

1. Company details

Name of entity:	Careteq Limited
ABN:	83 612 267 857
Reporting period:	For the half-year ended 31 December 2024
Previous period:	For the half-year ended 31 December 2023

2. Results for announcement to the market

			\$
Revenues from ordinary activities	up	15.5% to	4,000,935
Loss from ordinary activities after tax attributable to the owners of Careteq Limited	down	89.8% to	(66,477)
Loss for the half-year attributable to the owners of Careteq Limited	down	84.4% to	(150,152)

Dividends
During the first half, our subsidiary Embedded Health Solutions Pty Ltd, declared and paid a total dividend of \$200,000. As this is a consolidated report, the 55% received by Careteq Limited is eliminated in consolidation. The amount shown in Equity for 'Dividends paid' represents the 45% paid to external shareholders of Embedded Health Solutions Pty Ltd.

Comments
The comprehensive loss for the consolidated entity after tax amounted to \$150,152 (31 December 2023: \$961,673). The loss from the discontinued operations was \$83,675.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	(0.66)	0.62

4. Control gained over entities

Whilst not a gain of control over an entity, Careteq Limited acquired the remaining 45% of Embedded Health Solutions Pty Ltd (EHS) for \$2.4m. The strategic acquisition solidifies the Company's focus exclusively on medication management and clinical governance in the health, aged, and home care sectors. The acquisition is structured as a vendor-financed transaction, with payment spread over eight quarterly instalments.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

During the first half, our subsidiary Embedded Health Solutions Pty Ltd, declared and paid a total dividend of \$200,000. As this is a consolidated report, the 55% received by Careteq Limited is eliminated in consolidation. The amount shown in Equity for 'Dividends paid' represents the 45% paid to external shareholders of Embedded Health Solutions Pty Ltd.

Previous period

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

7. Dividend reinvestment plans

Not applicable

8. Details of associate and joint venture entities

Not applicable

9. Audit qualification or review

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

10. Attachments

The Half-year Report of Careteq Limited for the half-year ended 31 December 2024 is attached.

11. Signed



Signed _____

Date: 28 February 2025

Mark Simari
Executive Chairman

Careteq Limited

ABN 83 612 267 857

Half-year Report - 31 December 2024

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Careteq Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the period ended 31 December 2024.

Directors

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

Mark Simari - Executive Chairman
Stephen Munday - Non-Executive Director
Brett Cheong - Non-Executive Director

Principal activities

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

- **Streamlined Focus on Medication Management:** The Sofihub divestment and full acquisition of EHS have streamlined operations, allowing Careteq to focus on its profitable core business of medication management. These strategic moves have reduced cash burn and successfully accelerated the path to profitability.
- **Integration of Embedded Health Solutions (EHS):** Integration is progressing well, delivering operational synergies and cost efficiencies across residential and home care medication management. More synergies are expected following the upcoming 1-system integration.
- **Expansion of HMR Referrals Platform:** Increased uptake in Residential Medication Management Reviews (RMMRs) and Home Medicines Reviews (HMRs), driven by the combined pharmacy and GP networks of both platforms.
- **Strategic Partnership with MedicAlert and GP Networks:** Careteq has partnered with MedicAlert and several large national GP networks to improve medication safety for Australians with chronic conditions. The reach of these partnerships is estimated to be ~100,000 members, ~2,000 GPs and potentially 500,000 plus referrals onto the HMR Referrals marketplace platform.

Review of operations

The half yearly loss for the consolidated entity after providing for income tax amounted to \$150,152 (31 December 2023: \$961,673). The loss from the discontinued operations was \$83,675.

Financial highlights (from continuing operations)

- 1H FY25 revenue from continuing operations up 15.5% over prior corresponding period (pcp) to \$4.0 million
- EBITDA from continuing operations increased to \$0.24million, a 214.16% improvement over pcp (vs. loss of \$0.21 million). Normalised EBITDA from continuing operations, which excludes one-off expenditure, was \$0.36m. An improvement of 275.16% over pcp.
- Net loss after tax from continuing operations reduced by \$0.58 million, an 89.8% improvement over pcp to \$0.07million (vs. loss of \$0.65 million). When normalised, the result is a Net Profit after tax from continuing operations of \$0.15m. An 123.77% improvement over pcp.
- Embedded Health Solutions (EHS) EBITDA increased to \$0.86 million, a 11.74% improvement over pcp (vs. \$0.77 million)
- The Sofihub business was divested in August 2024, for \$0.58million in cash plus transferring staff entitlements to Directed Technologies Group.
- The remaining 45% minority shareholding in EHS was acquired in August 2024 for \$2.4m.

