

Careteq Limited  
Appendix 4E  
Preliminary final report

# **Careteq Limited**

**ABN 83 612 267 857**

## **FY24 Preliminary Final Report Appendix 4E**

Lodged with the ASX under Listing Rule 4.3A.  
Careteq Limited (ASX: CTQ) ABN 83 612 267 857

**Careteq Limited**  
**Appendix 4E**  
**Preliminary final report**

**1. Company details**

Name of entity: Careteq Limited  
ABN: 83 612 267 857  
Reporting period: For the year ended 30 June 2024  
Previous period: For the year ended 30 June 2023

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**2. Results for announcement to the market**

				\$
Revenues from ordinary activities	up	50.60%	to	8,319,631
Loss from ordinary activities after tax attributable to the owners of Careteq Limited	down	37.50%	to	(2,717,479)
Loss for the year attributable to the owners of Careteq Limited	down	37.50%	to	(2,717,479)
				-

*Dividends*

During the year, subsidiary Embedded Health Solutions Pty Ltd declared and paid a total dividend of \$250,000.

*Comments*

The comprehensive loss for the consolidated entity after tax amounted to \$2,553,693 (30 June 2023: \$4,138,820). Please refer to the attached Financial Statements for further details on the results.

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**3. Net tangible assets**

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>0.38</u>	<u>0.45</u>

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**4. Control gained over entities**

Not applicable.

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**5. Loss of control over entities**

Not applicable.

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**6. Dividends**

*Current period*

During the year, subsidiary Embedded Health Solutions Pty Ltd declared and paid a total dividend of \$250,000.

*Previous period*

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

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**7. Dividend reinvestment plans**

Not applicable.

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## 8. Details of associates and joint venture entities

Not applicable.

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## 9. Foreign entities

*Details of origin of accounting standards used in compiling the report:*

Foreign entity (Careteq International Inc.) in this report is presented in compliance with International Financial Reporting Standards (IFRS).

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## 10. Audit qualification or review

*Details of audit/review dispute or qualification (if any):*

The financial statements are in the process of being audited. The directors anticipate that the auditor's report will contain an unqualified audit opinion with a paragraph addressing material uncertainty related to going concern.

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## 11. Attachments

*Details of attachments (if any):*

The Financial Statements of Careteq Limited for the year ended 30 June 2024 are attached.

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## 12. Signed

Signed



Date: 30 August 2024

Mark Simari  
Executive Chairman

**Careteq Limited**

**ABN 83 612 267 857**

**Preliminary Financial Report - 30 June 2024**

**Careteq Limited**  
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**30 June 2024**

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**Careteq Limited**  
**Consolidated statement of profit or loss and other comprehensive income**  
**For the year ended 30 June 2024**

	Note	2024 \$	2023 \$
Revenue from continuing operations	1	7,231,406	4,980,465
Other income	5	616,087	568,423
Total revenue		<u>7,847,493</u>	<u>5,548,888</u>
<b>Expenses</b>			
Consulting and advisory		(419,681)	(444,490)
Corporate and administration		(684,476)	(483,736)
Employee benefits expense		(6,530,832)	(5,655,218)
Research and development		74,225	(104,800)
Depreciation and amortisation expense	2	(486,947)	(274,312)
Share-based payments	2	(20,321)	(188,343)
Other expenses		(1,070,882)	(761,210)
Finance costs	2	<u>(108,498)</u>	<u>(15,103)</u>
<b>Loss before income tax expense from continuing operations</b>		(1,399,919)	(2,378,324)
Income tax expense		<u>(330,381)</u>	<u>(171,864)</u>
Loss after income tax expense from continuing operations		(1,730,300)	(2,550,188)
<b>Discontinued operations</b>			
Net loss on deconsolidation	14	(168,593)	-
Loss after income tax expense from discontinued operations	14	<u>(654,800)</u>	<u>(1,588,632)</u>
<b>Loss after income tax expense for the year</b>		(2,553,693)	(4,138,820)
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		25,355	(12,461)
Other comprehensive income for the year, net of tax		<u>25,355</u>	<u>(12,461)</u>
<b>Total comprehensive loss for the year</b>		<u><u>(2,528,338)</u></u>	<u><u>(4,151,281)</u></u>
Loss for the year is attributable to:			
Non-controlling interest	15	163,786	208,544
Owners of Careteq Limited		<u>(2,717,479)</u>	<u>(4,347,364)</u>
		<u><u>(2,553,693)</u></u>	<u><u>(4,138,820)</u></u>
Total comprehensive loss for the year is attributable to:			
Discontinuing operations		(823,393)	-
Non-controlling interest		163,786	208,544
		<u>(659,607)</u>	<u>208,544</u>
Owners of Careteq Limited		(2,032,517)	(4,568,369)
Non-controlling interest		163,786	208,544
		<u>(1,868,731)</u>	<u>(4,359,825)</u>
		<u><u>(2,528,338)</u></u>	<u><u>(4,151,281)</u></u>

