	\$
Australia	4,151,255	2,390,585
USA	3,625	8,057
	<u>4,154,880</u>	<u>2,398,642</u>

The geographical non-current assets above are exclusive of, where applicable, financial instruments, deferred tax assets, post-employment benefits assets and rights under insurance contracts.

Major customer revenue contribution

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

Note 4. Other income

	31 December 2023	31 December 2022
	\$	\$
Export Market Development Grant	1,600	12,264
R&D tax refund	359,880	149,078
Other income	8,934	-
Other income	<u>370,414</u>	<u>161,342</u>

Careteq Limited
Notes to the consolidated financial statements
31 December 2022

Note 5. Trade and other receivables (continued)

Note 5. Trade and other receivables

	31 December 2023 \$	30 June 2023 \$
<i>Current assets</i>		
Trade receivables	668,523	390,163
Less: Allowance for expected credit losses	<u>(117,560)</u>	<u>(120,191)</u>
	<u>550,963</u>	<u>269,972</u>
 GST receivable	 65,525	 64,687
Government grants receivable	<u>1,371,063</u>	<u>920,001</u>
	<u><u>1,987,551</u></u>	<u><u>1,254,660</u></u>

Allowance for expected credit losses

The company has recognised a gain of \$2,631 in Careteq International Inc (30 June 2023: \$3,702) 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	
	31 December 2023 %	30 June 2023 %	31 December 2023 \$	30 June 2023 \$	31 December 2023 \$	30 June 2023 \$
Neither past due not impaired	-	-	355,064	175,548	-	-
Past due 31 - 90 days	-	-	116,785	77,677	-	-
Past due 90+ days*	59.77%	87.75%	<u>196,674</u>	<u>136,968</u>	<u>117,560</u>	<u>120,191</u>
			<u><u>668,523</u></u>	<u><u>390,163</u></u>	<u><u>117,560</u></u>	<u><u>120,191</u></u>

*Provision for credit losses is for Careteq International Inc.

Movements in the allowance for expected credit losses are as follows:

	31 December 2023 \$	30 June 2023 \$
Opening balance	120,191	116,489
Provisions recognised/(released)	<u>(2,631)</u>	<u>3,702</u>
Closing balance	<u><u>117,560</u></u>	<u><u>120,191</u></u>

Careteq Limited
Notes to the consolidated financial statements
31 December 2023

Note 6. Intangibles

	31 December 2023 \$	30 June 2023 \$
<i>Non-current assets</i>		
Goodwill	2,552,090	2,001,612
Customer relationships on acquisition - at cost	461,678	461,678
Less: Accumulated amortisation	(277,013)	(215,453)
	184,665	246,225
Website - at cost	164,798	164,798
Less: Accumulated amortisation	(128,480)	(123,287)
	36,318	41,511
Patents and trademarks - at cost	50,957	50,957
Less: Accumulated amortisation	(17,835)	(15,287)
	33,122	35,670
Sofihub R&D - at cost	1,096,636	713,119
Less: Accumulated amortisation	(136,047)	(42,617)
	960,589	670,502
Intangibles	<u>3,766,784</u>	<u>2,995,520</u>

Reconciliations

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

	Goodwill \$	Customer relationships on acquisition \$	Website \$	Patents and trademarks \$	Sofihub R&D \$	Total \$
Balance at 1 July 2022	1,058,288	461,678	56,050	40,766	-	1,616,782
Additions	-	-	-	-	713,119	713,119
Additions through business combinations	943,324	-	-	-	-	943,324
Amortisation expense	-	(215,453)	(14,539)	(5,096)	(42,617)	(277,705)
Balance at 30 June 2023	2,001,612	246,225	41,511	35,670	670,502	2,995,520
Additions	-	-	-	-	383,517	383,517
Additions through business combinations (Note 11)	550,478	-	-	-	-	550,478
Amortisation expense	-	(61,560)	(5,193)	(2,548)	(93,430)	(162,731)
Balance at 31 December 2023	<u>2,552,090</u>	<u>184,665</u>	<u>36,318</u>	<u>33,122</u>	<u>960,589</u>	<u>3,766,784</u>