Group result

During the period, the Company divested its loss-making Sofihub business. It subsequently acquired the remaining 45% of its profitable EHS business unit for \$2.4m. The result is a streamlined business with a clear focus on medication management and clinical governance.

These strategic decisions are now bearing fruit, with the Company delivering a maiden EBITDA positive half.

Whilst some synergies have been extracted though EHS integration, further synergies are expected upon the completion the 1-system initiative whereby EHS, Ward MM, Mederev and HMR Referrals platforms are consolidated. The end result will be an integrated solution across residential aged care, home care, and disability sectors while decommissioning high-cost legacy platforms.

Embedded Health Solutions delivers 15.5% revenue growth and EBITDA tracking ahead of full year target

Embedded Health Solutions (EHS) EBITDA increased to \$0.86 million in 1H FY25 and is tracking ahead its FY24 performance.

EHS continues to optimise operational efficiency, with benefits being realised through group synergies. This has already boosted financial performance whilst enabling high-quality care to residents in the aged care sector.

HMR Referrals

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

Careteq has recently established partnerships with MedicAlert and several large national GP networks to improve medication safety for Australians with chronic conditions. The reach of these partnerships is estimated to be c.100,000 members, c.2,000 GPs and potentially c.500,000 plus referrals onto the HMR Referrals marketplace platform.

Outlook

Careteq's first half performance was extremely pleasing, delivering a vastly improved financial performance. Careteq expects full year revenue growth in FY25 over pcp and a positive group EBITDA from continuing operations result for the full year.

Material business risks

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

- Technology obsolescence - given the rapidly changing environment in which the company operates, this could have a significant impact on our financial results. We address this risk through investment in product development and by constantly monitoring the market. With the expansion of eHealth and other digital offerings in the aged care and healthcare markets, we see this risk increasing in the future.
- Government funding risks – given the importance of government funding and subsidies in aged and disability care sectors into which the company sells its solutions, changes in these could have an adverse impact on Group sales, this could have a significant impact on our financial results. We address this risk by diversifying our target markets both geographically and into sectors less reliant on government funding.

Significant changes in the state of affairs

- The Sofihub business was divested in August 2024, for \$0.58million in cash plus transferring staff entitlements to Directed Technologies Group.
- The remaining 45% minority shareholding in EHS was acquired in August 2024 for \$2.4m.

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

Likely developments and expected results of operations

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

Environmental regulation

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

Matters subsequent to the end of the financial half-year

No matter or circumstance has arisen since 31 December 2024 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.

Careteq Limited
Directors' report
31 December 2024

Rounding of amounts

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

Auditor's independence declaration

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

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

On behalf of the directors



Mark Simari
Executive Chairman

28 February 2025

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Careteq Limited for the half year ended 31 December 2024, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

A handwritten signature in black ink that reads "RSM".**RSM AUSTRALIA PARTNERS**A handwritten signature in black ink that reads "A L Whittingham".

A L Whittingham
Partner

Date: 28 February 2025
Melbourne, Victoria

Careteq Limited
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31 December 2024

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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	Principal place of business
Level 10, 99 Queens Street Melbourne VIC 3000	1.01, 3 Joseph Avenue Mentone VIC 3194

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 28 February 2025. The directors have the power to amend and reissue the financial statements.

