



2024



Constant Care,
Everywhere

ANNUAL REPORT



Trusted Medication Management Services

Elevating Healthcare Safety and Clinical Outcomes



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

Corporate Directory

For the year ended 30 June 2024

Directors	Mark Simari: Executive Chairman
	Stephen Munday: Non-Executive Director
	Brett Cheong: Non-Executive Director
	Alex Boyd: Executive Director (resigned 2 August 2024)
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	Level 8, 525 Flinders Street Melbourne, VIC 3000, Australia
Auditor	RSM Australia Partners Level 27, 120 Collins Street, Melbourne VIC 3000, Australia
Solicitor	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	National Australia Bank 800 Bourke Street Docklands VIC 3008, Australia
	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
	Westpac Banking Corporation 150 Collins Street Melbourne VIC 3000, Australia
Website	www.careteq.com.au
Corporate Governance Statement	<p>The directors and management are committed to conducting the business of Careteq Limited in an ethical manner and in accordance with the highest standards of corporate governance. Careteq Limited has adopted and has substantially complied with the ASX Corporate Governance Principles and Recommendations (Fourth Edition) ('Recommendations') to the extent appropriate to the size and nature of its operations.</p> <p>The Company's 2022 Corporate Governance Statement, which sets out the corporate governance practices that were in operation during the financial year and identifies and explains any Recommendations that have not been followed, which is approved at the same time as the Annual Report, can be found at: www.careteq.com.au/investors-centre/.</p>

Directors' Report

For the year ended 30 June 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 year ended 30 June 2024.



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	Executive Chairman
Stephen Munday	Non-Executive Director
Brett Cheong	Non-Executive Director
Alex Boyd	Chief Operating Officer and Executive Director (resigned 2 August 2024)

Principal activities

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

- The commercialisation and continued development of its online integrated adaptive care platform that monitors and interacts with those individuals requiring care, their carer's and their surrounding environment; and
- 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 from continuing operations for the consolidated entity after providing for income tax amounted to \$1,752,442 (30 June 2023: \$2,550,188).

This year saw continued growth in revenues and progress towards profitability for the Careteq group. The group has

continued to grow its revenue base reporting a 41.42% increase in total revenue to \$7.85 million; EBITDA loss from continuing operations has improved by 61.49% to \$0.83 million and there has been a significant narrowing in net loss before tax to \$1.75 million.

	FY24	FY23	Change
Total revenue from continuing operations	\$7.85m	\$5.55m	41.42%
EBITDA (Loss) from continuing operations	\$(0.83)	\$(2.09)m	60.43%
Net (Loss) after tax from continuing operations	\$(1.75)m	\$(2.55)m	31.28%

The Embedded Health Solutions (EHS) delivered an underlying EBITDA of \$1.53 million before corporate overheads and continues to grow the medication management and clinical governance businesses.

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

Securing the HMR Referrals platform in December 2023 positions the group to continue to pursue home medication reviews for clients in the home care 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.

The group saw significant growth in the first half of this year in its Sofihub SaaS platform subscriber base, however this was not replicated in the second half. Despite the strong sales growth in ANZ, our US opportunities are taking much longer than anticipated to result in actual sales growth. The Sofihub business was sold on 31 July 2024 and its operations have been classified as discontinued operations for the year ended 30 June 2024.

During the year the company has continued to focus on driving down running costs, as a part of this the expansion of the sales and marketing team, executive management team and the group's significant R&D program have been scaled back to target profitability in FY25.

The company has responded to the ATO position paper



Directors' Report *continued*

For the year ended 30 June 2024

on the R&D tax incentive claims for the years ended 30 June 2021 and 30 June 2022 received in March 2024. The company engaged experts in R&D tax incentive claims from RSM to assist in providing better evidence of compliance to the ATO. Through working with RSM we have identified around \$0.12 million of errors in the calculations of our historical claims. We look forward to resolving the position with the ATO in the near future.

Board and leadership changes

During the year, the Board appointed a chief executive officer anticipating that appointment having an immediate impact on our growth strategies moving forward and assisting in reaching its stated aim of being profitable and cash flow positive heading into FY25. As part of the scaling back of the company's expansion of the sales and marketing team, executive management team and the group's significant R&D program this role was merged back into the executive chair role.