*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 profit or loss and other comprehensive income**  
**For the year ended 30 June 2024**

**Loss per share from continuing operations attributable to the owners of Careteq Limited**

**Cents                      Cents**

**From continuing operations**

Basic loss per share	(0.88)	(2.36)
Diluted loss per share	(0.88)	(2.36)

**From discontinued operations**

Basic loss per share	-	-
Diluted loss per share	(0.38)	(1.14)
	(0.38)	(1.14)

*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 30 June 2024**

	Note	2024 \$	Restated 2023 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	3	1,251,616	1,852,594
Trade and other receivables	4	1,242,545	1,254,660
Contract assets	4	707,098	706,537
Inventories		-	235,160
Investments held at fair value	14	519,865	-
Other		126,591	145,057
Total current assets		<u>3,847,715</u>	<u>4,194,008</u>
<b>Non-current assets</b>			
Property, plant and equipment		63,530	51,480
Right-of-use assets		175,448	243,364
Intangibles	6	2,645,916	2,978,327
Other		85,583	85,583
Total non-current assets		<u>2,970,477</u>	<u>3,358,754</u>
<b>Total assets</b>		<u>6,818,192</u>	<u>7,552,762</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	7	1,727,893	2,058,438
Contract liabilities		-	302,469
Borrowings		-	700,000
Lease liabilities		66,157	58,400
Income tax		476,691	-
Employee benefits	8	755,537	578,412
Total current liabilities		<u>3,026,278</u>	<u>3,697,719</u>
<b>Non-current liabilities</b>			
Borrowings		4,586	15,167
Lease liabilities		122,235	188,392
Employee benefits	8	141,942	114,917
Total non-current liabilities		<u>268,763</u>	<u>318,476</u>
<b>Total liabilities</b>		<u>3,295,041</u>	<u>4,016,195</u>
<b>Net assets</b>		<u>3,523,151</u>	<u>3,536,567</u>
<b>Equity</b>			
Issued capital	9	25,491,600	22,955,114
Reserves	10	507,512	1,402,422
Accumulated losses	11	<u>(24,029,409)</u>	<u>(22,232,773)</u>
Equity attributable to the owners of Careteq Limited		1,969,703	2,124,763
Non-controlling interest	15	<u>1,553,448</u>	<u>1,411,804</u>
<b>Total equity</b>		<u>3,523,151</u>	<u>3,536,567</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 year ended 30 June 2024**

