



Careteq Limited

(Formerly known as Unisono Pty Ltd)

ABN 83 612 267 857

Annual Report - 30 June 2021

Careteq Limited
(Formerly known as Unisono Pty Ltd)
Directors' report
30 June 2021

Corporate Directory

Directors	Mark Simari - Chairman and Non-Executive Director Brett Cheong - Non-Executive Director Peter Scala - Executive Director Alex Boyd - Executive Director
Company Secretary	David Lilja
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	203 Drummond Street Carlton, VIC 3053, 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 Montgomery Pacific LLP 150 Spear Street, Suite 800 San Francisco, CA 94105, USA
Bankers	Commonwealth Bank of Australia 121 Exhibition 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
Corporate Governance Statement	www.careteq.com.au/investors-centre/

Careteq Limited
(Formerly known as Unisono Pty Ltd)
Directors' report
30 June 2021

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 2021.

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:

Mark Simari
Peter Scala
Brett Cheong
Alex Boyd

Principal activities

The company has developed an online integrated adaptive care platform that monitors and interacts with those individuals requiring care, their carer's and their surrounding environment.

The company's technology and product has been designed for use by the elderly, disabled and vulnerable individuals as well as professional organisation providing care to their existing clients.

Dividends

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

Review of operations

The loss for the company after providing for income tax amounted to \$5,229,336 (30 June 2020: \$1,908,594).

During the year, Careteq Limited's operations have focused on executing its sales strategy to secure distribution agreements within Australia and New Zealand that offer the Home and Secure products. In addition, Careteq has secured several agreements for its Sofihub Pro Solutions products.

The company has also focused on ongoing R&D for the Sofihub technology platform to ensure that the product offering evolves over time.

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Group based on known information. There does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Group unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Careteq has received \$50,000 of the COVID-19 related government PAYGW cash booster grant. The company has also received \$139,500 of JobKeeper payments.

Board and leadership changes

There were no changes to the board or leadership team during the period.

Significant changes in the state of affairs

The Company effective 1 October 2020 has changed its legal status to a public company limited by shares in order to facilitate the conversion of the Convertible Notes, as well as to enable greater flexibility to raise capital in the future including by way of an IPO. In order to reflect the conversion, the company changed its name from Unisono Pty Ltd to Careteq Ltd effective 1 October 2020.

In August 2020, the company completed a successful Rights Issue of \$576,000 before costs to scale the existing revenue generating solution capabilities and working capital requirements.

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The terms of the Convertible Notes provide that the Convertible Notes will convert into Shares on the earlier of the next capital raise or IPO. Accordingly, as the Rights Issue constitutes a capital raising, it triggers the conversion of all Convertible Notes into Shares.

Pursuant to the terms of the Convertible Notes, the conversion price will be as follows:

- in respect of Tranche 1, Tranche 3 and Tranche 4: 30% discount to the Offer Price; and
- in respect of Tranche 2: 20% discount to the Offer Price.

No other matter or circumstance has arisen since 30 June 2020 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.

Matters subsequent to the end of the financial year

On 31 August 2021, Careteq Limited acquired 100% of the ordinary shares of Ward Health Group Pty Ltd (Ward MM) for the total consideration of \$1,850,000, \$500,000 paid in cash and the balance in equity. The acquisition is priced at 4.6 times Ward MM's FY21 earnings before interest, tax, depreciation and amortisation (EBITDA), and the vendors are entitled to an earn out of 4 times FY22 EBITDA (less the upfront consideration).

Ward MM provides expert geriatric clinical pharmacy decision support to general practitioners, invests in innovative research projects, delivers medication training to health professionals, and provides individuals with a proactive medication service.

In September 2021, the company completed a successful capital raise of \$4,085,000 via a Convertible Note before costs to fund the above-mentioned acquisition of Ward, scale the existing revenue generating solution capabilities and working capital requirements.

The terms of the Convertible Notes provide that the Convertible Notes will convert into Shares on IPO. Pursuant to the terms of the Convertible Notes, the conversion price will be 20% discount to the IPO Offer Price.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly changing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

For details relating to capital raising activities conducted by the Company post balance date, please refer to the Going Concern note.

No other matter or circumstance has arisen since 30 June 2021 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.

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 company is not subject to any significant environmental regulation under Australian Commonwealth or State law.

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Directors' report
30 June 2021

Information on directors

Name:	Mark Simari
Title:	Chairman and Non-Executive Director
Experience and expertise:	<p>Mark is an experienced and accomplished professional in the health industry and has over 12 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 Australian and New Zealand Markets, creating a healthcare platform spanning across capital equipment, consumables, devices and service and maintenance.</p> <p>Mark has over 20 years of experience in finance, investment, equity capital markets and M&A applying his progressive entrepreneurial acumen across diverse sectors and organisation types to provide the strategic leadership that takes a great idea into a profitable and sustainable commercial reality.</p>
Other current directorships:	Paragon Care (ASX: PGC)
Former directorships (last 3 years):	Tali Digital (ASX:TD1)
Interests in shares:	1,053,942 ordinary shares
Interests in options:	730,603
Name:	Brett Cheong
Title:	Non-Executive Director
Experience and expertise:	<p>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.</p>
Other current directorships:	N/A
Former directorships (last 3 years):	N/A
Interests in shares:	93,750 ordinary shares
Interests in options:	365,301
Name:	Peter Scala
Title:	Chief Executive Officer and Managing Director
Experience and expertise:	<p>Peter has over 20 years' experience within the medical device and healthcare industries in Australia. As an accomplished senior executive Peter's experience traverses multiple business disciplines including finance, sales & marketing, and operations. He was appointed as the company's CEO in July 2019 and shortly after as Managing Director and a member of the Board.</p>
Other current directorships:	N/A
Former directorships (last 3 years):	N/A
Interests in shares:	223,214 ordinary shares
Interests in options:	986,313

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Name: Alex Boyd
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: NIL
Interests in options: 986,313

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.

Company secretary

David Lilja

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.

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') held during the year ended 30 June 2021, and the number of meetings attended by each director were:

	Attended	Held
Mark Simari	12	12
Brett Cheong	12	12
Peter Scala	12	12
Alex Boyd	12	12

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 2021.

Remuneration report

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:

- 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 director's fees and payments are appropriate and in line with the market.

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 - Chairman - Non-Executive Director
- Brett Cheong - Non-Executive Director
- Peter Scala - CEO & Managing Director
- Alex Boyd – COO & Executive Director

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	Short-term benefits Cash salary and fees \$	Post- employment benefits Superannuation \$	Long-term benefits and Long service leave \$	Share-based payments Equity-settled options \$	Total \$
30 June 2021					
<i>Non-executive directors:</i>					
Mark Simari	69,000	-	-	86,920	155,920
Brett Cheong	68,722	-	-	43,460	112,182
	<u>137,722</u>	<u>-</u>	<u>-</u>	<u>130,380</u>	<u>268,102</u>
<i>Executive directors:</i>					
Peter Scala	188,058	14,141	2,106	117,342	321,647
Alex Boyd	174,569	12,727	4,221	117,342	308,859
	<u>500,349</u>	<u>26,868</u>	<u>6,327</u>	<u>365,064</u>	<u>898,608</u>

	Short-term benefits Cash salary and fees \$	Post- employment benefits Superannuation \$	Long-term benefits Long service leave \$	Share-based payments Equity-settled options \$	Total \$
30 June 2020					
<i>Non-executive directors:</i>					
Mark Simari	64,400	-	-	-	64,400
Brett Cheong	55,394	-	-	-	55,394
	<u>119,794</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>119,794</u>
<i>Executive directors</i>					
Peter Scala	157,030	12,503	366	-	169,899
Alex Boyd	151,485	12,004	4,227	-	167,716
Ian Aitkin	129,602	9,609	3,611	-	142,822
	<u>557,911</u>	<u>34,116</u>	<u>8,204</u>	<u>-</u>	<u>600,231</u>

Service agreements

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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Name: Peter Scala
Title: CEO & Managing Director
Agreement commenced: 14 March 2019
Terms of agreement: (a) Remuneration: Fixed annual salary \$167,217 (inclusive of director's fees) including 10% employer superannuation contribution;

(b) Short-term incentives: the Board may, at its discretion, determine that Mr Scala may be eligible for short-term incentives in the form of a cash bonus;

(c) Non-cash benefits: the Board may, at its discretion, determine Mr Scala may participate in the company's share plan, subject to shareholder and regulatory approval;

(d) Termination: the company and Mr Scala may terminate the Executive Services Agreement without cause giving the other party three months' notice.

Name: Alex Boyd
Title: COO & Executive Director
Agreement commenced: 14 March 2019
Terms of agreement: (a) Remuneration: Fixed annual salary \$150,497 (inclusive of director's fees) including 10% employer superannuation contribution;

(b) Short-term incentives: the Board may, at its discretion, determine that Mr Boyd may be eligible for short-term incentives in the form of a cash bonus;

(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;

(d) Termination: the company and Mr Boyd may terminate the Executive Services Agreement without cause giving the other party three months' notice.

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

As at 30 June 2021, no other key management personnel have any service agreement with the consolidated entity.

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Directors' report
30 June 2021

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 2021.

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	243,534	15/12/2020	15/12/2021	15/12/2023	\$0.150	\$0.140
	243,534	15/12/2020	15/12/2022	15/12/2023	\$0.150	\$0.140
	243,535	15/12/2020	15/12/2023	15/12/2023	\$0.150	\$0.140
Brett Cheong	121,767	15/12/2020	15/12/2021	15/12/2023	\$0.150	\$0.140
	121,767	15/12/2020	15/12/2022	15/12/2023	\$0.150	\$0.140
	121,767	15/12/2020	15/12/2023	15/12/2023	\$0.150	\$0.140
Peter Scala	328,771	15/12/2020	15/12/2021	15/12/2023	\$0.150	\$0.140
	328,771	15/12/2020	15/12/2022	15/12/2023	\$0.150	\$0.140
	328,771	15/12/2020	15/12/2023	15/12/2023	\$0.150	\$0.140
Alex Boyd	328,771	15/12/2020	15/12/2021	15/12/2023	\$0.150	\$0.140
	328,771	15/12/2020	15/12/2022	15/12/2023	\$0.150	\$0.140
	328,771	15/12/2020	15/12/2023	15/12/2023	\$0.150	\$0.140

Options granted carry no dividend or voting rights.

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 the start of the year	Additions	Balance at the end of the year
<i>Ordinary shares</i>			
Mark Simari	-	1,053,942	1,053,942
Brett Cheong	-	93,750	93,750
Peter Scala	-	223,214	223,214
Alex Boyd	-	-	-
	-	1,370,906	1,370,906

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.

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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 the end of the year
<i>Options over ordinary shares</i>			
Mark Simari	-	730,603	730,603
Brett Cheong	-	365,301	365,301
Peter Scala	-	986,313	986,313
Alex Boyd	-	986,313	986,313
	-	3,068,530	3,068,530
	Vested options	Unvested options	Balance at the end of the year
<i>Options over ordinary shares</i>			
Mark Simari	730,603	-	730,603
Brett Cheong	365,301	-	365,301
Peter Scala	986,313	-	986,313
Alex Boyd	986,313	-	986,313
	3,068,530	-	3,068,530

During the financial year ended 30 June 2021, 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.

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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	\$1.00	307,018
15/12/2020	15/12/2023	\$0.15	4,255,759
			<hr/>
			4,562,777

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 2021 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.

Non-audit services

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

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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 - Chairman

30 September 2021

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

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Careteq Limited for the year ended 30 June 2021, 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.

**RSM AUSTRALIA PARTNERS****R B MIANO**
Partner

Dated: 30 September 2021
Melbourne, Victoria

THE POWER OF BEING UNDERSTOOD
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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

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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

203 Drummond Street
Carlton VIC 3053

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 7 October 2021. The directors have the power to amend and reissue the financial statements.