Executive Director and Chief Operating Officer, Alex Boyd, transferred with the Sofihub business as part of the sale subsequent to year end and resigned from his role as Director in early August 2024.

With the leaner executive management team, the sale of the Sofihub business subsequent to year end and the recent cost optimisation initiative, the Company has reduced its annualised cost base by around \$1.6 million heading into FY25.

Material business risks

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

- Technological obsolescence - given the rapidly changing environment in which the company operates, this could have a significant impact on our financial results. We address this risk through investment in product development and by constantly monitoring the market. With the expansion of eHealth and other digital offerings in the aged care and healthcare markets, we see this risk increasing in the future.
- Government funding risks – given the importance of government funding and subsidies in aged and disability care sectors into which the company sells its solutions, changes in these could have an adverse impact on Group sales, this could have a significant impact on our financial results. We address this risk by diversifying our target markets both geographically and into sectors less reliant on government funding.
- Taxation interpretation risks – the Australian Taxation Office (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 R&D Tax Incentives for the 2021, 2022, 2023 and 2024 financial year have been disclosed as contingent liabilities. We address this risk by employing the assistance of R&D tax experts and making further technical and factual submissions in relation to the Position Paper. We believe 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.



Directors' Report *continued*

For the year ended 30 June 2024

Significant changes in the state of affairs

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

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

The acquisition of HMRR enables Careteq to drive growth in Home Medication Reviews (HMR) and Residential Medication Management Reviews (RMMR), where EHS is a market leader in medication management.

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

Matters subsequent to the end of the financial year

On 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 and accelerate the Company's pathway to profitability.

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

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

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

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

Owning 100% of EHS allows Careteq to fully integrate it with HMR Referrals. This is expected to unlock synergies

and operational efficiencies, especially with respect to driving Residential Medication Management Reviews (RMMR), where EHS is a market leader in medication management.

No other matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations

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

Environmental regulation

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



Information on directors



Mark Simari

Executive Chairman

Experience and expertise:

Mark is an experienced and accomplished professional in the health industry and has over 15 years' Board experience in a diverse range of organisations. Mark was the former Managing Director and Co-Founder of Paragon Care (ASX: PGC) (between 2008 and 2018). He was instrumental in Paragon Care becoming one of the largest independent healthcare suppliers in the Australian and New Zealand Markets, creating a healthcare platform spanning across capital equipment, consumables, devices and service and maintenance.

Other current directorships: Tali Digital (ASX:TD1), IDT Australia (ASX: IDT), Xpom Limited (ASX XPN), Opyl Limited (ASX OPL)

Former directorships (last 3 years):
NA

Interests in share: 10,588,812 ordinary shares

Interests in options: 3,000,000

Brett Cheong

Non-Executive Director

Experience and expertise:

Brett has over 40 years' experience within the healthcare industry at all levels of management. A former director of Paragon Care (ASX:PGC) for 9 years and former managing director of Axishealth Pty Ltd for 9 years prior to its acquisition by Paragon Care, Brett's depth of experience spans sales and marketing, product design and development and manufacturing and product sourcing.

Other current directorships: N/A

Former directorships (last 3 years): N/A

Interests in shares: 749,999 ordinary shares

Interests in options: NIL

'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.

Information on directors *continued*

Alex Boyd (resigned 2 August 2024)

*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: 270,000 ordinary shares

Interests in options: Nil

Stephen Munday

Non-Executive Director

Experience and expertise:

Stephen is an experienced financial and governance professional and has more than 25 years' experience on or working directly with Boards in a diverse range of organisations. Stephen has over 40 years business experience in Australia and North America including chief financial officer & company secretary positions in several listed companies over that time. Stephen's experience includes a wide range of responsibilities in a variety of management functions including marketing, business development, supply management, commercial management, financial management and change management. Stephen has been working in the health care sector since 2015. He is currently involved in businesses which supply products, services and technologies to the APAC health care and Australian aged care markets.