	Issued capital \$	Reserves \$	Non- controlling interest \$	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	-	-	-	(4,347,364)	(4,347,364)
Other comprehensive loss for the year, net of tax	-	(12,461)	-	-	(12,461)
Total comprehensive loss for the year	-	(12,461)	-	(4,347,364)	(4,359,825)
Loss after income tax expense for the year - Non-controlling interest	-	-	208,544	-	208,544
Non-controlling interest acquired on business acquisition	-	-	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	<u>22,955,114</u>	<u>1,402,422</u>	<u>1,411,804</u>	<u>(22,232,773)</u>	<u>3,536,567</u>
	Issued capital \$	Reserves \$	Non- controlling interest \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2023	22,955,114	1,402,422	1,411,804	(22,232,773)	3,536,567
Loss after income tax expense for the year	-	-	-	(2,717,479)	(2,717,479)
Other comprehensive income for the year, net of tax	-	25,355	-	-	25,355
Total comprehensive income for the year	-	25,355	-	(2,717,479)	(2,692,124)
Loss after income tax expense for the year - Non-controlling interest	-	-	141,644	-	189,094
<i>Transactions with owners in their capacity as owners:</i>					
Shares issued during the year	2,832,534	-	-	-	2,832,534
Share issue costs	(296,048)	-	-	-	(296,048)
Share based payments expense	-	113,078	-	-	113,078
Reversal of share based payments expense from prior periods	-	(1,033,343)	-	1,033,343	-
Dividends paid	-	-	-	(112,500)	(112,500)
Balance at 30 June 2024	<u>25,491,600</u>	<u>507,512</u>	<u>1,553,448</u>	<u>(24,029,409)</u>	<u>3,523,151</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 year ended 30 June 2024**

	<b>Note</b>	<b>2024</b>	<b>2023</b>
		<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		8,974,708	5,623,398
Payment of finance costs		(84,498)	-
Government grants and tax incentives		320,000	1,033,119
Payments to suppliers and employees (inclusive of GST)		<u>(9,933,447)</u>	<u>(9,181,182)</u>
		(723,237)	(2,524,665)
Interest received		-	1,298
Income taxes paid		<u>-</u>	<u>(6,804)</u>
Net cash used in operating activities		<u>(723,237)</u>	<u>(2,530,171)</u>
<b>Cash flows from investing activities</b>			
Payment for purchase of business, net of cash acquired		-	84,319
Payments for property, plant and equipment		(1,297)	(170,831)
Payments for intangibles	6	<u>(1,507,351)</u>	<u>(713,119)</u>
Net cash used in investing activities		<u>(1,508,648)</u>	<u>(799,631)</u>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		2,832,534	-
Cost of issuing equity		(296,048)	-
Dividends paid		(112,500)	-
Proceeds from borrowings		-	700,000
Repayment of borrowings		(710,581)	-
Interest and other finance costs paid		-	(4,507)
Payments of lease liabilities		<u>(82,400)</u>	<u>(12,448)</u>
Net cash from financing activities		<u>1,631,005</u>	<u>683,045</u>
Net decrease in cash and cash equivalents		(600,880)	(2,646,757)
Cash and cash equivalents at the beginning of the financial year		1,852,594	4,499,253
Effects of exchange rate changes on cash and cash equivalents		<u>(98)</u>	<u>98</u>
Cash and cash equivalents at the end of the financial year	3	<u><u>1,251,616</u></u>	<u><u>1,852,594</u></u>

The Statement above includes discontinued operations, refer to note 14.

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

**Careteq Limited**  
**Notes to the consolidated financial statements**  
**30 June 2024**

**Note 1. Revenue**

	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
<b>From continuing operations</b>		
Medication Review, Education & Support Services <sup>1</sup>	<u>7,231,406</u>	<u>4,980,465</u>

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

*Disaggregation of revenue*

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

	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
<i>Timing of revenue recognition</i>		
Services transferred at a point in time - Contractual Services <sup>1</sup>	4,365,321	2,928,346
Services transferred over time - Contractual Services	<u>2,866,085</u>	<u>2,052,119</u>
	<u>7,231,406</u>	<u>4,980,465</u>
<i>Geographical regions</i>		
Australia	7,231,406	4,959,067
USA	<u>-</u>	<u>21,398</u>
	<u>7,231,406</u>	<u>4,980,465</u>

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

**Major customer revenue contribution**

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

**Note 2. Expenses**

	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
Loss before income tax from continuing operations includes the following specific expenses:		
<i>Cost of sales</i>		
Cost of sales	<u>-</u>	<u>384,755</u>
<i>Depreciation</i>		
Depreciation and amortisation	<u>486,947</u>	<u>274,312</u>
<i>Finance costs</i>		
Finance costs	<u>108,498</u>	<u>15,103</u>
<i>Shares issued to employees</i>		
Share-based payments	<u>20,321</u>	<u>188,343</u>
<i>Superannuation expense</i>		
Defined contribution superannuation expense	<u>662,793</u>	<u>579,184</u>