Careteq Limited
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Consolidated Statement of profit or loss and other comprehensive income
For the year ended 30 June 2021

	Note	2021 \$	2020 \$
Revenue from ordinary activities	4	735,442	146,458
Other income	5	695,744	466,948
Interest revenue calculated using the effective interest method		3	847
Total revenue		<u>1,431,189</u>	<u>614,253</u>
Expenses			
Raw materials and consumables used	6	(619,448)	(101,552)
Consulting and advisory		(137,841)	(447,075)
Corporate and administration		(282,706)	(171,490)
Employee benefits expense		(1,598,898)	(1,333,137)
Research and development		(8,356)	(20,811)
Depreciation and amortisation expense	6	(38,717)	(37,472)
Listing expenses		(113,791)	-
Share-based payments	6	(506,309)	-
Other expenses		(379,891)	(407,214)
Finance costs	6	(353,773)	(61,605)
Inventory impairment		(129,979)	-
Fair value adjustment to financial liability	15	<u>(2,374,154)</u>	
Loss before income tax benefit		(5,112,674)	(1,966,103)
Income tax benefit	7	<u>(116,662)</u>	<u>57,509</u>
Loss after income tax benefit for the year attributable to the owners of Careteq Limited	20	(5,229,336)	(1,908,594)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		<u>(430)</u>	<u>-</u>
Other comprehensive income for the year, net of tax		<u>(430)</u>	<u>-</u>
Total comprehensive income for the year attributable to the owners of Careteq Limited		<u>(5,229,766)</u>	<u>(1,908,594)</u>

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

Careteq Limited
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Consolidated Statement of financial position
As at 30 June 2021

	Note	2021 \$	2020 \$
Assets			
Current assets			
Cash and cash equivalents	8	186,826	202,047
Trade and other receivables	9	480,326	425,623
Inventories	10	93,224	-
Other		9,535	12,878
Total current assets		<u>769,911</u>	<u>640,548</u>
Non-current assets			
Property, plant and equipment	11	13,410	18,498
Intangibles	12	122,449	132,869
Deferred tax	13	-	116,662
Other		2,420	18,290
Total non-current assets		<u>138,279</u>	<u>286,319</u>
Total assets		<u>908,190</u>	<u>926,867</u>
Liabilities			
Current liabilities			
Trade and other payables	14	1,468,157	455,189
Derivative financial instruments	15	-	4,015,041
Employee benefits	16	167,129	108,069
Total current liabilities		<u>1,635,286</u>	<u>4,578,299</u>
Non-current liabilities			
Trade and other payables	14	-	59,213
Employee benefits	16	22,742	9,792
Provisions	17	-	21,000
Total non-current liabilities		<u>22,742</u>	<u>90,005</u>
Total liabilities		<u>1,658,028</u>	<u>4,668,304</u>
Net liabilities		<u>(749,838)</u>	<u>(3,741,437)</u>
Equity			
Issued capital	18	10,879,601	3,664,545
Reserves	19	1,005,879	-
Accumulated losses	20	<u>(12,635,318)</u>	<u>(7,405,982)</u>
Total deficiency in equity		<u>(749,838)</u>	<u>(3,741,437)</u>

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

Careteq Limited
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Consolidated Statement of changes in equity
For the year ended 30 June 2021

	Issued capital \$	Reserves \$	Accumulated losses \$	Total deficiency in equity \$
Balance at 1 July 2019	3,619,026	-	(5,497,388)	(1,878,362)
Loss after income tax benefit for the year	-	-	(1,908,594)	(1,908,594)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(1,908,594)	(1,908,594)
<i>Transactions with owners in their capacity as owners:</i>				
Shares issued during the year	75,000	-	-	75,000
Cost of issue	(29,481)	-	-	(29,481)
Balance at 30 June 2020	<u>3,664,545</u>	<u>-</u>	<u>(7,405,982)</u>	<u>(3,741,437)</u>
	Issued capital \$	Reserves \$	Accumulated Losses \$	Total deficiency in equity \$
Balance at 1 July 2020	3,664,545	-	(7,405,982)	(3,741,437)
Loss after income tax benefit for the year	-	-	(5,229,336)	(2,854,530)
Other comprehensive income for the year, net of tax	-	(430)	-	(430)
Total comprehensive income for the year	-	(430)	(5,229,336)	(2,854,960)
<i>Transactions with owners in their capacity as owners:</i>				
Shares issued during the year	576,000	-	-	576,000
Cost of issue	(21,000)	-	-	(21,000)
Share-based payments		506,309	-	506,309
SAFE note issued during the year		500,000	-	500,000
Conversion of convertible note	6,660,056	-	-	6,660,056
Balance at 30 June 2021	<u>10,879,601</u>	<u>1,005,879</u>	<u>(12,635,318)</u>	<u>(749,838)</u>

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

Careteq Limited
(Formerly known as Unisono Pty Ltd)
Consolidated Statement of cash flows
For the year ended 30 June 2021

	Note	2021 \$	2020 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		706,252	203,132
Government grants and tax incentives		744,931	699,484
Payments to suppliers and employees (inclusive of GST)		(2,947,338)	(2,029,535)
Interest received		3	-
		<u> </u>	<u> </u>
Net cash used in operating activities	29	<u>(1,496,152)</u>	<u>(1,126,919)</u>
Cash flows from investing activities			
Payments for property, plant and equipment	11	(4,770)	(8,639)
Payments for intangibles		<u>(18,439)</u>	<u>(2,915)</u>
		<u> </u>	<u> </u>
Net cash used in investing activities		<u>(23,209)</u>	<u>(11,554)</u>
Cash flows from financing activities			
Proceeds from issue of shares	18	576,000	-
Proceeds from issue of SAFE note	18	500,000	-
Proceeds from derivative financial instrument		-	1,230,000
Proceeds from loans		449,570	-
Share issue transaction costs		(21,000)	-
Interest and other finance costs paid		<u>-</u>	<u>(191,590)</u>
		<u> </u>	<u> </u>
Net cash from financing activities		<u>1,504,570</u>	<u>1,038,410</u>
 Net decrease in cash and cash equivalents		 (14,791)	 (100,063)
Cash and cash equivalents at the beginning of the financial year		202,047	302,110
Effects of exchange rate changes on cash and cash equivalents		<u>(430)</u>	<u>-</u>
		<u> </u>	<u> </u>
Cash and cash equivalents at the end of the financial year	8	<u><u>186,826</u></u>	<u><u>202,047</u></u>

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

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 company.

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

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 is not expected to have 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 - Reduced Disclosure Requirements and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities.

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

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 2021 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.

Note 1. Significant accounting policies (continued)

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 is 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.

Going concern

The financial report has been prepared on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

As disclosed in the financial statements, the consolidated entity incurred a net loss of \$5,229,336 and had net cash outflows from operating activities of \$1,496,152 for the year ended 30 June 2021. As at that date the consolidated entity had net liabilities of \$749,838 and net current liabilities of \$865,375.

The Directors believe that it is reasonably foreseeable 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 financial report after consideration of the following factors:

- the company completed a capital raise via a convertible note subsequent to year-end in September 2021 where 4,085,000 was raised before capital raising costs. The funds raised will be used to Acquire Ward MM and to assist with working capital requirements; and
- the company is currently also undergoing an application for an IPO with the ASX. If successful they are expecting to raise an additional \$6M to fund future operating plans. The IPO is not currently underwritten.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the company does not continue as a going concern.

Foreign currency translation

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

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.

Note 1. Significant accounting policies (continued)

Revenue recognition

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the company: 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.

In relation 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 Sofihub Home, Sofihub Beacon, Sofihub Pro Solutions and eazense 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 Ward MM 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.

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.

Note 1. Significant accounting policies (continued)

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.

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 company'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 company'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.

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 company 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.

Note 1. Significant accounting policies (continued)

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.

Derivatives are classified as current or non-current depending on the expected period of realisation.

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 company 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 company 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 company'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. 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 years
Plant and equipment	3-7 years

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

Note 1. Significant accounting policies (continued)

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 company. 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.

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.

Impairment of non-financial assets

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.

Trade and other payables

These amounts represent liabilities for goods and services provided to the company 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.

Provisions

Provisions are recognised when the company has a present (legal or constructive) obligation as a result of a past event, it is probable the company 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.

Note 1. Significant accounting policies (continued)

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.

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.

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 company or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the company 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.

Note 1. Significant accounting policies (continued)

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.

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.

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.

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 company 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.

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. These assumptions include recent sales experience and historical collection rates, the impact of the Coronavirus (COVID-19) pandemic and forward-looking information that is available. The allowance for expected credit losses, as disclosed in note 9, is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Estimation of useful lives of assets

The company 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.

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

The company 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 company 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.

Income tax

The company 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 company recognises liabilities for anticipated tax audit issues based on the company'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.

Recovery of deferred tax assets

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

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.

Recognition of R&D tax offset receivable

For financial reporting purposes, the R&D tax offset is analogised as other income see note 5. A credit will be recognised within other income when the entity satisfies the criteria to receive the credit. Management has opted to treat R&D tax refunds on an accrual basis.

Note 3. Operating segments

Identification of reportable operating segments

The consolidated entity currently operates in two geographical segments during the 2021 Financial Year. Performances are monitored per individual entity basis.

The Chief Operating Decision Maker (CODM) reviews cash flows, revenue and profit / loss before tax. The CODM reviews the operations as one consolidated business. 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.

Careteq Limited
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Notes to the financial statements
30 June 2021

Note 3. Operating segments (continued)

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 Home and Secure products.

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

Operating segment information:

	Careteq Limited \$	Careteq Internationa l Inc. \$	Total \$
30 June 2021			
Revenue			
Sales to external customers	735,442	-	735,442
Other revenue	695,744	-	695,744
Total Revenue	<u>1,431,186</u>	<u>-</u>	<u>1,431,186</u>
EBITDA	(2,313,977)	(70,121)	(2,384,098)
Interest revenue	2	-	2
Finance costs	(353,772)	-	(353,772)
Fair value adjustment to financial liability	(2,374,154)	-	(2,374,154)
Loss before income tax expense	<u>(5,041,901)</u>	<u>(70,121)</u>	<u>(5,112,022)</u>
Income tax benefit	(116,662)	-	(116,662)
Foreign exchange translation	(430)	-	(430)
Loss after income tax benefit	<u>(5,158,993)</u>	<u>(70,121)</u>	<u>(5,229,114)</u>

Geographical information

	2021 \$
Australia	735,442
USA	-
	<u>735,442</u>

Note 4. Revenue

	2021 \$	2020 \$
<i>Revenue from contracts with customers</i>		
Sale of goods	675,527	146,458
Rendering of services	59,915	-
	<u>735,442</u>	<u>146,458</u>

Careteq Limited
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Notes to the financial statements
30 June 2021

Note 4. Revenue (continued)

Disaggregation of revenue

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

	2021	2020
	\$	\$
<i>Timing of revenue recognition</i>		
Sale of goods at a point in time	675,527	146,458
Services transferred over time	59,915	-
	<u>735,442</u>	<u>146,458</u>

Major customer revenue contribution

	2021	2020
	\$	\$
JB Hi-Fi	101,060	-
Security Wholesale Ltd	299,614	-
	<u>400,674</u>	<u>-</u>
		%

Revenue portion of total revenue	
JB Hi-Fi	13.7%
Security Wholesale Ltd	40.7%

Note 5. Other income

	2021	2020
	\$	\$
Government subsidy	75,000	50,000
EDMG Grant	100,000	-
COVID 19 – Jobkeeper	139,500	66,000
Government Grants	42,117	-
DACS Grant	-	(33,252)
R&D tax refund	339,127	384,200
	<u>695,744</u>	<u>466,948</u>

Careteq Limited
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Notes to the financial statements
30 June 2021

Note 6. Expenses

	2021 \$	2020 \$
Loss before income tax includes the following specific expenses:		
<i>Cost of sales</i>		
Cost of sales	619,448	101,552
<i>Depreciation</i>		
Depreciation and amortisation	38,717	37,472
<i>Finance costs</i>		
Finance costs	353,773	61,605
<i>Shares issued to employees</i>		
Share-based payments	506,309	-

Note 7. Income tax benefit

	2021 \$	2020 \$
<i>Numerical reconciliation of income tax expense/(benefit) and tax at the statutory rate</i>		
Loss before income tax benefit	(5,112,674)	(1,966,103)
Tax at the statutory tax rate of 26% (2020: 27.5%)	(1,329,295)	(540,678)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Research and development expenditure	202,697	242,885
Share based payment	131,640	-
Fair value adjustment to financial liability	617,280	-
Non assessable R&D income	(88,173)	(105,655)
Other temporary differences	(17,615)	(57,509)
Other permanent differences	(8,525)	(32,626)
	(491,991)	(493,583)
Current year tax losses not recognised	427,288	436,074
Income tax expense/(benefit)	(64,703)	(57,509)
Overprovision for Income tax benefit	181,365	-
	116,662	-

Note 8. Cash and cash equivalents

	2021 \$	2020 \$
<i>Current assets</i>		
Cash on hand	786	786
Cash at bank	186,040	201,261
	<u>186,826</u>	<u>202,047</u>

Note 9. Trade and other receivables

	2021 \$	2020 \$
<i>Current assets</i>		
Trade receivables	134,872	88,241
Less: Allowance for expected credit losses	(46,818)	(46,818)
	<u>88,054</u>	<u>41,423</u>
GST receivable	53,048	-
Government grants receivable	339,224	384,200
	<u>480,326</u>	<u>425,623</u>

Allowance for expected credit losses

The company has recognised a loss of (\$46,816) (2020: (\$46,816) in profit or loss in respect of the expected credit losses for the year ended 30 June 2021.