Careteq Limited
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2024

	Note	31 December 2024 \$	31 December 2023 \$
Revenue	3	4,000,935	3,465,421
Other income	4	339,069	304,097
Total revenue		<u>4,340,004</u>	<u>3,769,518</u>
Expenses			
Raw materials and consumables used		(47)	-
Consulting and advisory		(138,000)	(172,583)
Corporate and administration		(306,360)	(255,145)
Employee benefits expense		(3,132,062)	(3,012,482)
Depreciation and amortisation expense		(170,084)	(100,775)
Share-based payments		(1,042)	(19,516)
Other expenses		(524,828)	(518,382)
Finance costs		(134,058)	(89,598)
Loss before income tax expense from continuing operations		<u>(66,477)</u>	<u>(398,963)</u>
Income tax expense		-	(251,230)
Loss after income tax expense from continuing operations		<u>(66,477)</u>	<u>(650,193)</u>
Discontinued operations			
Net loss on deconsolidation	16	<u>(83,675)</u>	<u>(311,480)</u>
Loss after income tax expense from discontinued operations		<u>(83,675)</u>	<u>(311,480)</u>
Loss after income tax expense for the year		<u>(150,152)</u>	<u>(961,673)</u>
Other comprehensive income			
Other comprehensive income on deconsolidation	16	-	12,999
Total comprehensive loss for the half-year		<u>(150,152)</u>	<u>(948,674)</u>
Loss for the half-year is attributable to:			
Non-controlling interest		-	181,097
Discontinued operations		(83,675)	(311,480)
Owners of Careteq Limited		<u>(66,477)</u>	<u>(831,290)</u>
		<u>(150,152)</u>	<u>(961,673)</u>
Total comprehensive loss for the half-year is attributable to:			
Non-controlling interest		-	181,097
Discontinued operations		(83,675)	(298,481)
Owners of Careteq Limited		<u>(66,477)</u>	<u>(831,290)</u>
		<u>(150,152)</u>	<u>(948,674)</u>
From continuing operations		Cents	Cents
Basic loss per share	13	(0.03)	(0.33)
Diluted loss per share	13	(0.03)	(0.33)
From discontinued operations			
Basic loss per share	13	(0.04)	(0.15)
Diluted loss per share	13	(0.04)	(0.15)
From operations			
Basic loss per share	13	(0.07)	(0.48)
Diluted loss per share	13	(0.07)	(0.48)

Careteq Limited
Consolidated statement of financial position
As at 31 December 2024

	Note	31 December 2024 \$	30 June 2024 \$
Assets			
Current assets			
Cash and cash equivalents		846,733	1,251,616
Trade and other receivables	5	1,180,740	1,242,545
Contract assets		754,124	707,098
Investments held at Fair Value		-	519,866
Other		94,986	126,591
Total current assets		<u>2,876,583</u>	<u>3,847,716</u>
Non-current assets			
Property, plant and equipment		44,238	63,530
Intangibles	6	2,515,566	2,645,915
Right of use assets		141,491	175,448
Other		115,056	85,583
Total non-current assets		<u>2,816,351</u>	<u>2,970,476</u>
Total assets		<u>5,692,934</u>	<u>6,818,192</u>
Liabilities			
Current liabilities			
Trade and other payables	7	1,380,931	1,727,893
Lease liabilities		70,304	66,157
Financial Liabilities	11	982,483	-
Employee benefits		421,438	755,537
Income tax		513,109	476,691
Total current liabilities		<u>3,368,265</u>	<u>3,026,278</u>
Non-current liabilities			
Financial Liabilities	11	1,189,517	4,586
Employee benefits		106,105	141,942
Lease liabilities		86,365	122,235
Total non-current liabilities		<u>1,381,987</u>	<u>268,763</u>
Total liabilities		<u>4,750,252</u>	<u>3,295,041</u>
Net assets		<u>942,682</u>	<u>3,523,151</u>
Equity			
Issued capital	8	25,491,600	25,491,600
Reserves	9	542,045	507,512
Accumulated losses		(25,090,963)	(23,977,067)
Equity attributable to the owners of Careteq Limited		<u>942,682</u>	<u>2,022,045</u>
Non-controlling interest		-	1,501,106
Total equity		<u>942,682</u>	<u>3,523,151</u>

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

Careteq Limited
Consolidated statement of changes in equity
For the half-year ended 31 December 2024