**Careteq Limited**  
**Notes to the consolidated financial statements**  
**30 June 2024**

**Note 3. Cash and cash equivalents**

	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
<i>Current assets</i>		
Cash on hand	109	109
Cash at bank	1,251,507	1,852,485
	<u>1,251,616</u>	<u>1,852,594</u>

**Note 4. Trade and other receivables**

	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
<i>Current assets</i>		
Trade receivables	529,123	390,163
Less: Allowance for expected credit losses	-	(120,191)
	<u>529,123</u>	<u>269,972</u>
GST receivable	25,261	64,687
Government grants receivable	688,161	920,001
	<u>1,242,545</u>	<u>1,254,660</u>

*Allowance for expected credit losses*

The company has recognised a gain of \$120,191 in Careteq International (loss in 2023: \$3,702) in profit or loss in respect of the expected credit losses for the year ended 30 June 2024.

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

	<b>Expected credit loss rate</b>		<b>Carrying amount</b>		<b>Allowance for expected credit losses</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	%	%	\$	\$	\$	\$
Neither past due not impaired	-	-	171,334	175,518	-	-
Past due 31 - 90 days	-	-	153,727	77,677	-	-
Past due 90+ days*	-	87.75%	204,062	136,968	-	120,191
			<u>529,123</u>	<u>390,163</u>	<u>-</u>	<u>120,191</u>

\*Provision for credit losses is for Careteq International.

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

	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
Opening balance	120,191	116,489
Additional provisions recognised	(120,191)	3,702
Closing balance	<u>-</u>	<u>120,191</u>

**Careteq Limited**  
**Notes to the consolidated financial statements**  
**30 June 2024**

**Note 5. Contract assets**

	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
<i>Current assets</i>		
Accrued income	<u>707,098</u>	<u>706,537</u>

**Note 6. Intangibles**

	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
<i>Non-current assets</i>		
Goodwill - at cost	<u>1,726,520</u>	<u>1,726,520</u>
Website - at cost	-	164,798
Less: Accumulated amortisation	<u>-</u>	<u>(123,287)</u>
	-	41,511
Patents and trademarks - at cost	-	50,957
Less: Accumulated amortisation	<u>-</u>	<u>(15,287)</u>
	-	35,670
Customer contracts - at cost	736,770	736,770
Less: Accumulated amortisation	<u>(424,539)</u>	<u>(232,646)</u>
	<u>312,231</u>	<u>504,124</u>
Software - at cost	<u>96,826</u>	<u>-</u>
Sofihub R&D - at cost	-	713,119
Less: Accumulated amortisation	<u>-</u>	<u>(42,617)</u>
	-	670,502
HMRR platform - at cost	550,478	-
Less: Accumulated amortisation	<u>(40,139)</u>	<u>-</u>
	<u>510,339</u>	<u>-</u>
	<u>2,645,916</u>	<u>2,978,327</u>

**Careteq Limited**  
**Notes to the consolidated financial statements**  
**30 June 2024**

**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:*

	Goodwill	Customer relationship s on acquisition	Website	Patents and trademarks	Sofihub R&D	Software	HMRR platform	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 (note 29)	668,232	275,092	-	-	-	-	-	943,324
Amortisation expense	-	(232,646)	(14,539)	(5,096)	(42,617)	-	-	(294,898)
Balance at 30 June 2023	1,726,520	504,124	41,511	35,670	670,502	-	-	2,978,327
Additions	-	-	-	1,555	858,492	96,826	550,478	1,507,351
Assets derecognised on disposal of Sofihub	-	-	(31,182)	(32,076)	(1,132,980)	-	-	(1,196,238)
Amortisation expense	-	(191,893)	(10,329)	(5,149)	(396,014)	-	(40,139)	(643,524)
Balance at 30 June 2024	<u>1,726,520</u>	<u>312,231</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>96,826</u>	<u>510,339</u>	<u>2,645,916</u>

**Medication Review, Education & Support Services ('EHS') cash generating unit**

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 year's projection period approved by management and extrapolated for a further 4 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:

- 20.7% (2023: 18.1%) pre-tax discount rate;
- 7.1% (2023: 7.1%) per annum projected revenue growth rate;
- 6.5% (2023: 5.8%) per annum increase in operating costs and overheads.