Other current directorships: Tali Digital (ASX:TD1)

Former directorships (last 3 years): N/A

Interests in shares: 180,000 ordinary shares

Interests in options: Nil



David Lilja

Company secretary

Experience and expertise

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 2024, and the number of meetings attended by each director were:

	Full Board		Nomination and Remuneration Committee		Audit and Risk Management Committee	
	Attended	Held	Attended	Held	Attended	Held
Mark Simari	10	10	1	1	2	2
Stephen Munday	10	10	1	1	2	2
Brett Cheong	10	10	1	1	2	2
Alex Boyd	10	10	-	-	-	-

Held: represents the number of meetings held during the time the director held office.
There were 10 meetings of directors' held during the year ended 30 June 2024.



Remuneration report (Audited)

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

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

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

- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

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

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

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

Alignment to shareholders' and program participants' interests:

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

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

Non-executive directors remuneration

Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive



directors fees and payments are reviewed annually by the board. The board may, from time to time receive advice from independent remuneration consultants to ensure non-executive directors fees and payments are appropriate and in line with the market.

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

Executive directors remuneration

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

The executive remuneration and reward framework has four components:

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

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

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

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

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

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

Directors' Report *Continued*

For the year ended 30 June 2024

Details of remuneration

Amounts of remuneration

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

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

- Mark Simari – Executive Chairman
- Stephen Munday – Non Executive Director
- Brett Cheong – Non-Executive Director
- Alex Boyd – COO & Executive Director (resigned 2 August 2024)

30 June 2024	Short-Term Benefits	Post Employment Benefits	Long-Term Benefits	Share-Based Payments	
	Cash Salary and Fees \$	Superannuation \$	Long Service Leave \$	Equity-settled Options \$	Total \$
<i>Non-Executive Directors</i>					
Brett Cheong	36,000	-	-	-	36,000
Stephen Munday	37,583	-	-	-	37,583
TOTAL	73,583	-	-	-	73,583
<i>Executive Directors</i>					
Mark Simari	300,000	-	-	-	300,000
Alex Boyd*	187,000	20,570	22,857	-	230,427
TOTAL	560,583	20,570	22,857	-	604,010

*Resigned 2 August 2024

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

Directors' Report *Continued*
For the year ended 30 June 2024

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

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2024 %	2023 %	2024 %	2023 %	2024 %	2023 %
Non-Executive Directors'						
Brett Cheong	100	100	-	-	-	-
Stephen Munday	100	100	-	-	-	-
Executive Directors'						
Mark Simari	100	90	-	-	-	10
Alex Boyd	100	90	-	-	-	10



Service agreements

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

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

Name:	Mark Simari
Title:	Executive Chairman
Agreement commenced:	4 April 2022
Terms of agreement:	(a) Fixed Remuneration: \$360,000 (inclusive of Directors' fees) including any employer superannuation contribution; (b) Short-term incentives: No short-term incentives in place at the time of appointment; (c) Long-term incentives: No long-term incentives in place at the time of appointment; (d) Sign-on equity: 3,000,000 unlisted options expiring 30 June 2025 with a \$0.20 exercise price, as approved by shareholders at the Company's annual general meeting on 29 November 2022. (e) Termination: the company and Mr Simari may terminate the Agreement without cause giving the other party six months' notice.
Name:	Stephen Munday
Title:	Non-Executive Director
Agreement commenced:	8 November 2021
Terms of agreement:	(a) No fixed term, no notice period required for termination; (b) Base salary including superannuation \$36,000. No termination benefit.
Name:	Brett Cheong
Title:	Non-Executive Director
Agreement commenced:	10 November 2021
Terms of agreement:	(a) No fixed term, no notice period required for termination; (b) Base salary including superannuation \$36,000. No termination benefit.

Name:	Alex Boyd (<i>resigned 2 August 2024</i>)
Title:	COO & Executive Director
Agreement commenced:	1 February 2017
Terms of agreement:	(a) Remuneration: Fixed annual salary \$205,700 (inclusive of Directors' fees) including 11% employer superannuation contribution; (b) Short-term incentives: eligible for an additional payment of 30% of his base salary on successful achievement of Board approved short term incentive targets; (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 one month's notice.

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

As at 30 June 2024, no other key management personnel have any service agreement with the consolidated entity.

Share-based compensation

Issue of shares

There were no shares issued to directors' and other key management personnel as part of compensation during the year ended 30 June 2024.

Directors' Report *Continued*
For the year ended 30 June 2024

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	3,000,000	12/12/2022	12/12/2022	30/06/2025	\$0.200	\$0.014

Options granted carry no dividend or voting rights.