	Issued capital \$	Reserves \$	Accumulated losses \$	Non- controlling interest \$	Total equity \$
Balance at 1 July 2023	22,955,114	1,402,422	(22,215,580)	1,411,804	3,553,760
Loss after income tax expense for the half-year	-	-	(1,142,771)	181,097	(961,674)
Other comprehensive loss for the half-year, net of tax	-	12,999	-	-	12,999
Total comprehensive income for the year	-	12,999	(1,142,771)	181,097	(948,674)
<i>Transactions with owners in their capacity as owners:</i>					
Shares issued during the year	2,799,534	-	-	-	2,799,534
Share issue costs	(295,753)	-	-	-	(295,753)
Share based payment transactions	-	112,276	-	-	112,276
Reclassification of expired options	-	(1,033,343)	1,033,343	-	-
Balance at 31 December 2023	<u>25,458,895</u>	<u>494,354</u>	<u>(22,325,008)</u>	<u>1,592,901</u>	<u>5,221,142</u>
	Issued capital \$	Reserves \$	Accumulated losses \$	Non- controlling interest \$	Total equity \$
Balance at 1 July 2024	25,491,600	507,512	(23,977,067)	1,501,106	3,523,151
Loss after income tax expense for the half-year	-	-	(66,477)	-	(66,477)
Total comprehensive income for the half year	-	-	(66,477)	-	(66,477)
Acquisition of remaining 45% Embedded Health Solutions	-	-	(898,894)	(1,501,106)	(2,400,000)
Careteq discontinued operations	-	(357)	(80,353)	-	(80,710)
<i>Transactions with owners in their capacity as owners:</i>					
Dividends paid (note 10)	-	-	(90,000)	-	(90,000)
Share based payment transactions	-	56,718	-	-	56,718
Reclassification of expired options	-	(21,828)	21,828	-	-
Balance at 31 December 2024	<u>25,491,600</u>	<u>542,045</u>	<u>(25,090,963)</u>	<u>-</u>	<u>942,682</u>

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

Careteq Limited
Consolidated statement of cash flows
For the half-year ended 31 December 2024

		31 December 2024 \$	31 December 2023 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		4,466,552	3,961,836
Government grants and tax incentives		-	36,600
Payments to suppliers and employees (inclusive of GST)		(4,982,932)	(5,204,738)
Interest received		3,317	-
Income taxes paid		(1,558)	-
		<hr/>	<hr/>
Net cash used in operating activities		(514,621)	(1,206,302)
Cash flows from investing activities			
Payments in relation to business acquisitions	11	(300,000)	(275,000)
Payments for property, plant and equipment		(19,995)	(45,053)
Payments for intangible assets - Sofihub R&D		-	(383,618)
Disposal of property, plant and equipment		-	1,650
Proceeds from disposal of business		578,991	-
		<hr/>	<hr/>
Net cash from/(used in) investing activities		258,996	(702,021)
Cash flows from financing activities			
Proceeds from issue of shares		-	2,471,317
Share issue transaction costs		-	(202,995)
Payments of lease liabilities		(38,651)	(37,344)
Interest and other finance costs paid		(30,826)	(2,171)
Dividends paid		(90,000)	-
		<hr/>	<hr/>
Net cash from/(used in) financing activities		(159,477)	2,228,807
Net increase/(decrease) in cash and cash equivalents		(415,102)	320,484
Cash and cash equivalents at the beginning of the financial half-year		1,251,616	1,852,594
Effects of exchange rate changes on cash and cash equivalents		10,219	(76)
		<hr/>	<hr/>
Cash and cash equivalents at the end of the financial half-year		846,733	2,173,002

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

Note 1. Material accounting policy information

These general purpose financial statements for the interim half-year reporting period ended 31 December 2024 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2024 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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

New or amended Accounting Standards and Interpretations adopted

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

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

Going concern

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

As disclosed in the financial statements, the consolidated entity incurred a comprehensive loss after tax from continuing operations of \$66,477 (December 2023: loss of \$650,193) and had net cash outflows from operating activities of \$514,621 (December 2023: 1,206,302) for the half-year ended 31 December 2024. As at that date, the consolidated entity had net current liabilities of \$491,682.

These factors indicate a material uncertainty which may cast significant doubt as to whether the consolidated entity will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

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

- The restructure of the business across June, July, and August 2024 included the disposal of the Sofihub business, as well as an expected reduction in future operating outflows. Additionally, the cost optimization initiative aimed at reducing the business's annualized cost base moving forward, and the acquisition of the minority interest in the EHS medication management business are anticipated to deliver positive earnings in the long run. These three initiatives should contribute to positive operating cash flow for the year ending 30 June 2025, even before considering the growth initiatives underway in the EHS businesses.
- Careteq Limited, with the assistance of R&D tax experts, has made further technical and factual submissions in relation to the Australian Tax Office Position Paper. The submission included the R&D tax incentive claims for the years ended 30 June 2021, 30 June 2022 and 30 June 2023. The Directors believe that the response provided evidence of additional substantiation of the expenditure incurred on R&D activities and that it has adequately demonstrated the nexus between the expenditure and the R&D activities (refer to note 15)
- The Directors have prepared a forecast which indicated that the entity's current cash balance is sufficient to meet working capital requirement for 12 months from the date of signing this financial report.
- The Group has the ability to raise funds from existing shareholders and new investors to support working capital if required.