Management believes that the amounts that are past due by more than 30 days are still collectable in full, based on historical payment behaviour and extensive analysis of customer credit risk, including underlying customer's credit scores if they are available. The ageing of the consolidated entity's trade receivables that were not impaired was as follows:

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

	Carrying amount		Allowance for expected credit losses	
	2021 \$	2020 \$	2021 \$	2020 \$
Neither past due not impaired	9,882	77,158	-	46,818
Past due 31 - 90 days	73,803	6,061		
Past due 90+ days	<u>51,187</u>	<u>5,022</u>	<u>46,818</u>	
	<u>134,872</u>	<u>88,241</u>	<u>46,818</u>	<u>46,818</u>

Careteq Limited
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Notes to the financial statements
30 June 2021

Note 10. Inventories

	2021 \$	2020 \$
Inventory	93,224	-

Note 11. Property, plant and equipment

	2021 \$	2020 \$
<i>Non-current assets</i>		
Leasehold improvements - at cost	27,679	27,679
Less: Accumulated depreciation	(14,269)	(9,347)
	13,410	18,332
Computer equipment - at cost	5,520	752
Less: Accumulated depreciation	(5,520)	(586)
	-	166
	13,410	18,498

Note 12. Intangibles

	2021 \$	2020 \$
<i>Non-current assets</i>		
Website - at cost	164,798	146,357
Less: Accumulated amortisation	(88,210)	(64,445)
	76,588	81,912
Patents and trademarks - at cost	50,957	50,957
Less: Accumulated amortisation	(5,096)	-
	45,861	50,957
	122,449	132,869

Reconciliations:

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

Consolidated	Website \$	Patents & Trademarks \$	Total \$
Balance at 1 July 2019	101,020	50,957	151,977
Additions	11,550	-	11,550
Disposals	-	-	-
Amortisation expense	(30,658)	-	(30,658)
Balance at 30 June 2020	81,912	50,957	132,869
Additions	18,441	-	18,441
Disposals	-	-	-
Amortisation expense	(23,765)	(5,096)	(28,861)
Balance at 30 June 2021	76,588	45,861	122,449

Careteq Limited
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Notes to the financial statements
30 June 2021

Note 13. Deferred tax

	2021	2020
	\$	\$
<i>Non-current assets</i>		
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Allowance for expected credit losses	12,173	12,877
Property, plant and equipment	(829)	(1,508)
Employee benefits	49,366	32,411
Accrued expenses	93,710	58,735
Capital raising costs	29,112	17,688
Prepayments	(2,167)	(3,541)
	<hr/>	<hr/>
Deferred tax asset	181,365	116,662
Derecognition of deferred tax assets	(181,365)	-
	<hr/> <hr/>	<hr/> <hr/>
	-	116,662

Note 14. Trade and other payables

	2021	2020
	\$	\$
<i>Current liabilities</i>		
Trade payables	707,115	485,790
Convertible Note Unpaid Accrued interest	270,860	-
Loan Facility	449,570	-
Other payables	40,612	(30,601)
	<hr/>	<hr/>
	1,468,157	455,189
	<hr/> <hr/>	<hr/> <hr/>
<i>Non-current liabilities</i>		
Other payables	-	59,213
	<hr/> <hr/>	<hr/> <hr/>

Refer to note 22 for further information on financial instruments.

Note 15. Derivative financial instruments

	2021	2020
	\$	\$
<i>Current liabilities</i>		
Derivative financial liability	-	3,697,632
Financial liability	-	317,409
	<hr/>	<hr/>
	-	4,015,041
	<hr/> <hr/>	<hr/> <hr/>

In October 2020, the rights issue triggered the conversion of existing convertible notes. These were converted at 32c less a discount; 30% in Tranche 1,3 & 4 and 20% in Tranche 2. A fair value loss adjustment was recognised at the time of conversion on the derivative financial liability of \$2,347,154.

Refer to note 22 for further information on financial instruments.

Careteq Limited
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Notes to the financial statements
30 June 2021

Note 16. Employee benefits

	2021 \$	2020 \$
<i>Current liabilities</i>		
Employee benefits	<u>167,129</u>	<u>108,069</u>
<i>Non-current liabilities</i>		
Employee benefits	<u>22,742</u>	<u>9,792</u>

Note 17. Provisions

	2021 \$	2020 \$
<i>Non-current liabilities</i>		
Legal claims	<u>-</u>	<u>21,000</u>

Note 18. Issued capital

	2021 Shares	2020 Shares	2021 \$	2020 \$
Ordinary shares - fully paid	<u>36,530,080</u>	<u>15,755,750</u>	<u>10,879,601</u>	<u>3,664,545</u>

Movements in ordinary share capital

Details	Date	Shares	\$
Balance	1 July 2019	15,608,692	3,806,446
Conversion of SAFE Note	19 May 2020	147,058	75,000
Share issue costs		-	(216,901)
Balance	30 June 2020	15,755,750	3,664,545
Issue of shares - rights issue	11 August 2020	1,612,500	516,000
Issue of shares - placement	24 September 2020	187,500	60,000
Conversion of Convertible Notes	2 October 2020	17,724,330	6,221,302
Ian Aitken – Convertible Note	2 October 2020	1,250,000	438,754
Share issue costs		-	(21,000)
Balance	30 June 2021	<u>36,530,080</u>	<u>10,879,601</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.

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.

Careteq Limited
(Formerly known as Unisono Pty Ltd)
Notes to the financial statements
30 June 2021

Note 18. Issued capital (continued)

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.

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 19. Reserves

	2021 \$	2020 \$
Foreign currency reserve	(430)	-
Options reserve	506,309	-
SAFE note	500,000	-
	<u>1,005,879</u>	<u>-</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 \$	SAFE note \$	Total \$
Balance at 1 July 2019	-	-	-	-
Foreign currency translation	-	-	-	-
Options issued during the year	-	-	-	-
Lapse of expired options	-	-	-	-
Balance at 30 June 2020	-	-	-	-
Foreign currency translation	(430)	-	-	(430)
Options issued during the year	-	506,309	-	506,309
SAFE note issued during the year	-	-	500,000	500,000
Balance at 30 June 2021	<u>(430)</u>	<u>506,309</u>	<u>500,000</u>	<u>1,005,879</u>

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 will be fully converted into ordinary shares of Careteq Ltd upon the earlier of the next capital raise, trade sale or IPO. The conversion will be undertaken at \$0.25 per fully paid ordinary share in Careteq Ltd.

Note 20. Accumulated losses

	2021 \$	2020 \$
Accumulated losses at the beginning of the financial year	(7,405,982)	(5,497,388)
Loss after income tax benefit for the year	<u>(5,229,336)</u>	<u>(1,908,594)</u>
Accumulated losses at the end of the financial year	<u><u>(12,635,318)</u></u>	<u><u>(7,405,982)</u></u>

Note 21. Dividends

There were no dividends paid, recommended or declared.

Note 22. Financial instruments

Financial risk management objectives

The company'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 company'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 company. The company 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 company 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 company and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the company's operating units. Finance reports to the Board on a monthly basis.

Note 22. Financial instruments (continued)

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.

	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
2021						
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	343,228	-	-	-	343,228
Total non-derivatives		343,228	-	-	-	343,228

	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
2020						
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	193,044	-	-	-	193,044
Total non-derivatives		193,044	-	-	-	193,044

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

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.

Fair value of financial instruments

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

Note 23. 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:

	2021 \$	2020 \$
Short-term employee benefits	500,349	472,236
Post-employment benefits	26,868	-
Long-term benefits	6,327	8,205
Share-based payments	365,064	-
	<u>898,608</u>	<u>480,441</u>

Careteq Limited
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Notes to the financial statements
30 June 2021

Note 24. Commitments

	2021 \$	2020 \$
<i>Lease commitments - finance</i>		
Committed at the reporting date and recognised as liabilities, payable:		
Within one year	-	17,100
Total commitment	-	17,100
Less: Future finance charges	-	-
Net commitment recognised as liabilities	-	17,100

Careteq Limited
(Formerly known as Unisono Pty Ltd)
Notes to the financial statements
30 June 2021

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

	2021	2020
	\$	\$
Loss after income tax benefit	(5,159,228)	(1,908,594)
Total comprehensive income	-	-

Statement of financial position

	2021	2020
	\$	\$
Total current assets	841,497	640,548
Total non-current assets	135,860	286,319
Total assets	<u>977,357</u>	<u>926,867</u>
Total current liabilities	1,633,900	4,578,299
Total non-current liabilities	22,742	90,005
Total liabilities	<u>1,656,642</u>	<u>4,668,304</u>
Equity		
Issued capital	11,117,502	3,881,446
Capital raising costs	(237,901)	(216,901)
SAFE note	500,000	-
Options reserve	506,308	-
Accumulated losses	<u>(12,565,194)</u>	<u>(7,405,982)</u>
Total equity/(deficiency)	<u>(679,285)</u>	<u>(3,741,437)</u>

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 2021 and 30 June 2020.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2021 and 30 June 2020.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2021 and 30 June 2020.

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 following.

- Investments in subsidiaries are accounted for at cost, less impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.

Careteq Limited
(Formerly known as Unisono Pty Ltd)
Notes to the financial statements
30 June 2021

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 subsidiaries in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2021 %	2020 %
Careteq Limited	Australia	-	-
Careteg International Inc	United States of America	100.00%	-

Note 27. Events after the reporting period

On 31 August 2021, Careteq Limited acquired 100% of the ordinary shares of Ward Health Group Pty Ltd (Ward MM) for the total consideration of \$1,850,000, \$500,000 paid in cash and the balance in equity. The acquisition is priced at 4.6 times Ward MM's FY21 earnings before interest, tax, depreciation and amortisation (EBITDA), and the vendors are entitled to an earn out of 4 times FY22 EBITDA (less the upfront consideration).

Ward MM provides expert geriatric clinical pharmacy decision support to general practitioners, invests in innovative research projects, delivers medication training to health professionals, and provides individuals with a proactive medication service.

	\$
Cash and cash equivalents	281,341
Trade receivables	65,366
Prepayments	3,737
Accrued income	381,053
Trade payables	(145,886)
Other payables	(323,821)
Employee benefits	(209,067)
Net assets acquired	52,723
Goodwill on acquisition	1,602,601
Acquisition-date fair value of the total consideration transferred	1,655,324
Representing:	
Cash paid or payable to the vendor	500,000
Equity	1,155,324
Acquisition costs expensed to profit or loss	21,102
Cash used to acquire business, net of cash acquired:	
Acquisition date value of total consideration transferred	500,000
Less: cash and cash equivalents	281,341
Net cash used	218,659

Accounting for the acquisition is provisional

Note 27. Events after the reporting period (continued)

In September 2021, the company completed a successful capital raise of \$4,085,000 via a Convertible Note before costs to fund the above-mentioned acquisition of Ward, scale the existing revenue generating solution capabilities and working capital requirements.

The terms of the Convertible Notes provide that the Convertible Notes will convert into Shares on IPO. Pursuant to the terms of the Convertible Notes, the conversion price will be 20% discount to the IPO Offer Price.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

For details relating to capital raising activities conducted by the Company post balance date, please refer to the Going Concern note.

No other matter or circumstance has arisen since 30 June 2021 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 28. 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 15 December 2020, 4,255,759 options were granted to key management personnel and employees at an exercise price of \$0.15.