Additional Information

The earnings of the Consolidate Entity for the five years to 30 June 2024 are summarised below:

	2024	2023	2022	2021	2020
	\$	\$	\$	\$	\$
Sales Revenue	7,231,406	4,980,465	4,428,462	735,442	146,458
Other income including interest	616,087	828,725	809,475	695,747	467,795
Net loss before tax	(2,434,548)	(4,175,500)	(5,250,091)	(5,112,674)	(1,966,103)
Net loss after tax	(2,240,127)	(4,347,364)	(5,250,091)	(5,229,336)	(1,908,594)
TOTAL	(4,058,588)	(7,694,139)	(9,690,707)	(9,646,263)	(3,406,902)

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

	2024	2023	2022	2021	2020
Share price at financial year start (\$)	0.031	0.072	0.144	-	-
Share price at financial year end (\$)	0.013	0.035	0.079	-	-
Basic (loss)/earnings per share (cents per share)	(1.130)	(3.500)	(5.420)	(0.163)	0.122

The company listed on 7 January 2022 and first trading was on 10 Jan 2022.

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:

Ordinary Shares	Balance at Start of the Year	Additions	Balance at End of the Year
Mark Simari	8,623,812	1,965,000	10,588,812
Brett Cheong	416,666	333,333	749,999
Stephen Munday	100,000	80,000	180,000
Alex Boyd	150,000	120,000	270,000
TOTAL	9,290,478	2,498,333	11,788,811

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.

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*	Expired	Balance at end of the year
Options over ordinary shares			
Mark Simari	4,168,965	(1,168,965)	3,000,000
Brett Cheong	584,482	(584,482)	-
Alex Boyd	1,578,101	(1,578,101)	-
	6,331,548	(3,331,548)	3,000,000

	Vested Options	Unvested Options	Balance at end of the year
Options over ordinary shares			
Mark Simari	3,000,000	-	3,000,000

During the financial year ended 30 June 2024, the consolidated entity did not employ or use the services of remuneration consultants.

Performance rights over ordinary shares

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

This concludes the remuneration report, which has been audited.

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*
15/10/2021	15/10/2024	\$0.094	155,862
30/11/2021	30/11/2025	\$0.280	1,312,171
30/11/2021	30/11/2025	\$0.300	1,312,171
30/11/2021	30/11/2025	\$0.320	1,312,171
05/06/2022	06/05/2025	\$0.200	2,000,000
12/12/2022	30/06/2025	\$0.200	3,000,000
23/8/2023	23/8/2025	\$0.037	9,000,000
			18,092,375



Directors' Report *Continued*

For the year ended 30 June 2024

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 2024 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.

Directors' Report *Continued*

For the year ended 30 June 2024

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 tax advice and assistance in regard to R&D tax incentive claims.

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 35 to the financial statements.

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

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

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

Rounding of amounts

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

Auditor's independence declaration

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

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

On behalf of the directors



Mark Simari

Chairman

12 September, 2024

Careteq Limited Auditor's independence declaration

For the year ended 30 June 2024



RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Careteq Limited for the year ended 30 June 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 audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

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

Dated: 12 September 2024
Melbourne, Victoria

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Financial Statements



Financial Statements

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General information

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

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

Registered office

Level 10, 99 Queens Street
Melbourne VIC 3000

Principal place of business

Level 8, 525 Flinders Street
Melbourne VIC 3000

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

The financial statements were authorised for issue, in accordance with a resolution of directors', on 12 September, 2024. The directors' have the power to amend and reissue the financial statements.