The discount rate of 20.7% 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 business.

Based on the above, the recoverable amount of the EHS business exceeded the carrying amount by \$8,709,038 (2023: \$8,981,248).

**Careteq Limited**  
**Notes to the consolidated financial statements**  
**30 June 2024**

**Note 13. Intangibles (continued)**

*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% growth to 1.75% decline for the EHS business before goodwill would need to be impaired, with all other assumptions remaining constant.
- The discount rate would be required to from 20.7% to 84% for the EHS business 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 EHS business'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.

**HMRR business asset acquisition**

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. The asset has an economic life of 8 years and has been amortised on a straight-line basis over this period.

**Note 7. Trade and other payables**

	<b>2024</b>	<b>2023</b>
	\$	\$
<i>Current liabilities</i>		
Trade payables	991,263	861,381
Other payables	736,630	1,197,057
	<u>1,727,893</u>	<u>2,058,438</u>

**Note 8. Employee benefits**

	<b>2024</b>	<b>2023</b>
	\$	\$
<i>Current liabilities</i>		
Employee benefits	<u>755,537</u>	<u>578,412</u>
<i>Non-current liabilities</i>		
Employee benefits	<u>141,942</u>	<u>114,917</u>

*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.

**Careteq Limited**  
**Notes to the consolidated financial statements**  
**30 June 2024**

**Note 9. Issued capital**

	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>Shares</b>	<b>Shares</b>	<b>\$</b>	<b>\$</b>
Ordinary shares - fully paid	<u>237,118,720</u>	<u>123,565,941</u>	<u>25,491,600</u>	<u>22,955,114</u>

*Movements in share capital*

<b>Details</b>	<b>Date</b>	<b>Shares</b>	<b>Issue price</b>	<b>\$</b>
Balance	1 July 2022	<u>123,565,941</u>		<u>22,955,114</u>
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	8 December 2023	10,000,000	\$0.025	250,000
Issue of shares In lieu of cash payment for services provided to the Company.	5 June 2024	1,571,428	\$0.021	33,000
		-	\$0.000	-
Share issue costs	5 June 2024	-	\$0.000	(296,048)
Balance	30 June 2024	<u>237,118,720</u>		<u>25,491,600</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.

*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.



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**Note 10. Reserves**

	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
Foreign currency reserve	-	(25,355)
Options reserve	507,512	1,427,777
	<u>507,512</u>	<u>1,402,422</u>

*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.

*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 \$	Total \$
Balance at 1 July 2022	(12,894)	1,239,434	1,226,540
Foreign currency translation	(12,461)	-	(12,461)
Options issued during the year	-	-	-
Share based payments	-	188,343	188,343
	<u>(25,355)</u>	<u>1,427,777</u>	<u>1,402,422</u>
Balance at 30 June 2023	(25,355)	1,427,777	1,402,422
Foreign currency translation	25,355	-	25,355
Options expired during the year	-	(1,033,343)	(1,033,343)
Share based payments	-	113,078	113,078
	<u>-</u>	<u>113,078</u>	<u>113,078</u>
Balance at 30 June 2024	<u>-</u>	<u>507,512</u>	<u>507,512</u>

**Note 11. Accumulated losses**

	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
Accumulated losses at the beginning of the financial year	(22,232,773)	(17,885,409)
Loss after income tax expense for the year	(2,717,479)	(4,347,364)
Dividends paid	(112,500)	-
Transfer from options reserve	1,033,343	-
Accumulated losses at the end of the financial year	<u>(24,029,409)</u>	<u>(22,232,773)</u>

**Note 12. Events after the reporting period**

On 31 July 2024, the Company announced the divestment of its Sofihub business for \$0.58 million upfront in cash plus transferring staff entitlements. This strategic divestment is expected to improve net operating cash flow by \$0.80 million per annum and accelerate the Company's pathway to profitability.