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

2021

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
11/04/2018	11/04/2023	\$1.00	307,018	-	-	(307,018)	-
01/10/2018	01/10/2023	\$1.00	25,000	-	-	(25,000)	-
07/12/2018	07/12/2023	\$1.00	307,018	-	-	-	307,018
			-	-	-	-	-
15/12/2020	15/12/2023	\$0.15	-	4,255,759	-	-	4,255,759
			639,036	4,255,759	-	(332,018)	4,562,777
Weighted average exercise price			\$1.00	\$0.15	\$0.00	\$1.00	\$0.23

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	Dividend yield	Risk-free interest rate	Fair value at grant date
15/12/2020	15/12/2023	\$0.32	\$0.15	120.00%	-	0.20%	\$0.320

Careteq Limited
(Formerly known as Unisono Pty Ltd)
Notes to the financial statements
30 June 2021

Note 29. Reconciliation of loss after income tax to net cash from operating activities

	2021 \$	2020 \$
Loss after income tax benefit for the year	(5,229,766)	(1,908,594)
Adjustments for:		
Depreciation and amortization	38,717	37,472
Share-based payments	506,309	-
Equity contributed	60,000	75,000
Interest on derivatives	210,209	191,590
Fair value adjustment to financial liability	2,374,154	-
Fair value difference on conversion	652	-
Foreign exchange differences	430	-
Change in operating assets and liabilities:		
(Increase)/Decrease in trade and other receivables	(54,703)	206,991
Increase in inventory	(93,224)	-
(Increase)/Decrease in prepayments	3,343	(12,878)
Decrease/(increase) in other non-current assets	15,870	(2,915)
Increase in trade and other payables	563,398	238,699
Decrease/(increase) in other payables	(59,213)	53,119
Increase in employee provisions	72,010	52,106
Increase/(Decrease) in deferred tax assets	116,662	(57,509)
Decrease in other provisions	(21,000)	-
Net cash used in operating activities	(1,496,152)	(1,126,919)

Note 30: 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 23 and the remuneration report included in the director's report.

Payable to related parties:

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

	2021 \$	2020 \$
<i>Current payables</i>		
Peter Scala	475	-
<i>Loans from related parties</i>		
Charkaroo Pty Ltd (director-related entity of Mark Simari)	219,768	-
DAMI Super Fund (director-related entity of Brett Cheong)	82,438	-
Alex Boyd (director)	82,438	-

Careteq Limited
(Formerly known as Unisono Pty Ltd)
Directors' declaration
30 June 2021

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 consolidated entity's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the consolidated entity 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 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



Mark Simari - Chairman

30 September 2021

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

INDEPENDENT AUDITOR'S REPORT To the Members of Careteq Limited

Opinion

We have audited the financial report of Careteq Limited (the Company) and its subsidiary (the Consolidated entity), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of 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 Consolidated entity is in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the Consolidated entity's financial position as at 30 June 2021 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.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Consolidated entity's annual report for the year ended 30 June 2021 but does not include the financial report and the auditor's report thereon.

Other Information (continued)

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 Consolidated entity 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: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

**RSM AUSTRALIA PARTNERS****R B MIANO**
Partner

Dated: 1 October 2021
Melbourne, Victoria

Unisono Pty Ltd

ABN 83 612 267 85

Annual Report - 30 June 2020

Note 24. Financial instruments

Financial risk management objectives

The company'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 company'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 company. The company 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 company 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 company and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the company's operating units. Finance reports to the Board on a monthly basis.

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.

	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
2020						
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	455,819	59,213	-	-	515,032
Total non-derivatives		455,819	59,213	-	-	515,032
Financial liabilities						
Derivative financial liability	-	-	3,697,632	-	-	3,697,632
Financial liability at amortised cost	-	-	317,409	-	-	317,409
Total derivatives		-	4,015,041	-	-	4,015,041

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

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.

Fair value of financial instruments

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

Note 25. 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:

	2020 \$	2019 \$
Aggregate compensation	480,441	685,851

Unisono Pty Ltd
Directors' report
30 June 2020

The directors present their report, together with the financial statements, on the company for the year ended 30 June 2020.

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:

Mark Simari
Peter Scala
Brett Cheong
Alex Boyd

Principal activities

The company has developed an online integrated adaptive care platform that monitors and interacts with those individuals requiring care, their carers and their surrounding environment.

The company's technology and product has been designed for use by the elderly, disabled and vulnerable individuals as well as professional organisation providing care to their existing clients.

Dividends

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

Review of operations

The loss for the company after providing for income tax amounted to \$1,908,594 (30 June 2019: \$1,821,358).

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the company during the financial year.

Matters subsequent to the end of the financial year

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has been financially negative for the consolidated entity up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

The Company effective 2 October 2020 has changed its legal status to a public company limited by shares in order to facilitate the conversion of the Convertible Notes, as well as to enable greater flexibility to raise capital in the future including by way of an IPO.

In August 2020, the company completed a successful Rights Issue of \$576,000 before costs to scale the existing revenue-generating solution capabilities and working capital requirements.

The terms of the Convertible Notes provide that the Convertible Notes will convert into Shares on the earlier of the next capital raise or IPO. Accordingly, as the Rights Issue constitutes a capital raising, it triggers the conversion of all Convertible Notes into Shares.

Pursuant to the terms of the Convertible Notes, the conversion price will be as follows:

- in respect of Tranche 1, Tranche 3 and Tranche 4: 30% discount to the Offer Price; and
- in respect of Tranche 2: 20% discount to the Offer Price.

No other matter or circumstance has arisen since 30 June 2020 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.

Likely developments and expected results of operations

Information on likely developments in the operations of the company and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the company.

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 thousand dollars, or in certain cases, the nearest dollar.

Unisono Pty Ltd
Directors' report
30 June 2020

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'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 - Chairman

7 October 2020

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

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Unisono Pty Ltd for the year ended 30 June 2020, 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: 7 October 2020
Melbourne, Victoria

Unisono Pty Ltd
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General information

The financial statements cover Unisono Pty Ltd as an individual entity. The financial statements are presented in Australian dollars, which is Unisono Pty Ltd's functional and presentation currency.

Unisono Pty Ltd is a 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

203 Drummond Street
Carlton VIC 3053

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 7 October 2020. The directors have the power to amend and reissue the financial statements.

Unisono Pty Ltd
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2020

	Note	2020 \$	2019 \$
Revenue	3	146,458	5,474
Other income	4	466,948	1,254,467
Interest revenue calculated using the effective interest method		847	-
Expenses			
Raw materials and consumables used		(101,552)	(83,728)
Consulting and advisory		(447,075)	(223,856)
Corporate and administration		(171,490)	(287,051)
Employee benefits expense		(1,333,137)	(1,998,569)
Research and development		(20,811)	-
Depreciation and amortisation expense		(37,472)	(38,031)
Product design		-	(303)
Other expenses		(407,214)	(312,584)
Finance costs		(61,605)	(94,841)
Loss before income tax (expense)/benefit		(1,966,103)	(1,779,022)
Income tax (expense)/benefit	5	57,509	(42,333)
Loss after income tax (expense)/benefit for the year attributable to the owners of Unisono Pty Ltd	22	(1,908,594)	(1,821,355)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of Unisono Pty Ltd		<u>(1,908,594)</u>	<u>(1,821,355)</u>

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

Unisono Pty Ltd
Statement of financial position
As at 30 June 2020

	Note	2020 \$	2019 \$
Assets			
Current assets			
Cash and cash equivalents	6	202,047	302,110
Trade and other receivables	7	425,623	587,500
Other	8	12,878	-
Total current assets		<u>640,548</u>	<u>889,610</u>
Non-current assets			
Property, plant and equipment	9	18,498	47,528
Intangibles	10	132,869	151,211
Deferred tax	11	116,662	59,155
Other	12	18,290	15,375
Total non-current assets		<u>286,319</u>	<u>273,269</u>
Total assets		<u>926,867</u>	<u>1,162,879</u>
Liabilities			
Current liabilities			
Trade and other payables	13	455,189	216,490
Borrowings	14	-	280,000
Derivative financial instruments	15	4,015,041	2,137,902
Employee benefits	16	108,069	62,266
Provisions	17	-	335,000
Rental incentive		-	6,094
Total current liabilities		<u>4,578,299</u>	<u>3,037,752</u>
Non-current liabilities			
Payables	18	59,213	-
Employee benefits	19	9,792	3,489
Provisions	20	21,000	-
Total non-current liabilities		<u>90,005</u>	<u>3,489</u>
Total liabilities		<u>4,668,304</u>	<u>3,041,241</u>
Net liabilities		<u>(3,741,437)</u>	<u>(1,878,362)</u>
Equity			
Issued capital	21	3,664,545	3,619,026
Accumulated losses	22	<u>(7,405,982)</u>	<u>(5,497,388)</u>
Total deficiency in equity		<u>(3,741,437)</u>	<u>(1,878,362)</u>

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

Unisono Pty Ltd
Statement of changes in equity
For the year ended 30 June 2020

	Issued capital \$	Reserves \$	Accumulated losses \$	Total deficiency in equity \$
Balance at 1 July 2018	3,619,026	-	(3,676,030)	(57,004)
Loss after income tax expense for the year	-	-	(1,821,358)	(1,821,358)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(1,821,358)	(1,821,358)
Balance at 30 June 2019	<u>3,619,026</u>	<u>-</u>	<u>(5,497,388)</u>	<u>(1,878,362)</u>
	Issued capital \$	Reserves \$	Accumulated losses \$	Total deficiency in equity \$
Balance at 1 July 2019	3,619,026	-	(5,497,388)	(1,878,362)
Loss after income tax benefit for the year	-	-	(1,908,594)	(1,908,594)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(1,908,594)	(1,908,594)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 21)	<u>45,519</u>	<u>-</u>	<u>-</u>	<u>45,519</u>
Balance at 30 June 2020	<u>3,664,545</u>	<u>-</u>	<u>(7,405,982)</u>	<u>(3,741,437)</u>

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

Unisono Pty Ltd
Statement of cash flows
For the year ended 30 June 2020

	Note	2020 \$	2019 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		203,132	5,358
Payments to suppliers and employees (inclusive of GST)		(2,029,535)	(3,012,669)
Payment for security deposits		-	(9,875)
Government grants		699,484	1,124,831
Net cash used in operating activities		<u>(1,126,919)</u>	<u>(1,892,355)</u>
Cash flows from investing activities			
Payments for property, plant and equipment	9	(8,639)	(21,846)
Payments for intangibles	10	-	(111,527)
Payments for security deposits		<u>(2,915)</u>	<u>-</u>
Net cash used in investing activities		<u>(11,554)</u>	<u>(133,373)</u>
Cash flows from financing activities			
Proceeds from derivative financial instrument		1,230,000	1,820,000
Proceed from borrowings		-	280,000
Share issue transaction costs		-	(3,733)
Interest and other finance costs paid		<u>(191,590)</u>	<u>-</u>
Net cash from financing activities		<u>1,038,410</u>	<u>2,096,267</u>
Net increase/(decrease) in cash and cash equivalents		(100,063)	70,539
Cash and cash equivalents at the beginning of the financial year		<u>302,110</u>	<u>231,571</u>
Cash and cash equivalents at the end of the financial year	6	<u><u>202,047</u></u>	<u><u>302,110</u></u>

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

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 company 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:

AASB 16 Leases

The company has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

Impact of adoption

AASB 16 was adopted using the modified retrospective approach and as such the comparatives have not been restated. The impact of adoption is immaterial and no disclosure is being made.

When adopting AASB 16 from 1 July 2019, the company has applied the following practical expedients:

- applying a single discount rate to the portfolio of leases with reasonably similar characteristics;
- accounting for leases with a remaining lease term of 12 months as at 1 July 2019 as short-term leases;
- excluding any initial direct costs from the measurement of right-of-use assets;
- using hindsight in determining the lease term when the contract contains option to extend or terminate the lease; and
- not apply AASB 16 to contracts that were not previously identified as containing a lease.

Going concern

The financial report has been prepared on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

As disclosed in the financial statements, the company incurred a loss of \$1,908,593 and had net cash outflows from operating activities of \$1,126,919 for the year ended 30 June 2020. As at that date the company had net liabilities of 3,741,438.