Consolidated Statement of profit or loss and other comprehensive income

For the year ended 30 June 2024

	Note	2024 \$	2023 \$
Revenue from continuing operations	4	7,231,406	4,980,465
Other income	5	616,087	568,423
Total revenue		7,847,493	5,548,888
Expenses			
Consulting and advisory		(419,681)	(444,490)
Corporate and administration		(706,618)	(483,736)
Employee benefits expense		(6,530,832)	(5,655,218)
Research and development		74,225	(104,800)
Depreciation and amortisation expense	6	(486,947)	(274,312)
Share-based payments	6	(20,321)	(188,343)
Other expenses		(1,070,882)	(761,210)
Finance costs	6	(108,498)	(15,103)
Loss before income tax expense from continuing operations		(1,422,061)	(2,378,324)
Income tax expense	7	(330,381)	(171,864)
Loss after income tax expense from continuing operations		(1,752,442)	(2,550,188)
Discontinued operations			
Net loss on deconsolidation	31	(168,593)	-
Loss after income tax expense from discontinued operations	31	(654,800)	(1,588,632)
Loss after income tax expense for the year		(2,575,835)	(4,138,820)
Other comprehensive income/loss			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		25,355	(12,461)
Other comprehensive income for the year, net of tax		25,355	(12,461)
Total comprehensive loss for the year		(2,550,480)	(4,151,281)
<i>Loss for the year is attributable to:</i>			
Non-controlling interest	34	(89,302)	(208,544)
Owners of Careteq Limited		(2,665,137)	(4,347,364)
	22	(2,575,835)	(4,138,820)
<i>Total comprehensive loss for the year is attributable to:</i>			
Non-controlling interest		89,302	208,544
Owners of Careteq Limited – discontinued operations		(823,393)	(1,588,623)
Owners of Careteq Limited – continuing operations		(1,816,389)	(2,771,202)
		(2,550,480)	(4,151,281)

Consolidated Statement of profit or loss and other comprehensive income

For the year ended 30 June 2024

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

	Cents	Cents
From continuing operations		
Basic loss per share	(0.85)	(2.23)
Diluted loss per share	(0.85)	(2.23)
From discontinued operations		
Basic loss per share	(0.38)	(1.29)
Diluted loss per share	(0.38)	(1.29)
From operations		
Basic loss per share	(1.23)	(3.52)
Diluted loss per share	(1.23)	(3.52)

Consolidated Statement of financial position

As at 30 June 2024

	Note	2024 \$	2023 \$
Assets			
Current assets			
Cash and cash equivalents	8	1,251,616	1,852,594
Trade and other receivables	9	1,242,545	1,254,660
Contract assets	11	707,098	706,537
Inventories	10	-	235,160
Investments held at fair value	31	519,865	-
Other	15	126,591	145,057
Total current assets		3,847,715	4,194,008
Non-current assets			
Property, plant and equipment	12	63,530	51,480
Right-of-use assets	14	175,448	243,364
Intangibles	13	2,645,916	2,978,327
Other	15	85,583	85,583
Total non-current assets		2,970,477	3,358,754
Total assets		6,818,192	7,552,762
Liabilities			
Current liabilities			
Trade and other payables	16	1,727,893	2,058,438
Contract liabilities	19	-	302,469
Borrowings	32	-	700,000
Lease liabilities	17	66,157	58,400
Income tax	33	476,691	-
Employee benefits	18	755,537	578,412
Total current liabilities		3,026,278	3,525,567
Non-current liabilities			
Borrowings	32	4,586	15,167
Lease liabilities	17	122,235	188,392
Employee benefits	18	141,942	114,917
Total non-current liabilities		268,763	318,476
Total liabilities		3,295,041	4,016,195
Net assets		3,523,151	3,525,567
Equity			
Issued capital	20	25,461,600	22,955,114
Reserves	21	507,512	1,402,422
Accumulated losses	22	(23,977,067)	(22,232,773)
Equity attributable to the owners of Careteq Limited		2,022,045	2,124,763
Non-controlling interest	34	1,501,106	1,411,804
Total equity		3,523,151	3,536,567

Consolidated Statement of changes in equity

For the year ended 30 June 2024

	Issued capital \$	Reserves \$	Non- Controlling Interest \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2022	22,955,114	1,226,540	-	(17,885,409)	6,296,245
Loss after income tax expense for the year	-	-	-	(4,347,364)	(4,347,364)
Other comprehensive income for the year, net of tax	-	(12,461)	-	-	(12,461)
Total comprehensive income for the year	-	(12,461)	-	(4,347,364)	(4,359,825)
Loss after income tax expense for the year	-	-	-	-	-
Non-controlling interest	-	-	208,544	-	208,544
Non-controlling interest acquired on business acquisition note 29	-	-	1,203,260	-	1,203,260
Transactions with owners in their capacity as owners:					
Share based payments expense	-	188,343	-	-	188,343
Balance at 30 June 2023	22,955,114	1,402,422	1,411,804	(22,232,773)	3,536,567