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**Note 12. Events after the reporting period (continued)**

Executive Director and Chief Operating Officer, Alex Boyd, transferred with the Sofihub business as part of the sale and resigned from his role as Director.

Whilst the Sofihub business had seen encouraging subscriber and ARR growth over the last 18 months, this divestment is strategically important. It accelerates our path towards profitability and provides the team with a laser focus on medication management and clinical governance where we are a market leader in residential medication management.

On 19 August 2024, Careteq limited acquired the remaining 45% of Embedded Health Solutions Pty Ltd (EHS) for \$2.4 million. The strategic acquisition solidifies the Company's focus exclusively on medication management and clinical governance in the health, aged, and home care sectors.

The acquisition is structured as a vendor-financed transaction, with payments spread over eight quarterly instalments. Interest of 12% per annum is payable on the unpaid portion of the vendor-finance, secured by a Personal Property Securities Register (PPSR) registration over EHS. The vendors are restrained for competing with EHS for three years anywhere in Australia.

Owning 100% of EHS allows Careteq to fully integrate it with HMR Referrals. This is expected to unlock synergies and operational efficiencies, especially with respect to driving Residential Medication Management Reviews (RMMR), where EHS is a market leader in medication management.

No other matter or circumstance has arisen since 30 June 2024 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 13. Loss per share**

	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
<i>Loss per share from discontinued operations</i>		
Loss after income tax attributable to the owners of Careteq Limited	<u>(823,393)</u>	<u>(1,588,632)</u>
	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
<i>Loss per share</i>		
Loss after income tax	(2,553,693)	(4,138,820)
Non-controlling interest	<u>(163,786)</u>	<u>(208,544)</u>
Loss after income tax attributable to the owners of Careteq Limited	<u>(2,717,479)</u>	<u>(4,347,364)</u>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share*	216,221,542	123,565,941
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>216,221,542</u>	<u>123,565,941</u>
*Balance adjusted for share split (16:10) on 18 November 2021.		
<b>Basic and diluted loss per share - continuing operations</b>	<b>Cents</b>	<b>Cents</b>
Basic loss per share	(0.88)	(2.36)
Diluted loss per share	(0.88)	(2.36)

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**Note 13. Loss per share (continued)**

<b>Basic and diluted loss per share - discontinuing operations</b>	<b>Cents</b>	<b>Cents</b>
Basic loss per share	(0.38)	(1.14)
Diluted loss per share	(0.38)	(1.14)

155,862 (30 June 2023: 1,958,014) vested performance options, 5,936,513 (30 June 2023: 5,936,513) pre-IPO Consultant options, 9,000,000 advisor options (30 June 2023: 0) and 3,000,000 (30 June 2023: 3,000,000) executive chairman options have been excluded from the above calculations as their inclusion would be anti-dilutive.

**Note 14. Discontinued operations**

On 31 July 2024, the Company announced the divestment of its Sofihub business for \$0.58 million upfront in cash plus transferring staff entitlements. This strategic divestment is expected to improve net operating cash flow by \$0.80 million per annum and accelerate the Company's pathway to profitability.

As at 30 June 2024, the Sofihub operations were classified as discontinued operations and deconsolidated from the results. The business sold represents the group's online integrated adaptive care platform that monitors and interacts with those individuals requiring care, their carer's and their surrounding environment. With the disposal of these operations the Sofihub business has been removed from the segment note.

As at 30 June 2024, the \$0.58 million sale consideration is considered to be the fair value of Careteq's investment in Sofihub held as the legal ownership remains with Careteq at reporting date.