Note 1. Significant accounting policies (continued)

The Directors believe that it is reasonably foreseeable that the company 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:

- the company completed a rights issue subsequent to the year-end in August 2020 where for \$576,000 was raised before capital raising costs. The money raised is used predominantly to scale the existing revenue-generating solution capabilities and working capital requirements.
- the directors have prepared a cash flow forecast. This forecast indicates that the entity can continue as going concern for at least the next 12 months, subject to being able to access additional sources of funding.
- the directors are reviewing the company's ability as a technology innovation company to apply for various government grants and incentives, which have not yet been factored into the cash flow forecast but may provide cash inflows to reduce the impact of expenditure should they be successfully granted.
- the company, effective 2 October 2020, has changed its legal status to a public company limited by shares in order to facilitate the conversion of the Convertible Notes, as well as to enable greater flexibility to raise capital in the future including by way of an IPO.

The company is planning to list on the Australian Securities Exchange in the second half of 2020 to assist it in achieving its growth objectives and provide further access to capital.

Accordingly, the Directors believe that the company will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the company does not continue as a going concern.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities.

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

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.

Revenue recognition

The company recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the company: 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.

Note 1. Significant accounting policies (continued)

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.

Sale of goods

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.

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.

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.

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 company'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.

Note 1. Significant accounting policies (continued)

A liability is classified as current when: it is either expected to be settled in the company'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.

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 company 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.

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.

Derivatives are classified as current or non-current depending on the expected period of realisation.

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 company 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 company 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 company'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.

Note 1. Significant accounting policies (continued)

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. 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 years
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 company. 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.

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.

Impairment of non-financial assets

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.

Note 1. Significant accounting policies (continued)

Trade and other payables

These amounts represent liabilities for goods and services provided to the company 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.

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.

Provisions

Provisions are recognised when the company has a present (legal or constructive) obligation as a result of a past event, it is probable the company 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.

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.

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.

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.

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.

Note 1. Significant accounting policies (continued)

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.

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 company for the annual reporting period ended 30 June 2020. The company's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the company, are set out below.

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

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.

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. These assumptions include recent sales experience and historical collection rates.

Fair value measurement hierarchy

The company is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Estimation of useful lives of assets

The company 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.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

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

The company 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 company 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.

Income tax

The company 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 company recognises liabilities for anticipated tax audit issues based on the company'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.

Recovery of deferred tax assets

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

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.

Note 3. Revenue

	2020	2019
	\$	\$
Sales of goods	<u>146,458</u>	<u>5,474</u>

Note 4. Other income

	2020	2019
	\$	\$
Government grants	<u>466,948</u>	<u>1,254,467</u>

Unisono Pty Ltd
Notes to the financial statements
30 June 2020

Note 5. Income tax expense/(benefit)

	2020	2019
	\$	\$
<i>Numerical reconciliation of income tax expense/(benefit) and tax at the statutory rate</i>		
Loss before income tax (expense)/benefit	(1,966,103)	(1,779,023)
Tax at the statutory tax rate of 27.5%	(540,678)	(489,231)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Research and development expenditure	242,885	368,668
Non assessable R&D income	(105,655)	(160,370)
Other temporary differences	(57,509)	42,335
Other permanent differences	(32,626)	(38,220)
	(493,583)	(276,818)
Current year tax losses not recognised	436,074	319,153
Income tax expense/(benefit)	<u>(57,509)</u>	<u>42,335</u>

Note 6. Current assets - cash and cash equivalents

	2020	2019
	\$	\$
Cash on hand	786	786
Cash at bank	201,261	301,324
	<u>202,047</u>	<u>302,110</u>

Note 7. Current assets - trade and other receivables

	2020	2019
	\$	\$
Trade receivables	88,241	51,616
Less: Allowance for expected credit losses	(46,818)	(46,818)
	41,423	4,798
Government grants receivable	384,200	582,702
	<u>425,623</u>	<u>587,500</u>

Note 8. Current assets - other

	2020	2019
	\$	\$
Prepayments	<u>12,878</u>	<u>-</u>

Unisono Pty Ltd
Notes to the financial statements
30 June 2020

Note 9. Non-current assets - property, plant and equipment

	2020 \$	2019 \$
Leasehold improvements - at cost	27,679	19,793
Less: Accumulated depreciation	(9,347)	(3,120)
	<u>18,332</u>	<u>16,673</u>
Plant and equipment - at cost	-	73,975
Less: Accumulated depreciation	-	(43,120)
	<u>-</u>	<u>30,855</u>
Computer equipment - at cost	752	-
Less: Accumulated depreciation	(586)	-
	<u>166</u>	<u>-</u>
	<u><u>18,498</u></u>	<u><u>47,528</u></u>

Note 10. Non-current assets - intangibles

	2020 \$	2019 \$
Website - at cost	146,357	145,660
Less: Accumulated amortisation	(64,445)	(33,786)
	<u>81,912</u>	<u>111,874</u>
Patents and trademarks - at cost	50,957	39,337
	<u><u>132,869</u></u>	<u><u>151,211</u></u>

Note 11. Non-current assets - deferred tax

	2020 \$	2019 \$
<i>Deferred tax asset comprises temporary differences attributable to:</i>		
Amounts recognised in profit or loss:		
Allowance for expected credit losses	12,877	12,877
Property, plant and equipment	(1,508)	(2,985)
Employee benefits	32,411	18,083
Accrued expenses	58,735	9,670
Capital raising costs	17,688	21,510
Prepayments	(3,541)	-
Deferred tax asset	<u><u>116,662</u></u>	<u><u>59,155</u></u>

Note 12. Non-current assets - other

	2020 \$	2019 \$
Security deposits	<u><u>18,290</u></u>	<u><u>15,375</u></u>

Note 13. Current liabilities - trade and other payables

	2020 \$	2019 \$
Trade payables	485,790	216,490
Other payables	(30,601)	-
	<u>455,189</u>	<u>216,490</u>

Refer to note 24 for further information on financial instruments.

Note 14. Current liabilities - borrowings

	2020 \$	2019 \$
Loan from director	-	280,000
	<u>-</u>	<u>280,000</u>

Refer to note 24 for further information on financial instruments.

Note 15. Current liabilities - derivative financial instruments

	2020 \$	2019 \$
Derivative financial liability	3,697,632	1,983,623
Financial liability	317,409	154,279
	<u>4,015,041</u>	<u>2,137,902</u>

Refer to note 24 for further information on financial instruments.

Note 16. Current liabilities - employee benefits

	2020 \$	2019 \$
Employee benefits	108,069	62,266
	<u>108,069</u>	<u>62,266</u>

Note 17. Current liabilities - provisions

	2020 \$	2019 \$
Legal claims	-	335,000
	<u>-</u>	<u>335,000</u>

Note 18. Non-current liabilities - payables

	2020 \$	2019 \$
Other payables	59,213	-
	<u>59,213</u>	<u>-</u>

Refer to note 24 for further information on financial instruments.

Note 19. Non-current liabilities - employee benefits

	2020 \$	2019 \$
Employee benefits	<u>9,792</u>	<u>3,489</u>

Note 20. Non-current liabilities - provisions

	2020 \$	2019 \$
Legal claims	<u>21,000</u>	<u>-</u>

Legal claims

The provision represents a claim by a creditor. This claim is not expected to be settled in the next financial year and the outcome of this claim is not expected to exceed the amount provided for, based on independent legal advice.

Note 21. Equity - issued capital

	2020 Shares	2019 Shares	2020 \$	2019 \$
Ordinary shares - fully paid	<u>15,755,750</u>	<u>15,608,692</u>	<u>3,664,545</u>	<u>3,619,026</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2018	15,588,185		3,619,026
Issue of shares	5 September 2018	<u>20,507</u>	\$0.00	<u>-</u>
Balance	30 June 2019	15,608,692		3,619,026
Issue of shares	19 May 2020	<u>147,058</u>	\$0.51	<u>75,000</u>
Cost of capital raised		<u>-</u>	\$0.00	<u>(29,481)</u>
Balance	30 June 2020	<u>15,755,750</u>		<u>3,664,545</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 22. Equity - accumulated losses

	2020 \$	2019 \$
Accumulated losses at the beginning of the financial year	(5,497,388)	(3,676,030)
Loss after income tax (expense)/benefit for the year	<u>(1,908,594)</u>	<u>(1,821,358)</u>
Accumulated losses at the end of the financial year	<u>(7,405,982)</u>	<u>(5,497,388)</u>

Note 23. Equity - dividends

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

Note 26. Commitments

	2020 \$	2019 \$
<i>Lease commitments - finance</i>		
Committed at the reporting date and recognised as liabilities, payable:		
Within one year	17,100	46,650
One to five years	-	3,900
	<hr/> 17,100	<hr/> 50,550
Total commitment	17,100	50,550
Less: Future finance charges	-	-
	<hr/> 17,100	<hr/> 50,550
Net commitment recognised as liabilities	<u><u>17,100</u></u>	<u><u>50,550</u></u>

Note 27. Events after the reporting period

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has been financially negative for the consolidated entity up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

The Company effective 2 October 2020 has changed its legal status to a public company limited by shares in order to facilitate the conversion of the Convertible Notes, as well as to enable greater flexibility to raise capital in the future including by way of an IPO.

In August 2020, the company completed a successful Rights Issue of \$576,000 before costs to scale the existing revenue-generating solution capabilities and working capital requirements.

The terms of the Convertible Notes provide that the Convertible Notes will convert into Shares on the earlier of the next capital raise or IPO. Accordingly, as the Rights Issue constitutes a capital raising, it triggers the conversion of all Convertible Notes into Shares.

Pursuant to the terms of the Convertible Notes, the conversion price will be as follows:

- in respect of Tranche 1, Tranche 3 and Tranche 4: 30% discount to the Offer Price; and
- in respect of Tranche 2: 20% discount to the Offer Price.

No other matter or circumstance has arisen since 30 June 2020 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.

Unisono Pty Ltd
Directors' declaration
30 June 2020

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 2020 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.

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 - Chairman

7 October 2020

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

INDEPENDENT AUDITOR'S REPORT To the Members of Unisono Pty Ltd

Opinion

We have audited the financial report of Unisono Pty Ltd (the Company), which comprises the statement of financial position as at 30 June 2020, the statement of comprehensive income, the statement of changes in equity and the 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 Company is in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the Company's financial position as at 30 June 2020 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 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* (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.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which indicates that the Company incurred a net loss of \$1,908,594 during the year ended 30 June 2020 and, as of that date, the Company's current liabilities exceeded its total assets by \$3,937,751. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2020, 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 Company 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 Company 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/ar2_2020.pdf

This description forms part of our auditor's report.



RSM AUSTRALIA PARTNERS



R B MIANO
Partner

Dated: 7 October 2020
Melbourne, Victoria

Ward Health Group Pty Ltd

Consolidated General Purpose Financial Statements

For the year ended 30 June 2021

ABN 87 079 817 637

Ward Health Group Pty Ltd
Directors' report
30 June 2021

The directors present their report, together with the financial statements, on the group (referred to hereafter as the 'group') consisting of Ward Health Group Pty Ltd (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 2021.

Directors

The following persons were directors of Ward Health Group Pty Ltd during the whole of the financial year and up to the date of this report, unless otherwise stated:

Ian Heraud
David Gold (Appointed 31 August 2021)
Peter Scala (Appointed 1 September 2021)
Alexander Boyd (Appointed 1 September 2021)
Lim Siew Meng (Resigned 31 August 2021)

Principal activities

During the financial year the principal continuing activities of the group consisted of:

- Provision of Residential Medication Management Review and Home Medicines Review services as part of the Medication Management Programs funded under the Seventh Community Pharmacy Agreement.

Review of operations

The loss for the group after providing for income tax amounted to \$455,688 (30 June 2020: loss of \$25,207).

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the group during the financial year.

Matters subsequent to the end of the financial year

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not impacted the group up to 30 June 2021, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

On 31 August 2021 the shareholders of Ward Health Pty Ltd sold 100% of their shareholdings in the company to Careteq Limited. As part of the acquisition, the outstanding relating party loans (\$1,260,492 as at 30 June 2021 as disclosed in Note 14) and convertible notes (\$566,723 as at 30 June 2021 as disclosed in Note 16) were converted to equity, and therefore no longer represent a potential cash outflow. The effect of this is that the entity was no longer in a net liability or net current liability position.