	Issued capital \$	Reserves \$	Non- Controlling Interest \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2023	22,955,114	1,402,422	1,411,804	(22,232,773)	3,536,567
Loss after income tax expense for the year	-	-	-	(2,665,137)	(2,665,137)
Other comprehensive income for the year, net of tax	-	25,355	-	-	25,355
Total comprehensive loss for the year	-	25,355	-	(2,665,137)	(2,639,782)
Loss after income tax expense for the year:					
Non-controlling interest	-	-	89,302	-	89,302
Transactions with owners in their capacity as owners:					
Shares issued during the year	2,832,534	-	-	-	2,832,534
Share issue costs	(296,048)	-	-	-	(296,048)
Share based payments expense	-	113,078	-	-	113,078
Reversal of share based payments expense from prior periods	-	(1,033,343)	-	(1,033,343)	-
Dividends paid	-	-	-	(112,500)	(112,500)
Balance at 30 June 2024	25,491,600	507,512	1,501,106	(23,977,067)	3,523,151

Consolidated Statement of Cash Flows

For the year ended 30 June 2024

	Note	2024 \$	2023 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		8,358,523	5,623,398
Payment of finance costs		(84,498)	(4,507)
Government grants and tax incentives		370,895	1,033,119
Payments to suppliers and employees (inclusive of GST)		(9,944,791)	(9,181,182)
		(1,299,871)	(2,529,172)
Interest received		-	1,298
Income taxes paid		-	(6,804)
Net cash used in operating activities	38	(1,299,871)	(2,534,678)
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired		-	84,319
Payments for property, plant and equipment		(32,550)	(170,831)
Payments for intangibles	13	(1,257,351)	(170,831)
Government grants received associated with intangibles		719,104	(713,119)
Net cash used in investing activities		(570,797)	(799,631)
Cash flows from financing activities			
Proceeds from issue of shares		2,471,317	-
Cost of issuing equity		(296,048)	-
Dividends paid		(112,500)	-
Proceeds from borrowings	28	-	700,000
Repayment of borrowings		(710,581)	-
Payments of lease liabilities		(82,400)	(12,448)
Net cash from financing activities		1,269,788	687,552
Net decrease in cash and cash equivalents		(600,880)	(2,646,757)
Cash and cash equivalents at the beginning of the financial year		1,852,594	4,499,253
Effects of exchange rate changes on cash and cash equivalents		(98)	98
Cash and cash equivalents at the end of the financial year	8	1,251,616	1,852,594

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.
The Statement above includes discontinued operations, refer to note 31.

Notes to the Financial Statements

For the year ended 30 June 2024

Note 1. Material accounting policies

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

New or amended Accounting Standards and Interpretations adopted

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

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

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

Basis of preparation

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

Historical cost convention

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

Going concern

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

As disclosed in the financial statements, the consolidated entity incurred a loss of \$2,575,835 (2023: \$4,138,820) and had net cash outflows from operating activities of \$1,299,871 (2023: \$2,534,678) for the year ended 30 June 2024.

These results alone might 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 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 other factors:

The restructure of the business across June, July, and August 2024 included the disposal of the Sofihub business, which delivered an immediate cash inflow of \$0.58 million, 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.

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.

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.

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 2024 and the results of all subsidiaries for the year then ended. Careteq

Notes to the Financial Statements *Continued*

For the year ended 30 June 2024

Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

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

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

The acquisitions of subsidiaries 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.

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.

Revenue recognition

The consolidated entity recognises revenue as follows:

Revenue from contracts with customers

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

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Rendering of services

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

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

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.

Notes to the Financial Statements *Continued*

For the year ended 30 June 2024

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 TEQ Home, TEQ Secure and falls detection products through distributors or online sales; and
- **Recurring Subscription Revenue (SaaS):** Monthly subscription for accessing the Sofihub online monitoring portal (Software as a Service);
- **Contractual Recurring Revenue:** Sales from Careteq's 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.

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

Income tax

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

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

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

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

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

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

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

Notes to the Financial Statements *Continued*

For the year ended 30 June 2024

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

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

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

Discontinued operations

A discontinued operation is a component of the consolidated entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of profit or loss and other comprehensive income.