Accordingly, the Directors believe that the consolidated entity 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.

Note 2. Operating segments

Identification of reportable operating segments

In the current financial half-year, the consolidated entity is organised into one operating segment: Careteq Ltd. The operating segment is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements. The information reported to the CODM is on a monthly basis.

Note 3. Revenue

	31 December 2024 \$	31 December 2023 \$
Medication Review, Education & Support Services	4,000,935	3,465,421
Revenue	<u>4,000,935</u>	<u>3,465,421</u>

Disaggregation of revenue

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

	31 December 2024 \$	31 December 2023 \$
<i>Timing of revenue recognition</i>		
Services transferred at a point in time - Contractual Services	2,477,996	2,066,454
Services transferred over time - Contractual Services	1,522,939	1,398,967
Total	<u>4,000,935</u>	<u>3,465,421</u>

Geographical information

Australia	4,000,935	3,465,421
Total	<u>4,000,935</u>	<u>3,465,421</u>

Major customer revenue contribution

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

Careteq Limited
Notes to the consolidated financial statements
31 December 2024

Note 4. Other income

	31 December 2024	31 December 2023
	\$	\$
R&D tax refund	307,998	295,163
Interest Income	6,071	-
Other Income	25,000	8,934
	<u>339,069</u>	<u>304,097</u>

Note 5. Trade and other receivables

	31 December 2024	30 June 2024
	\$	\$
<i>Current assets</i>		
Trade receivables	<u>129,707</u>	<u>529,123</u>
	<u>129,707</u>	<u>529,123</u>
GST receivable	<u>54,874</u>	<u>25,261</u>
Government grants receivable	<u>996,159</u>	<u>688,161</u>
	<u>1,180,740</u>	<u>1,242,545</u>

Allowance for expected credit losses

The company has recognised a loss of \$ nil (30 June 2024: \$ nil) in profit or loss in respect of the expected credit losses for the year ended 31 December 2024.

Careteq Limited
Notes to the consolidated financial statements
31 December 2024

Note 6. Intangibles

	31 December 2024 \$	30 June 2024 \$
<i>Non-current assets</i>		
Goodwill	1,726,519	1,726,519
Customer relationships on acquisition - at cost	736,770	736,770
Less: Accumulated amortisation	(520,483)	(424,539)
	<u>216,287</u>	<u>312,231</u>
Referrals Software Platform	96,826	96,826
HMRR platform	550,478	550,478
Less: Accumulated amortisation	(74,544)	(40,139)
	<u>475,934</u>	<u>510,339</u>
Intangibles	<u><u>2,515,566</u></u>	<u><u>2,645,915</u></u>

Reconciliations

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

	Goodwill	Customer relationships on acquisition	Website	Patents and trademarks	Sofihub R&D	Software	HMRR platform	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2023	1,726,519	504,124	41,511	35,670	670,502	-	-	2,978,326
Additions	-	-	-	1,555	858,492	96,826	550,478	1,507,351
Derecognised on disposal of Sofihub	-	-	(31,182)	(32,076)	(1,132,980)	-	-	(1,196,238)
Amortisation expense	-	(191,893)	(10,329)	(5,149)	(396,014)	-	(40,139)	(643,524)
Balance at 30 June 2024	1,726,519	312,231	-	-	-	96,826	510,339	2,645,915
Amortisation expense	-	(95,945)	-	-	-	-	(34,405)	(130,349)
Balance at 31 December 2024	1,726,519	216,286	-	-	-	96,826	475,934	2,515,566

Careteq Limited
Notes to the consolidated financial statements
31 December 2024

Note 7. Trade and other payables

	31 December 2024 \$	30 June 2024 \$
<i>Current liabilities</i>		
Trade payables	747,822	991,263
Other payables	633,109	736,630
Trade and other payables	<u>1,380,931</u>	<u>1,727,893</u>

Note 8. Issued capital

	31 December 2024 Shares	30 June 2024 Shares	31 December 2024 \$	30 June 2024 \$
Ordinary shares - fully paid	<u>237,118,720</u>	<u>237,118,720</u>	<u>25,491,600</u>	<u>25,491,600</u>

Movements in ordinary share capital

There has been no movement in ordinary share capital in the year.