There are no other matters or circumstance that have arisen since 30 June 2021 that has significantly affected, or may significantly affect the group's operations, the results of those operations, or the group's state of affairs in future financial years.

Ward Health Group Pty Ltd
Directors' report
30 June 2021

Likely developments and expected results of operations

Information on likely developments in the operations of the group and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the group.

Environmental regulation

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

Shares under option

There were no unissued ordinary shares of Ward Health Group Pty Ltd under option outstanding at the date of this report.

Shares issued on the exercise of options

There were no ordinary shares of Ward Health Group Pty Ltd issued on the exercise of options during the year ended 30 June 2021 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

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.

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



Peter Scala
Director
5-Oct-21

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

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Ward Health Group Pty Ltd for the year ended 30 June 2021, 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 stylized blue ink signature of "RSM" in a cursive script.

RSM AUSTRALIA PARTNERS

A blue ink signature of "R B Miano" in a cursive script.

R B MIANO
Partner

Dated: 5 October 2021
Melbourne, Victoria

Ward Health Group Pty Ltd
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30 June 2021

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General information

The financial statements cover Ward Health Group Pty Ltd. The financial statements are presented in Australian dollars, which is Ward Health Group Pty Ltd's functional and presentation currency.

Ward Health Group Pty Ltd is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office & Principal place of business

SCM Bookkeeping & Consulting
28 Claremont Street, South Yarra
3141 VIC

A description of the nature of the group'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 . The directors have the power to amend and reissue the financial statements.

Ward Health Group Pty Ltd
Consolidated Statement of profit or loss and other comprehensive income
For the year ended 30 June 2021

	Note	2021 \$	2020 \$
Revenue	3	4,455,248	3,821,306
Other income	4	180,578	493,056
Expenses			
Cost of sales		(2,118,063)	(2,004,411)
Employee benefits expenses		(1,623,251)	(1,519,960)
Impairment of loan receivable		(672,238)	-
Legal & professional expenses		(36,202)	(97,134)
Occupancy expenses		(1,961)	(137,775)
Information technology expenses		(281,517)	(187,406)
General & administration expenses		(100,242)	(228,040)
Finance costs	5	<u>(187,456)</u>	<u>(164,842)</u>
Loss before income tax expense		(385,104)	(25,206)
Income tax expense	6	<u>(70,584)</u>	<u>-</u>
Loss after income tax expense for the year		(455,688)	(25,206)
Other comprehensive income			
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive loss for the year		<u><u>(455,688)</u></u>	<u><u>(25,206)</u></u>

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

Ward Health Group Pty Ltd
Consolidated Statement of financial position
As at 30 June 2021

	Note	2021 \$	2020 \$
Assets			
Current assets			
Cash and cash equivalents	7	195,301	504,092
Trade and other receivables	8	111,899	74,893
Contract assets	9	448,675	460,383
Other current assets	10	21,147	386,650
Total current assets		<u>777,022</u>	<u>1,426,018</u>
Non-current assets			
Loan receivables	11	-	672,238
Total non-current assets		<u>-</u>	<u>672,238</u>
Total assets		<u>777,022</u>	<u>2,098,256</u>
Liabilities			
Current liabilities			
Trade and other payables	12	507,996	724,022
Provision for income tax		49,451	-
Employee benefits	13	203,682	164,532
Borrowings	14	1,335,773	1,875,654
Total current liabilities		<u>2,096,902</u>	<u>2,764,208</u>
Non-current liabilities			
Employee benefits	15	98,464	77,313
Financial liabilities	16	566,723	807,246
Derivative financial liability		149,476	149,476
Deferred tax liability	6	21,133	-
Total non-current liabilities		<u>835,796</u>	<u>1,034,035</u>
Total liabilities		<u>2,932,698</u>	<u>3,798,243</u>
Net assets		<u>(2,155,676)</u>	<u>(1,699,987)</u>
Issued capital	17	300,109	300,109
Accumulated losses	18	<u>(2,455,785)</u>	<u>(2,000,096)</u>
Total equity		<u>(2,155,676)</u>	<u>(1,699,987)</u>

Ward Health Group Pty Ltd
Consolidated Statement of changes in equity
For the year ended 30 June 2021

Consolidated	Issued capital \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2019	300,109	(1,974,890)	(1,674,781)
Loss after income tax expense for the year	-	(25,206)	(25,206)
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	(25,206)	(25,206)
Balance at 30 June 2020	<u>300,109</u>	<u>(2,000,096)</u>	<u>(1,699,987)</u>
Consolidated	Issued capital \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2020	300,109	(2,000,096)	(1,699,987)
Loss after income tax expense for the year	-	(455,688)	(455,688)
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	(455,688)	(455,688)
Balance at 30 June 2021	<u>300,109</u>	<u>(2,455,784)</u>	<u>(2,155,675)</u>

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

Ward Health Group Pty Ltd
Consolidated Statement of cash flows
For the year ended 30 June 2021

	Note	2021 \$	2020 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		4,429,950	3,497,118
Payments to suppliers and employees (inclusive of GST)		<u>(4,335,507)</u>	<u>(4,362,982)</u>
		94,443	(865,864)
Other revenue		564,627	847,446
Interest and other finance costs paid		<u>(46,545)</u>	<u>(164,842)</u>
Net cash from/(used in) operating activities	28	<u>612,525</u>	<u>(183,260)</u>
Cash flows from investing activities			
Net cash used in investing activities		<u>-</u>	<u>-</u>
Cash flows from financing activities			
Repayment of convertible notes		(381,435)	-
Proceeds from borrowings		-	572,265
Proceeds from issue of convertible notes		-	123,076
Repayment of borrowings		<u>(539,881)</u>	<u>(14,320)</u>
Net cash from/(used in) financing activities		<u>(921,316)</u>	<u>681,021</u>
Net increase/(decrease) in cash and cash equivalents		(308,791)	497,761
Cash and cash equivalents at the beginning of the financial year		<u>504,092</u>	<u>6,331</u>
Cash and cash equivalents at the end of the financial year	7	<u><u>195,301</u></u>	<u><u>504,092</u></u>

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

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 Group 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.

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., except for convertible note liabilities which are measured at fair value.

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 group'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.

Going concern

The financial report has been prepared on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

As disclosed in the financial statements, the group has a loss before income tax of \$455,688 for the year ended 30 June 2021. As at that date the group had net current liabilities of \$1,319,880.

The Directors believe that it is reasonably foreseeable 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:

1. As disclosed in note 27 on 31 August 2021 the shareholders of Ward Health Pty Ltd sold 100% of their shareholdings in the company to Careteq Limited. As part of the acquisition, the outstanding relating party loans (\$1,260,492 as at 30 June 2021 as disclosed in Note 14) and convertible notes (\$566,723 as at 30 June 2021 as disclosed in Note 16) were converted to equity, and therefore no longer represent a potential cash outflow; and
2. The group's financial performance for July and August 2021 has being in line with the forecast which shows the group will be profitable and able to pay its debts as and when they fall due.

Note 1. Significant accounting policies (continued)

Revenue recognition

The group recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the group: 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

Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

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 the right to receive payment is established.

Government grants

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

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.

- 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.

Note 1. Significant accounting policies (continued)

Income tax (continued)

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.

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 group'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 group'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.

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. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

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

The group 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.

Contract assets

Contract assets are recognised when the group has transferred goods or services to the customer but where the group is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes.

Note 1. Significant accounting policies (continued)

Trade and other payables

These amounts represent liabilities for goods and services provided to the group 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.

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.

Provisions

Provisions are recognised when the group has a present (legal or constructive) obligation as a result of a past event, it is probable the group 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.

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 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.

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.

Note 1. Significant accounting policies (continued)

Fair value measurement (continued)

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.

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.

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

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

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 Group 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 thousand dollars, or in certain cases, the nearest dollar.

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 group for the annual reporting period ended 30 June 2021. The group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the group, are set out below.

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 group 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 group 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 group's financial statements.

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.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the group based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the group operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the group unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

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 group 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. These assumptions include recent sales experience, historical collection rates, the impact of the Coronavirus (COVID-19) pandemic and forward-looking information that is available. The allowance for expected credit losses, as disclosed in note 8, is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower.

Fair value measurement hierarchy

The group is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs. Refer to note 20 for further information.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Income tax

The group 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 group recognises liabilities for anticipated tax audit issues based on the group'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.

Recovery of deferred tax assets

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

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.

Note 3. Revenue

	Note	2021 \$	2020 \$
<i>Revenue from contracts with customers</i>			
Rendering of services		4,455,248	3,821,306
		<u>4,455,248</u>	<u>3,821,306</u>
Revenue		<u>4,455,248</u>	<u>3,821,306</u>

Disaggregation of revenue

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

	2021 \$	2020 \$
<i>Timing of revenue recognition</i>		
Services transferred over time	4,455,248	3,821,306
	<u>4,455,248</u>	<u>3,821,306</u>

Note 4. Other income

	2021 \$	2020 \$
Government stimulus	-	62,500
R&D Tax refund	-	384,049
Gain on disposal of convertible notes	115,841	-
Other income	<u>64,737</u>	<u>46,507</u>
Other income	<u>180,578</u>	<u>493,056</u>

Note 5. Expenses

	2021 \$	2020 \$
<i>Finance costs</i>		
Interest and finance charges paid/payable on borrowings	187,456	164,842
Finance costs expensed	<u>187,456</u>	<u>164,842</u>
<i>Superannuation expense</i>		
Superannuation expense	<u>162,515</u>	<u>271,731</u>

Note 6. Income tax expense

	2021 \$	2020 \$
<i>Income tax expense</i>		
Current tax	49,451	-
Deferred tax - origination and reversal of temporary differences	21,133	-
Aggregate income tax expense	<u>70,584</u>	<u>-</u>
 <i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Loss before income tax expense	(385,104)	(25,206)
Tax at the statutory rate of 26%	(100,127)	(6,932)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Fines and penalties	3,492	-
Entertainment	2,187	-
Write-off of related party receivables	174,782	-
Other non-assessable income	(9,750)	-
Temporary differences not recognised	-	6,932
Income tax expense	<u>70,584</u>	<u>-</u>

Deferred tax liability

Deferred tax liability comprises temporary differences attributable to:

	2021 \$	2020 \$
Amounts recognised in profit or loss:		
Accrued expenses	19,078	-
Employee entitlements	78,558	-
Accrued income	(116,656)	-
Prepayments	(2,113)	-
	<u>(21,133)</u>	<u>-</u>
 <i>Movements:</i>		
Opening balance	-	-
Charged/(credited) to profit or loss	(21,133)	-
Closing balance	<u>(21,133)</u>	<u>-</u>

Note 7. Current assets - cash and cash equivalents

	2021	2020
	\$	\$
Cash on hand	109	109
Cash at bank	195,192	503,983
	<u>195,301</u>	<u>504,092</u>

Note 8. Current assets - trade and other receivables

	2021	2020
	\$	\$
Trade receivables	111,899	76,639
Less: Allowance for expected credit losses	-	(1,746)
	<u>111,899</u>	<u>74,893</u>

Allowance for expected credit losses

The group has recognised a loss of Nil (2020: \$1,746) in profit or loss in respect of the expected credit losses for the year ended 30 June 2021.

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	
	2021	2020	2021	2020	2021	2020
Consolidated	%	%	\$	\$	\$	\$
Not overdue	0%	0%	103,065	59,018	-	-
0 to 1 months overdue	0%	9%	4,736	17,509	-	1,634
1 to 2 months overdue	0%	100%	3,948	112	-	112
Over 2 months overdue	0%	0%	150	-	-	-
			<u>111,899</u>	<u>76,639</u>	<u>-</u>	<u>1,746</u>

The group does not believe that the recovery of its trade receivables will be materially impacted by COVID-19.