The results of discontinued operations for the year are presented below:

	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
Discontinued revenue - Sofihub	1,088,225	542,719
Other income	311,341	260,302
Raw materials and consumables used	(604,214)	(384,755)
Consulting and advisory	(144,828)	(162,290)
Corporate and administration	(15,419)	(36,189)
Employee benefits expense	(666,673)	(1,296,563)
Depreciation and amortisation expense	(237,840)	(178,878)
Other expenses	(385,392)	(332,978)
Total expenses	<u>(2,222,959)</u>	<u>(2,391,653)</u>
Loss before income tax expense	(654,800)	(1,588,632)
Income tax expense	-	-
Loss after income tax expense from discontinued operations	<u>(654,800)</u>	<u>(1,588,632)</u>

The net cash flows incurred by the discontinued operations are:

	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
Net cash from/(used in) operating activities	215,068	(1,193,373)
Net cash used in investing activities	(858,492)	(713,119)
Net cash from/(used in) financing activities	<u>(355,291)</u>	<u>350,000</u>
Net decrease in cash and cash equivalents from discontinued operations	<u>(998,715)</u>	<u>(1,556,492)</u>

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**Note 14. Discontinued operations (continued)**

A reconciliation of the net impaired assets disposed is as follows:

	<b>2024</b>
	<b>\$</b>
<b>Carrying Value of net assets of businesses disposed</b>	
Inventories	250,419
Property, plant and equipment	5,776
Intangibles	1,196,238
Total assets	<u>1,452,433</u>
Employee provisions	191,428
Deferred income	572,547
Total liabilities	<u>763,975</u>
Net assets	<u><u>688,458</u></u>

*Details of the disposal*

	<b>2024</b>
	<b>\$</b>
Carrying amount of net assets disposed	(688,458)
Deferred consideration	578,991
Disposal costs	<u>(59,126)</u>
Loss on disposal before income tax	<u>(168,593)</u>
Loss on disposal after income tax	<u><u>(168,593)</u></u>

	<b>2024</b>	<b>2023</b>
	<b>cents</b>	<b>cents</b>
<b>Loss per share</b>		
Loss per share for the year from discontinued operations	(0.38)	(1.14)

The basic and diluted loss per share is the same given in a loss position the effect of dilution would be anti-dilutive.

**Note 15. Non-controlling interest**

	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
Reserves	1,389,662	1,203,260
Accumulated profits	163,786	208,544
	<u>1,553,448</u>	<u>1,411,804</u>

The non-controlling interest has 45% (2023: 45%) equity holding in Embedded Health Solutions.

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**Note 16. Contingent liabilities**

Careteq Limited has the following contingent liabilities, being liabilities in respect of which there is the potential for a cash outflow in excess of any provision where the likelihood of payment is not considered probable or cannot be measured reliably at this time:

Careteq Limited has received an audit position paper (Position Paper) from the Australian Taxation Office (ATO). The Position Paper relates to Careteq's R&D tax incentive claims for the years ended 30 June 2021 and 30 June 2022.

The ATO has expressed the view in the Position Paper that Careteq Limited has not provided evidence of adequate substantiation for the expenditure incurred for the R&D activities and has not demonstrated the nexus between the expenditure and the R&D activities for the purposes of Division 355 of the Income Tax Assessment Act 1997. Accordingly, the ATO has indicated that in its view Careteq Limited was not entitled to refundable tax offsets totalling approximately \$1.29 million across the two income years. The ATO has also indicated that Careteq Limited is liable for an administrative penalty of approximately \$0.32 million. In January 2024 the ATO paid Careteq Limited \$1.1m for the 30 June 2023 R&D tax incentive claim and for the year ended 30 June 2024 the group recognised an R&D tax incentive claim of \$0.5 million, the ATO may form a view that we are not entitled to these claims.

Careteq Limited, with the assistance of R&D tax experts, has made further technical and factual submissions in relation to the Position Paper on 30 May 2024. The submission included the R&D tax incentive claims for the years ended 30 June 2021, 30 June 2022, 30 June 2023 and 30 June 2024.

Careteq limited believes that the response provided evidence of adequate substantiation of the expenditure incurred on R&D activities and that it has adequately demonstrated the nexus between the expenditure and the R&D activities. If the position of Careteq limited is not accepted by the ATO, the timing of resolution of any subsequent dispute cannot be determined