Current and non-current classification

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

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

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

Cash and cash equivalents

Cash and cash equivalents includes cash on hand,

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

Trade and other receivables

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

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

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

Inventories

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

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

Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

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

Notes to the Financial Statements *Continued*

For the year ended 30 June 2024

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.

Investments

Investments includes non-derivative financial assets with fixed or determinable payments and fixed maturities where the consolidated entity has the positive intention and ability to hold the financial asset to maturity. This category excludes financial assets that are held for an undefined period. Investments are carried at amortised cost using the effective interest rate method adjusted for any principal repayments. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

Impairment of financial asset

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

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

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value 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 consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Intangible assets

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

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Notes to the Financial Statements *Continued*

For the year ended 30 June 2024

Sofihub R&D

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

Website

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

Patents and trademarks

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

Customer relationships on acquisition

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

Impairment of non-financial assets

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

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

Trade and other payables

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

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction

costs. They are subsequently measured at amortised cost using the effective interest method.

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

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

Finance costs

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

Right-of-use assets

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

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and

Notes to the Financial Statements *Continued*

For the year ended 30 June 2024

leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Lease liabilities

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

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

Provisions

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

Employee benefits

Short-term employee benefits

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

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting

date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense

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

Share-based payments

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

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

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

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

Notes to the Financial Statements *Continued*

For the year ended 30 June 2024

that increases the total fair value of the share-based compensation benefit as at the date of modification.

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

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

Fair value measurement

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

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

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

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

The Sofihub investment is held at fair value, classified as level 1 being based on a quoted price, refer to note 31 for further details.

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.

Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the company.

Business combinations

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

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

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

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

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

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any

Notes to the Financial Statements *Continued*

For the year ended 30 June 2024

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

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

Earnings per share

Basic earnings per share

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

Diluted earnings per share

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

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

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

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

Cash flows are presented on a gross basis. The GST

components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

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

Rounding of amounts

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

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2024. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 2. Critical accounting judgements, estimates and assumptions

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

Share-based payment transactions

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

Notes to the Financial Statements *Continued*

For the year ended 30 June 2024

of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Revenue from contracts with customers involving sale of goods

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

Allowance for expected credit losses

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

Provision for impairment of inventories

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

Estimation of useful lives of assets

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

Goodwill and other indefinite life intangible assets

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

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

The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an

impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Income tax

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

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the consolidated entity's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The consolidated entity reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the consolidated entity estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

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



Notes to the Financial Statements *Continued*

For the year ended 30 June 2024

respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Business combinations

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

Note 3. Operating segments

Identification of reportable operating segments

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

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

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

Types of products and service

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

Careteq Limited – Services provided on the HMR Referrals marketplace platform that securely simplifies and streamlines the Home Medicines Review processes for GPs and accredited pharmacists.

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

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

Notes to the Financial Statements *Continued*

For the year ended 30 June 2024



Operating segment information:

30 June 2024	CARETEQ Limited \$	CARETEQ International Incorporated \$	Embedded Health Solutions \$	Total \$
Revenue				
Sales to external customers	1,181,406	7,814	7,130,411	8,319,631
Other Revenue	857,901	-	69,527	927,428
Total Revenue	2,039,307	7,814	7,199,938	9,247,059
EBITDA	(2,155,969)	(75,253)	819,053	(1,412,169)
Depreciation and amortisation	(454,173)	-	(270,614)	(724,787)
Finance costs	(88,888)	-	(19,610)	(108,498)
Profit/(loss) before income tax expense	(2,699,030)	(75,253)	528,829	(2,245,454)
Income tax expenses	-	-	(330,381)	(330,381)
Profit/(loss) after income tax benefit	(2,699,030)	(75,253)	198,448	(2,575,835)

Notes to the Financial Statements *Continued*

For the year ended 30 June 2024

Note 3. Operating segments *Continued*

Segment asset and liabilities

	CARETEQ Limited	CARETEQ International Incorporated	Embedded Health Solutions	Total
30 June 2024	\$	\$	\$	\$
Current Assets	1,946,520	30,954	2,653,239	4,630,713
Non-current assets	2,333,685	-	636,792	2,970,477
Total assets	2,039,307	30,954	3,290,031	7,601,190
Current liabilities	(1,110,958)	(726,976)	(1,971,342)	(3,809,276)
Non-current liabilities	(53,946)	-	(214,817)	(268,763)
Total liabilities	(1,164,904)	(726,976)	(2,186,159)	(4,078,039)
Net asset/(liabilities)	3,115,301	(696,022)	1,103,872	3,523,151