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

	2021	2020
	\$	\$
Opening balance	1,746	-
Additional provisions recognised	-	4,212
Receivables written off during the year as uncollectable	-	(2,466)
Unused amounts reversed	(1,746)	-
Closing balance	<u>-</u>	<u>1,746</u>

Note 9. Current assets - contract assets

	2021	2020
	\$	\$
Contract assets	448,675	460,383

Reconciliation

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

Opening balance	460,383	12,489
Additions	448,675	460,383
Transfer to trade receivables	(460,383)	(12,489)
Closing balance	448,675	460,383

Note 10. Current assets - other

	2021	2020
	\$	\$
Prepayments	8,130	2,601
GST Receivable	13,017	-
R&D refund receivable	-	384,049
	21,147	386,650

Note 11. Non-current assets - receivables

	2021	2020
	\$	\$
Non-current loan receivables	-	672,238

Note 12. Current liabilities - trade and other payables

	2021	2020
	\$	\$
Trade payables	125,702	77,634
Accrued expenses	162,981	153,761
Other payables	219,313	492,627
	507,996	724,022

Note 13. Current liabilities - employee benefits

	2021 \$	2020 \$
Provision for annual leave	203,682	164,532

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 group does not have an unconditional right to defer settlement. However, based on past experience, the group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

Note 14. Current liabilities - borrowings

	2021 \$	2020 \$
Loan - Lucky Bream	75,281	73,791
Related party loan payables	1,260,492	1,801,863
	1,335,773	1,875,654

Refer to note 19 for further information on financial instruments.

Note 15. Non-current liabilities - employee benefits

	2021 \$	2020 \$
Provision for long-service leave	98,464	77,313

Note 16. Non-current liabilities - convertible notes

	2021 \$	2020 \$
Financial liabilities	566,723	807,247

Note 17. Equity - issued capital

	2021 Shares	2020 Shares	2021 \$	2020 \$
Ordinary shares - fully paid	58,663	58,663	300,109	300,109

Movements in ordinary share capital

Details	Date	Shares	\$
Balance	30 June 2020	58,663	300,109
Balance	30 June 2021	58,663	300,109

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company 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.

Capital risk management

The group'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 and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of 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, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Note 18. Equity - accumulated losses

	2021 \$	2020 \$
Accumulated losses at the beginning of the financial year	(2,000,096)	(1,974,890)
Loss after income tax expense for the year	(455,688)	(25,206)
	<u>(2,455,784)</u>	<u>(2,000,096)</u>

Note 19. Financial instruments

Financial risk management objectives

The group'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 group'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 group. The group 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 and ageing analysis for credit risk.

Risk management is carried out by 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 group and appropriate procedures, controls and risk limits.

Market risk

Foreign currency risk

The company is not exposed to any significant foreign currency risk.

Price risk

The group is not exposed to any significant price risk.

Note 19. Financial instruments (continued)

Interest rate risk

The group's main interest rate risk arises from long-term borrowings. Borrowings obtained at variable rates expose the group to interest rate risk. Borrowings obtained at fixed rates expose the group to fair value risk.

Of the company's loans outstanding \$760,492 (2020: \$1,301,863), are interest bearing. Monthly cash outlays of approximately \$3,486 (2020: \$5,967) per month are required to service the interest payments. An official increase/decrease in interest rates of 100 (2020: 100) basis points would have an adverse/favourable effect on profit before tax of \$7,605 (2020: \$13,019) per annum. The percentage change is based on the expected volatility of interest rates using market data and analysts forecasts.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the group. The group has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The group 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 group does not hold any collateral.

The group 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 group based on recent sales experience, historical collection rates and forward-looking information that is available.

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 group 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 group 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.

Financing arrangements

The Group has no unused borrowing facilities at the current or previous reporting date.

Note 19. Financial instruments (continued)

Remaining contractual maturities

The following tables detail the group'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.

	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
Consolidated - 2021						
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	125,702	-	-	-	125,702
Other payables	-	219,313	-	-	-	219,313
<i>Interest-bearing - fixed rate</i>						
Financial liabilities	10.00%	566,723	-	-	-	566,723
Borrowings	3.41%	1,335,773	-	-	-	1,335,773
Total non-derivatives		<u>2,247,511</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,247,511</u>
Derivatives						
Derivative financial liability	-	<u>149,476</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>149,476</u>
Total derivatives		<u>149,476</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>149,476</u>
Consolidated - 2020						
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables		77,634	-	-	-	77,634
Other payables		492,627	-	-	-	492,627
<i>Interest-bearing - fixed rate</i>						
Financial liabilities	10.00%	807,247	-	-	-	807,247
Borrowings	4.01%	1,875,654	-	-	-	1,875,654
Total non-derivatives		<u>3,253,162</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,253,162</u>
Derivatives						
Derivative financial liability	-	<u>149,476</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>149,476</u>
Total derivatives		<u>149,476</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>149,476</u>

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 20. Fair value measurement

Fair value hierarchy

The following tables detail the group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Consolidated - 2021				
<i>Liabilities</i>				
Financial liabilities	-	-	566,723	566,723
Derivative Financial liability	-	-	149,476	149,476
Total liabilities	-	-	716,199	716,199
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Consolidated - 2020				
<i>Liabilities</i>				
Financial liabilities	-	-	807,246	807,246
Derivative Financial liability	-	-	149,476	149,476
Total liabilities	-	-	956,722	956,722

There were no transfers between levels during the financial year.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Level 3 assets and liabilities

Movements in level 3 assets and liabilities during the current and previous financial year are set out below:

	Convertible notes - Financial liability \$	Total \$
Consolidated		
Balance at 1 July 2019	684,170	684,170
Interest on convertible notes	123,077	123,077
Balance at 30 June 2020	807,247	807,247
Interest on convertible notes	140,911	140,911
Convertible notes repaid	(381,435)	(381,435)
Balance at 30 June 2021	566,723	566,723

The level 3 liabilities unobservable inputs are based on a conversion rate linked to the valuation price of the company when a conversion event is triggered.

Note 21. Key management personnel disclosures

Compensation

There was no compensation made to directors and other members of key management personnel of the company during 30 June 2021 and 30 June 2020.

Note 22. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by RSM Australia Partners, the auditor of the company, its network firms and unrelated firms:

	2021 \$	2020 \$
<i>Audit services - RSM Australia Partners</i>		
Audit of the financial statements	55,000	-

Note 23. Contingent assets

The group had no contingent assets as at the current or previous reporting date.

Note 24. Contingent liabilities

The group had no contingent liabilities as at the current or previous reporting date.

Note 25. Commitments

Capital commitments

The group had no capital commitments as at the current or previous reporting date.

Note 26. Related party transactions

Key management personnel

Disclosures relating to key management personnel are set out in note 21.

Transactions with related parties

The following transactions occurred with related parties:

	2021	2020
	\$	\$
Interest expense on convertible notes issued to Directors	140,911	123,077

Receivable from and payable to related parties

There were no receivables from or payables to related parties at the current or previous reporting date.

Loans to/from related parties

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

	2021	2020
	\$	\$
Director loan payable to Sue Ward	(534,645)	(769,001)
Director loan payable to Ian Heraud	(725,847)	(1,032,862)
Loan receivable from Ward Therapeutics	-	672,485

Convertible notes issued to related parties

The following balances were outstanding at reporting date in relation to convertible notes granted to related parties:

	2021	2020
	\$	\$
Convertible Note - Ian Heraud	(289,721)	(243,432)
Convertible Note - Anthony Saben	(277,002)	(250,646)
Convertible Note - Gretchen Mazziotti	-	(313,169)

Note 27. Events after the reporting period

The impact of the Coronavirus (COVID-19) pandemic is ongoing and it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

On 31 August 2021 the shareholders of Ward Health Pty Ltd sold 100% of their shareholdings in the company to Careteq Limited. As part of the acquisition, the outstanding relating party loans (\$1,260,492 as at 30 June 2021 as disclosed in Note 14) and convertible notes (\$566,723 as at 30 June 2021 as disclosed in Note 16) were converted to equity, and therefore no longer represent a potential cash outflow. The effect of this is that the entity was no longer in a net liability or net current liability position.

No other matter or circumstance that have arisen since 30 June 2021 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 28. Reconciliation of loss after income tax to net cash from operating activities

	2021 \$	2020 \$
Loss after income tax expense for the year	(455,688)	(25,206)
Adjustments for:		
Impairment of loan receivables	672,238	-
Net gain on disposal of convertible notes	140,911	-
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(37,006)	123,705
Decrease/(increase) in contract assets	11,708	(447,894)
Decrease/(increase) in other current assets	365,503	351,789
Increase/(decrease) in trade and other payables	(216,026)	(233,813)
Increase/(decrease) in provision for income tax	49,451	-
Increase/(decrease) in deferred tax	21,133	-
Increase/(decrease) in employee benefits	60,301	48,159
Net cash from/(used in) operating activities	<u>612,525</u>	<u>(183,260)</u>

Note 29. Changes in liabilities arising from financing activities

	Borrowings \$	Convertible notes \$	Total \$
Balance at 1 July 2019	1,317,709	684,170	2,001,879
Net cash from /(used in) financing activities	557,945	123,076	681,021
Balance at 30 June 2020	<u>1,875,654</u>	<u>807,246</u>	<u>2,682,900</u>
Gain on disposal of convertible notes	-	140,912	140,912
Net cash from /(used in) financing activities	(539,881)	(381,435)	(921,316)
Balance at 30 June 2021	<u>1,335,773</u>	<u>566,723</u>	<u>1,902,496</u>

Note 30. Parent entity note

The financial statements have been prepared on a consolidated basis. However Ward Health Pty Ltd's only subsidiary, Ward MM Australia Pty Ltd is 100% owned and currently dormant. During the financial year the loan balances between the group companies of \$66k was written off and no other balances existed in Ward MM Australia Pty Ltd. Based on this no separate parent and subsidiary notes were required to be prepared.

Ward Health Group Pty Ltd
Directors' declaration
30 June 2021

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 group's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the group 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 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



Peter Scala
Director
5-Oct-21

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

INDEPENDENT AUDITOR'S REPORT To the Members of Ward Health Group Pty Ltd

Opinion

We have audited the financial report of Ward health Group Pty Ltd (the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of 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 2021 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.

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 2021, 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.

Other Information (continued)

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: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

A stylized blue ink signature of RSM Australia Partners.

RSM AUSTRALIA PARTNERS

A stylized blue ink signature of R B Miano.

R B MIANO
Partner

Dated: 5 October 2021
Melbourne, Victoria

Ward Health Group Pty Ltd
Consolidated Special Purpose Financial
Statements

For the year ended 30 June 2020

ABN 87 079 817 637

Ward Health Group Pty Ltd
Directors' report
30 June 2020

The directors present their report, together with the financial statements, on the group (referred to hereafter as the 'group') consisting of Ward Health Group Pty Ltd (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 2020.

Directors

The following persons were directors of Ward Health Group Pty Ltd during the whole of the financial year and up to the date of this report, unless otherwise stated:

Lim Siew Meng
Christine Cussen (Resigned 25 September 2019)
Ian Heraud

Principal activities

During the financial year the principal continuing activities of the group consisted of:

- Provision of Residential Medication Management Review and Home Medicines Review services as part of the Medication Management Programs funded under the Seventh Community Pharmacy Agreement.

Review of operations

The loss for the group after providing for income tax amounted to \$25,206 (30 June 2019: loss of \$1,492,068).

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial year

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not impacted the group up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

There are no other matters or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the group's operations, the results of those operations, or the group's state of affairs in future financial years.

Ward Health Group Pty Ltd
Directors' report
30 June 2020

Likely developments and expected results of operations

Information on likely developments in the operations of the group and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the group.

Environmental regulation

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

Shares under option

There were no unissued ordinary shares of Ward Health Group Pty Ltd under option outstanding at the date of this report.

Shares issued on the exercise of options

There were no ordinary shares of Ward Health Group Pty Ltd issued on the exercise of options during the year ended 30 June 2020 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.

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



Peter Scala
Director
5-Oct-21

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

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Ward Health Group Pty Ltd for the year ended 30 June 2020, 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 stylized blue ink signature of "RSM" in a cursive script.**RSM AUSTRALIA PARTNERS**A stylized blue ink signature of "R B Miano" in a cursive script.

R B MIANO
Partner

Dated: 5 October 2021
Melbourne, Victoria

Ward Health Group Pty Ltd
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30 June 2020

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General information

The financial statements cover Ward Health Group Pty Ltd. The financial statements are presented in Australian dollars, which is Ward Health Group Pty Ltd's functional and presentation currency.

Ward Health Group Pty Ltd is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office & Principal place of business

SCM Bookkeeping & Consulting
28 Claremont Street, South Yarra
3141 VIC

A description of the nature of the group'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 . The directors have the power to amend and reissue the financial statements.