Ordinary shares

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

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

Note 9. Reserves

	31 December 2024 \$	30 June 2024 \$
Foreign currency reserve	(357)	-
Options reserve	542,402	507,512
Reserves	<u>542,045</u>	<u>507,512</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.

Note 10. Dividends

During the first half, our subsidiary Embedded Health Solutions Pty Ltd, declared and paid a total dividend of \$200,000. As this is a consolidated report, the 55% received by Careteq Limited is eliminated in consolidation. The amount shown in Equity for 'Dividends paid' represents the 45% paid to external shareholders of Embedded Health Solutions Pty Ltd.

Careteq Limited
Notes to the consolidated financial statements
31 December 2024

Note 11. Business combinations

On 31 August 2024, Careteq Limited acquired the remaining 45% non-controlling interest of the entity called Embedded Health Solutions Pty Ltd. The difference between the sale price of \$2,400,000 and the non-controlling interest of \$1,501,106, was recognised in retained earnings \$898,894. The acquisition was vendor funded with repayments over 8 quarterly instalments in arrears with 12% interest. The balance outstanding at 31 December 2024 was \$2,172,000 shown in the balance sheet as \$982,483 current and \$1,189,517 non-current financial liabilities.

Note 12. Events after the reporting period

No matters or circumstances have arisen since 31 December 2024 that have significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Note 13. Loss per share

	31 December 2024	31 December 2023
	\$	\$
<i>Loss per share from discontinued operations</i>	<u>(83,675)</u>	<u>(311,480)</u>
<i>Loss per share from continuing operations</i>		
Loss after income tax expense for the year	(66,477)	(831,290)
Non-controlling interest	<u>-</u>	<u>181,097</u>
Loss after income tax attributable to the owners of Careteq Limited	<u><u>(66,477)</u></u>	<u><u>(650,193)</u></u>
	31 December 2024	31 December 2023
	\$	\$
	Number	Number
Weighted average number of ordinary shares used in calculating basic loss per share	216,559,154	197,563,900
Adjustments for calculation of diluted loss per share:		
Options over ordinary shares	<u>-</u>	<u>-</u>
Weighted average number of ordinary shares used in calculating diluted loss per share	<u><u>216,559,154</u></u>	<u><u>197,563,900</u></u>
	Cents	Cents
From continuing operations		
Basic loss per share	(0.03)	(0.33)
Diluted loss per share	(0.03)	(0.33)
From discontinued operations		
Basic loss per share	(0.04)	(0.15)
Diluted loss per share	(0.04)	(0.15)
From operations		
Basic loss per share	(0.07)	(0.48)
Diluted loss per share	(0.07)	(0.48)

6,000,000 (31 December 2023: 155,861) granted performance options, 6,770,251 (31 December 2023: 6,614,386) expired performance options, 14,936,513 (31 December 2023: 14,936,513) pre-IPO consultant options, and 3,000,000 (31 December 2023: 3,000,000) executive chairman options have been excluded from the above calculations as their inclusion would be anti-dilutive.

Careteq Limited
Notes to the consolidated financial statements
31 December 2024

Note 14. Share-based payments

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

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

On 16 September 2024, 6,000,000 options at an exercise price of \$0.015 were issued to some Careteq staff moving to Directed as part of the sale of the Sofihub Business. The options are under the condition that there is a minimum of 12 months employment with Directed Technologies Group.

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

31 December
2024

Grant date	Expiry date	Exercise price	Balance at the start of the half-year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the half-year
30/11/2021	30/11/2025	\$0.280	1,312,171	-	-	-	1,312,171
30/11/2021	30/11/2025	\$0.300	1,312,171	-	-	-	1,312,171
30/11/2021	30/11/2025	\$0.320	1,312,171	-	-	-	1,312,171
15/10/2021	15/10/2024	\$0.094	155,862	-	-	(155,862)	-
06/05/2022	06/05/2025	\$0.200	2,000,000	-	-	-	2,000,000
12/12/2022	30/06/2025	\$0.200	3,000,000	-	-	-	3,000,000
23/08/2023	23/08/2025	\$0.038	9,000,000	-	-	-	9,000,000
01/08/2024	01/08/2026	\$0.015	-	6,000,000	-	-	6,000,000
			<u>18,092,375</u>	<u>6,000,000</u>	<u>-</u>	<u>(155,862)</u>	<u>23,936,513</u>
Weighted average exercise price			\$0.140	\$0.015	\$0.000	\$0.094	\$0.109