Careteq Limited
Notes to the consolidated financial statements
31 December 2023

Note 7. Trade and other payables

	31 December 2023 \$	30 June 2023 \$
<i>Current liabilities</i>		
Trade payables	897,182	861,381
Other payables	1,102,875	1,197,057
Trade and other payables	<u>2,000,057</u>	<u>2,058,438</u>

Note 8. Issued capital

	31 December 2023 Shares	30 June 2023 Shares	31 December 2023 \$	30 June 2023 \$
Ordinary shares - fully paid	<u>235,547,292</u>	<u>123,565,941</u>	<u>25,458,895</u>	<u>22,955,114</u>

Movements in ordinary share capital

Details	Date	Shares	Issue Price	\$
Balance	30 June 2023	123,565,941		22,955,114
Issue of entitlement shares under Retail Entitlement Offer	18 August 2023	25,609,757	\$0.025	640,244
Issue of shortfall shares under Retail Entitlement Offer	23 August 2023	73,242,914	\$0.025	1,831,073
Issue of shares in lieu of cash for investor relations services in Australia and Asia	23 August 2023	3,128,680	\$0.025	78,217
Issue of shares as consideration for the acquisition of HMR Referrals (Note 11)	8 December 2023	10,000,000	\$0.025	250,000
Share issue costs		-	\$0.000	(295,753)
Closing Balance	31 December 2023	<u>235,547,292</u>		<u>25,458,895</u>

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.

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.

Note 9. Reserves

	31 December 2023 \$	30 June 2023 \$
Foreign currency reserve	(12,354)	(25,355)
Options reserve	506,708	1,427,777
Reserves	<u>494,354</u>	<u>1,402,422</u>

Note 9. Reserves (continued)

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.

Note 10. Dividends

There were no dividends paid, recommended or declared.

Note 11. Business combinations

As disclosed in the 30 June 2023 Annual Report, 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 31 December 2023.

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.

Careteq Limited
Notes to the consolidated financial statements
31 December 2023

Note 11. Business combinations (continued)

	Fair value \$
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)
Net assets acquired	395,295
Customer relationships on acquisition	461,678
Goodwill	2,001,611
Acquisition-date fair value of the total consideration transferred	<u>2,858,584</u>
Representing:	
Fair value of Ward transferred by Careteq to non-controlling interest	1,655,324
Non-controlling interest acquired	1,203,260
	<u>2,858,584</u>
Cash used to acquire business, net of cash acquired:	
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	(1,203,260)
Net cash used/(received)	<u>(84,319)</u>

Careteq Limited
Notes to the consolidated financial statements
31 December 2023

Note 11. Business combinations (continued)

On 1 December 2023, Careteq Limited acquired the business of New Medical Enterprises Pty Ltd trading as HMR Referrals (HMRR), consisting of total consideration of \$250k cash and \$250k in ordinary shares at 2.5c per share.

The values identified in relation to the acquisition of HMRR are provisional as at 31 December 2023.

	Fair value
	\$
Employee benefits	(50,478)
Net liabilities acquired	(50,478)
Goodwill	550,478
Acquisition-date fair value of the total consideration transferred	<u>500,000</u>
Representing:	
Cash paid to vendor	250,000
Careteq Limited shares issued to vendor	250,000
	<u>500,000</u>
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	<u>250,000</u>
Net cash used	<u>250,000</u>

Note 12. Events after the reporting period

On 11 January 2024, Careteq announced that its cash position has been bolstered by the receipt of \$1,093,096 from the Australian Taxation Office under the federal government's Research and Development (R&D) Tax Incentive program for FY23. The tax refund relates to the R&D activities undertaken by Careteq in FY23. The funds received will be used to repay an outstanding R&D loan of around \$770,000 with net proceeds of around \$320,000 added to working capital.