Ward Health Group Pty Ltd
Consolidated Statement of profit or loss and other comprehensive income
For the year ended 30 June 2020

	Note	2020 \$	2019 \$
Revenue	3	3,821,306	2,538,096
Other income	4	493,056	928,389
Expenses			
Cost of sales		(2,004,411)	(1,457,730)
Employee benefits expenses		(1,519,960)	(1,972,147)
Depreciation and amortisation expenses	5	-	(53,762)
Legal & professional expenses		(97,134)	(441,719)
Occupancy expenses	5	(137,775)	(207,036)
Information technology expenses		(187,406)	(252,451)
General & administration expenses		(228,040)	(324,206)
Finance costs	5	<u>(164,842)</u>	<u>(249,502)</u>
Loss before income tax expense		(25,206)	(1,492,068)
Income tax expense		<u>-</u>	<u>-</u>
Loss after income tax expense		(25,206)	(1,492,068)
Other comprehensive income			
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive Loss for the year		<u><u>(25,206)</u></u>	<u><u>(1,492,068)</u></u>

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

Ward Health Group Pty Ltd
Consolidated Statement of financial position
As at 30 June 2020

	Note	2020 \$	2019 \$
Assets			
Current assets			
Cash and cash equivalents	6	504,092	6,331
Trade and other receivables	7	74,893	151,378
Contract assets	8	460,383	12,489
Other current assets	9	386,650	738,439
Total current assets		<u>1,426,018</u>	<u>908,637</u>
Non-current assets			
Loan receivables	10	672,238	719,459
Total non-current assets		<u>672,238</u>	<u>719,459</u>
Total assets		<u>2,098,256</u>	<u>1,628,096</u>
Liabilities			
Current liabilities			
Trade and other payables	11	724,022	957,838
Employee benefits	13	164,532	143,790
Borrowings	14	1,875,654	1,317,709
Total current liabilities		<u>2,764,208</u>	<u>2,419,338</u>
Non-current liabilities			
Employee benefits	15	77,313	49,895
Financial liabilities	16	807,246	684,170
Derivative Financial liability		149,476	149,476
Total non-current liabilities		<u>1,034,035</u>	<u>883,541</u>
Total liabilities		<u>3,798,244</u>	<u>3,302,879</u>
Net assets		<u>(1,699,987)</u>	<u>(1,674,782)</u>
Issued capital		300,109	300,109
Accumulated losses	17	(2,000,096)	(1,974,890)
Total equity		<u>(1,699,987)</u>	<u>(1,674,781)</u>

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

Ward Health Group Pty Ltd
Consolidated Statement of changes in equity
For the year ended 30 June 2020

Consolidated	Issued capital \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2018	10	(482,822)	(482,812)
Loss for the year	-	(1,492,068)	(1,492,068)
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	(1,492,068)	(1,492,068)
<i>Transactions with owners in their capacity as owners</i>			
Contributions of equity, net of transaction costs	300,099	-	300,099
Balance at 30 June 2019	<u>300,109</u>	<u>(1,974,890)</u>	<u>(1,674,781)</u>
Consolidated	Issued capital \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2019	300,109	(1,974,890)	(1,674,781)
Loss for the year	-	(25,206)	(25,206)
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	(25,206)	(25,206)
Balance at 30 June 2020	<u>300,109</u>	<u>(2,000,096)</u>	<u>(1,699,987)</u>

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

Ward Health Group Pty Ltd
Consolidated Statement of cash flows
For the year ended 30 June 2020

	Note	2020 \$	2019 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		3,497,118	2,325,436
Payments to suppliers and employees (inclusive of GST)		<u>(4,362,983)</u>	<u>(4,303,951)</u>
		(865,865)	(1,978,515)
Other revenue		847,446	928,389
Interest and other finance costs paid		<u>(164,842)</u>	<u>-</u>
Net cash used in operating activities		<u>(183,261)</u>	<u>(1,050,126)</u>
Cash flows from investing activities			
Net cash used in investing activities		<u>-</u>	<u>-</u>
Cash flows from financing activities			
Proceeds from issue of shares		-	300,099
Proceeds from borrowings		572,265	898,880
Proceeds from issue of convertible notes		123,076	-
Loan to related party		-	(189,995)
Repayment of borrowings		<u>(14,320)</u>	<u>-</u>
Net cash from financing activities		<u>681,021</u>	<u>1,008,984</u>
Net increase/(decrease) in cash and cash equivalents		497,759	(41,142)
Cash and cash equivalents at the beginning of the financial year		<u>6,331</u>	<u>47,473</u>
Cash and cash equivalents at the end of the financial year	6	<u><u>504,091</u></u>	<u><u>6,331</u></u>

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

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

AASB 16 Leases

The Group has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs).

In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

Impact of adoption

AASB 16 was adopted using the modified retrospective approach and as such comparatives have not been restated. There was no impact on adoption of AASB 16.

Basis of preparation

The directors have prepared the financial statements on the basis that the company is a non-reporting entity because there are no users dependent on general purpose financial statements. The financial statements are therefore special purpose financial statements that have been prepared in order to meet the requirements of the Corporations Act 2001.

The financial statements have been prepared in accordance with the mandatory Australian Accounting Standards applicable to entities reporting under the Corporations Act 2001 and the significant accounting policies disclosed below, which the directors have determined are appropriate to meet the needs of members. Such accounting policies are consistent with the previous period unless stated otherwise.

Note 1. Significant accounting policies (continued)

Historical cost convention

The financial statements have been prepared under the historical cost convention., except for convertible note liabilities which are measured at fair value.

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 's accounting policies. The areas involving a higher

Going concern

The financial report has been prepared on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

As disclosed in the financial statements, the group has net cash used from operating activities of \$183,261 for the year ended 30 June 2020 and at that date had net liabilities of \$1,699,987.

The Directors believe that it is reasonably foreseeable 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:

1. On 31 August 2021 the shareholders of Ward Health Pty Ltd sold 100% of their shareholdings in the company to Careteq Limited. As part of the acquisition, the outstanding relating party loans and convertible notes as at 30 June 2021 were converted to equity, and therefore no longer represent a potential cash outflow; and
2. The group's financial performance for July and August 2021 has being in line with the forecast which shows the group will be profitable and able to pay its debts as and when they fall due.

Note 1. Significant accounting policies (continued)

Revenue recognition

The group recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the group: 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.

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 the right to receive payment is established.

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.

Note 1. Significant accounting policies (continued)

Income tax (continued)

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.

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 group'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 group'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.

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. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

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

The group 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.

Contract assets

Contract assets are recognised when the group has transferred goods or services to the customer but where the group is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes.

Note 1. Significant accounting policies (continued)

Trade and other payables

These amounts represent liabilities for goods and services provided to the group 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.

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.

Provisions

Provisions are recognised when the group has a present (legal or constructive) obligation as a result of a past event, it is probable the group 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.

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 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.

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.

Note 1. Significant accounting policies (continued)

Fair value measurement (continued)

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.

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.

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

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

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.

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 group for the annual reporting period ended 30 June 2020. The group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the group, are set out below.

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 group 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 group 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 group's financial statements.

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.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the group based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the group operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the group unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Fair value measurement hierarchy

The group is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

Income tax

The group 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 group recognises liabilities for anticipated tax audit issues based on the group'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.

Note 3. Revenue

	2020 \$	2019 \$
<i>Revenue from contracts with customers</i>		
Rendering of services	3,821,306	2,538,096
	<u>3,821,306</u>	<u>2,538,096</u>
Revenue	<u>3,821,306</u>	<u>2,538,096</u>

Disaggregation of revenue

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

	2020 \$	2019 \$
<i>Timing of revenue recognition</i>		
Services transferred over time	3,821,306	2,538,096
	<u>3,821,306</u>	<u>2,538,096</u>

Note 4. Other income

	2020 \$	2019 \$
Government stimulus	62,500	-
R&D Tax refund	384,049	-
Other income	46,507	928,389
Other income	<u>493,056</u>	<u>928,389</u>

Note 5. Expenses

	2020 \$	2019 \$
Loss before income tax includes the following specific expenses:		
<i>Finance costs</i>		
Interest and finance charges paid/payable on borrowings	164,842	249,502
Finance costs expensed	<u>164,842</u>	<u>249,502</u>
<i>Superannuation expense</i>		
Superannuation expense	<u>271,731</u>	<u>238,146</u>

Note 6. Current assets - cash and cash equivalents

	2020	2019
	\$	\$
Cash on hand	109	109
Cash at bank	503,983	6,222
	<u>504,092</u>	<u>6,331</u>

Note 7. Current assets - trade and other receivables

	2020	2019
	\$	\$
Trade receivables	76,639	151,378
Less: Allowance for expected credit losses	(1,746)	-
	<u>74,893</u>	<u>151,378</u>

Note 8. Current assets - contract assets

	2020	2019
	\$	\$
Contract assets	<u>460,383</u>	<u>12,489</u>

Note 9. Current assets - other

	2020	2019
	\$	\$
R&D refund receivable	384,049	738,439
Prepayments	2,601	-
	<u>386,650</u>	<u>738,439</u>

Note 10. Non-current assets - receivables

	2020	2019
	\$	\$
Non-current loan receivables	<u>672,238</u>	<u>719,459</u>

Note 11. Current liabilities - trade and other payables

	2020 \$	2019 \$
Trade payables	77,634	549,866
Accrued expenses	153,761	321,936
Deferred Revenue	-	3,278
Other payables	492,627	82,757
	<u>724,022</u>	<u>957,837</u>

Note 12. Current liabilities - income tax

	2020 \$	2019 \$
Income tax payable	-	-
	<u>-</u>	<u>-</u>

Note 13. Current liabilities - employee benefits

	2020 \$	2019 \$
Provision for annual leave	164,532	143,790
	<u>164,532</u>	<u>143,790</u>

Note 14. Current liabilities - borrowings

	2020 \$	2019 \$
Loan - Lucky Bream	73,791	88,111
Related party loan payables	1,801,863	1,229,598
	<u>1,875,654</u>	<u>1,317,709</u>

Note 15. Non-current liabilities - employee benefits

	2020 \$	2019 \$
Provision for long service leave	77,313	49,895
	<u>77,313</u>	<u>49,895</u>

Note 16. Non-current liabilities - convertible notes

	2020 \$	2019 \$
Financial liabilities	807,246	684,170
	<u>807,246</u>	<u>684,170</u>

Note 17. Equity - accumulated losses

	2020 \$	2019 \$
Accumulated losses at the beginning of the financial year	(1,974,890)	(482,822)
Loss for the year	(25,206)	(1,492,068)
	<u>(2,000,096)</u>	<u>(1,974,890)</u>

Note 18. Contingent assets

The group had no contingent assets as at the current or previous reporting date.

Note 19. Contingent liabilities

The group had no contingent liabilities as at the current or previous reporting date.

Note 20. Commitments

Capital commitments

The group had no capital commitments as at the current or previous reporting date.

Note 21. Events after the reporting period

The impact of the Coronavirus (COVID-19) pandemic is ongoing and it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matter or circumstance has arisen since 30 June 2020 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.

Ward Health Group Pty Ltd
Directors' declaration
30 June 2020

The directors have determined that the group is not a reporting entity because there are no users dependent on general purpose financial statements. Accordingly, this special purpose financial report has been prepared for the purposes of complying with the Corporations Act 2001 and in accordance with the accounting policies described in Note 1 to the financial statements.

- the attached financial statements and notes comply with the *Corporations Act 2001* and the Accounting Standards;
- the attached financial statements and notes give a true and fair view of the group's financial position as at 30 June 2020 and of its performance for the financial year ended on that date in accordance with the accounting policies described in note 1 of the financial statements; and
- there are reasonable grounds to believe that the group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

On behalf of the directors



Peter Scala
Director
5-Oct-21

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

INDEPENDENT AUDITOR'S REPORT To the Members of Ward Health Group Pty Ltd

Opinion

We have audited the financial report of Ward Health Group Pty Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, 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 2020 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards to the extent described in Note 1, 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.

Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the Corporations Act 2001. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2020, 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 and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the Corporations Act 2001 and is appropriate to meet the needs of the members. The directors' responsibility also includes 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/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

**RSM AUSTRALIA PARTNERS****R B MIANO**

Partner

Dated: 5 October 2021
Melbourne, Victoria