31 December
2023

Grant date	Expiry date	Exercise price	Balance at the start of the half-year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the half-year
07/12/2018	07/12/2023	\$0.625	491,229	-	-	(491,229)	-
15/12/2020	15/12/2023	\$0.094	6,614,386	-	-	(6,614,386)	-
30/11/2021	30/11/2025	\$0.280	1,312,171	-	-	-	1,312,171
30/11/2021	30/11/2025	\$0.300	1,312,171	-	-	-	1,312,171
30/11/2021	30/11/2025	\$0.320	1,312,171	-	-	-	1,312,171
15/10/2021	15/10/2024	\$0.094	233,792	-	-	(77,930)	155,862
06/05/2022	06/05/2025	\$0.200	2,000,000	-	-	-	2,000,000
12/12/2022	30/06/2025	\$0.200	3,000,000	-	-	-	3,000,000
23/08/2023	23/08/2025	\$0.038	-	9,000,000	-	-	9,000,000
			<u>16,275,920</u>	<u>9,000,000</u>	<u>-</u>	<u>(7,183,545)</u>	<u>18,092,375</u>
Weighted average exercise price			\$0.192	\$0.038	\$0.000	\$0.130	\$0.140

Careteq Limited
Notes to the consolidated financial statements
31 December 2024

For the options granted during the current financial half-year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
16/09/2024	01/08/2026	\$0.014	\$0.015	120.000%	-	3.75%	\$0.009
28/11/2024	01/08/2026	\$0.012	\$0.015	120.000%	-	3.75%	\$0.009

Note 15. Contingent liabilities

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

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

The ATO has expressed the view in the Position Paper that Careteq Limited has not provided evidence of adequate substantiation for the expenditure incurred for the R&D activities and has not demonstrated the nexus between the expenditure and the R&D activities for the purposes of Division 355 of the Income Tax Assessment Act 1997.

Accordingly, the ATO has indicated that in its view Careteq Limited was not entitled to refundable tax offsets totalling approximately \$1.3 million across the two income years. The ATO has also indicated that Careteq Limited is liable for an administrative penalty of approximately \$0.3 million. In January 2024 the ATO paid Careteq Limited \$1.3m for the 30 June 2023 R&D tax incentive claim.

The total contingent liability as at 31 December 2024 is \$2.9 million. This nets off against an unrecognised R&D receivable of \$0.5 million implying a potential net exposure of \$2.4 million.

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

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

Note 16. Discontinued operations

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

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

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

	31 December 2024	31 December 2023
	\$	\$
Discontinued revenue - Sofihub	105,038	689,459
Other income	577	66,317
Raw materials and consumables used	(16,432)	(441,211)
Consulting and advisory	-	(151,428)
Corporate and administration	(47,791)	(29,917)
Employee benefits expense	(88,016)	(281,606)
Depreciation and amortisation expense	-	(102,441)
Other expenses	(37,051)	(60,653)
Loss before income tax expense	(83,675)	(311,480)
Income tax expense	-	-
Loss after income tax expense from discontinued operations	(83,675)	(311,480)
Foreign currency translation	-	12,999
Total comprehensive loss for the half-year from discontinued operations	(83,675)	(298,481)

Careteq Limited
Directors' declaration
31 December 2024

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2024 and of its performance for the financial half-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 303(5)(a) of the *Corporations Act 2001*.

On behalf of the directors



Mark Simari
Executive Chairman

28 February 2025

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

Conclusion

We have reviewed the accompanying half-year financial report of Careteq Limited ('the Company') and its subsidiaries ('the Consolidated entity') which comprises the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising material accounting policy information and other explanatory information, and the directors' declaration.

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2024 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which indicates that the Consolidated entity incurred a net loss of \$66,477 during the half year ended 31 December 2024 and has cash outflows from operating activities of \$514,621 during the half year ended 31 December 2024. As of that date, the Consolidated entity's current liabilities exceeded its current assets by \$491,682. 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 Consolidated entity's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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Director's Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility for the Review of the Half-Year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2024 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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



RSM AUSTRALIA PARTNERS



A L Whittingham
Partner

Date: 28 February 2025
Melbourne, Victoria