No other matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Note 13. Loss per share

	31 December 2023	31 December 2022
	\$	\$
<i>Loss per share from continuing operations</i>		
Loss after income tax expense for the year	(961,674)	(2,434,940)
Non-controlling interest	(181,097)	-
Loss after income tax attributable to the owners of Careteq Limited	<u>(1,142,771)</u>	<u>(2,434,940)</u>
	31 December 2023	31 December 2022
	\$	\$
Loss after income tax attributable to the owners of Careteq Limited	(1,142,771)	(2,434,940)

Careteq Limited
Notes to the consolidated financial statements
31 December 2023

Note 13. Loss per share (continued)

	Number	Number
Weighted average number of ordinary shares used in calculating basic loss per share	197,563,900	123,565,945
Adjustments for calculation of diluted loss per share:		
Options over ordinary shares	28,882,078	9,689,557
Weighted average number of ordinary shares used in calculating diluted loss per share	<u>226,445,978</u>	<u>133,255,502</u>
	Cents	Cents
Basic loss per share	(0.58)	(1.97)
Diluted loss per share	(0.58)	(1.97)

1,880,085 (31 December 2022: 1,958,014) vested performance options, 6,614,386 (31 December 2022: nil) expired performance options, 14,936,513 (31 December 2022: 5,936,513) pre-IPO consultant options, and 3,000,000 (31 December 2022: 3,000,000) executive chairman options have been excluded from the above calculations as their inclusion would be anti-dilutive.

Note 14. Share-based payments

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 23 August 2023, 9,000,000 options at an exercise price of \$0.0375 were issued to Sequoia Corporate Finance Pty Ltd as part of corporate advisory and capital raising services in connection with the Retail Entitlement Offer in August 2023.

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

31 December
2023

Grant date	Expiry date	Exercise price	Balance at the start of the half-year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the half-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	233,792	-	-	(77,930)	155,862
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
23/08/2023	23/08/2025	\$0.038	-	9,000,000	-	-	9,000,000
			<u>16,275,920</u>	<u>9,000,000</u>	<u>-</u>	<u>(7,183,545)</u>	<u>18,092,375</u>
Weighted average exercise price			\$0.192	\$0.038	\$0.000	\$0.130	\$0.140

Careteq Limited
Notes to the consolidated financial statements
31 December 2023

Note 14. Share-based payments (continued)

31 December
2022

Grant date	Expiry date	Exercise price	Balance at the start of the half-year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the half-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	\$0.094	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
			<u>13,587,644</u>	<u>3,000,000</u>	<u>-</u>	<u>(311,724)</u>	<u>16,275,920</u>
Weighted average exercise price			\$0.188	\$0.200	\$0.000	\$0.094	\$0.192

For the options granted during the current financial half-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	Dividend yield	Risk-free interest rate	Fair value at grant date
23/08/2023	23/08/2025	\$0.028	\$0.0375	80.000%	-	3.90%	\$0.010

Careteq Limited
Directors' declaration
31 December 2023

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 31 December 2023 and of its performance for the financial half-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.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the *Corporations Act 2001*.

On behalf of the directors



Mark Simari
Executive Chairman

26 February 2024

RSM Australia Partners

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INDEPENDENT AUDITOR'S REVIEW REPORT To the Members of Careteq Limited

Conclusion

We have reviewed the accompanying half-year financial report of Careteq Limited which comprises the statement of financial position as at 31 December 2023, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Careteq Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company 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 (including Independence Standards) (the Code) that are relevant to our audit of the annual 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 Careteq Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the Directors' for the Financial Report

The directors of the Careteq Limited are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2023 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



RSM AUSTRALIA PARTNERS



R B MIANO
Partner

Date: 26 February 2024
Melbourne, Victoria