	CARETEQ Limited	CARETEQ International Incorporated	Embedded Health Solutions ¹	Total
30 June 2023	\$	\$	\$	\$
Revenue				
Sales to external customers	521,321	21,398	4,980,465	5,523,184
Other Revenue	260,302	-	568,423	828,725
Total Revenue	781,623	21,398	5,548,888	6,351,909
EBITDA	(4,076,950)	(281,730)	860,017	(3,498,663)
Depreciation and amortisation	(391,985)	-	(61,205)	(453,190)
Finance costs	(9,210)	-	(5,893)	(15,103)
Profit/(loss) before income tax expense	(4,478,145)	(281,730)	792,919	(3,966,956)
Income tax expenses	-	-	(171,864)	(171,864)
Profit/(loss) after income tax benefit	(4,478,145)	(281,730)	621,055	(4,138,820)

Notes to the Financial Statements *Continued*

For the year ended 30 June 2024

Note 3. Operating segments *Continued*

	CARETEQ Limited \$	CARETEQ International Incorporated \$	Embedded Health Solutions \$	Total \$
30 June 2023				
Current Assets	2,665,927	71,763	2,019,890	4,757,580
Non-current asset	2,740,910	-	617,844	3,358,754
Total assets	5,406,837	71,763	2,637,734	8,116,334
Current liabilities	(2,180,219)	(572,897)	(1,508,175)	(4,261,291)
Non-current liabilities	(59,001)	-	(259,475)	(318,476)
Total liabilities	(2,239,220)	(572,897)	(1,767,650)	(4,579,767)
Net asset/(liabilities)	3,167,617	(501,134)	870,084	3,536,567

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



Notes to the Financial Statements *Continued*

For the year ended 30 June 2024

Note 4. Revenue

	2024 \$	Restated 2023 \$
From continuing operations		
Medication Review, Education & Support Services ¹	7,231,406	4,980,465

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

Disaggregation of revenue

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

	2024 \$	Restated 2023 \$
Services transferred at a point in time - Contractual Services ¹	4,365,321	2,928,346
Services transferred over time - Contractual Services	2,866,085	2,052,119
TOTAL	7,231,406	4,980,465
Geographical regions		
Australia	7,231,406	4,959,067
USA	-	21,398
TOTAL	7,231,406	4,980,465

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

Major customer revenue contribution

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

Note 5. Other Income

	2024 \$	Restated 2023 \$
R&D tax refund	603,161	562,625
Other income	12,926	5,798
Total	616,087	568,423

Notes to the Financial Statements *Continued*

For the year ended 30 June 2024

Note 6. Expenses

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

Note 7. Income tax benefit

	2024 \$	2023 \$
<i>Numerical reconciliation of income tax expense/(benefit) and tax at the statutory rate</i>		
Loss before income tax expense	(1,422,061)	(2,378,324)
Tax at the statutory tax rate of 25% (2024: 25%)	(355,515)	(594,481)
<i>Tax effect amounts which are not deductible/(taxable) in calculating taxable income:</i>		
Research and development expenditure	569,002	629,800
Non assessable R&D income	(229,226)	(185,603)
Share based payments	5,080	47,086
Other temporary differences	79,866	(85,740)
Other permanent differences	2,846	73,316
Current year tax losses not recognised	403,638	280,782
Current tax	476,691	165,060
Adjustment recognised for prior periods	(146,310)	6,804
Income tax expense	330,381	171,864
Total deferred tax assets on tax losses not recognised at 25% (2023: 26%)	3,040,162	2,441,421

Notes to the Financial Statements *Continued*

For the year ended 30 June 2024

Note 8. Cash and cash equivalents

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

Note 9. Trade and other receivables

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

Allowance for expected credit losses

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

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

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

*Provision for credit losses is for Careteq International.

Notes to the Financial Statements *Continued*

For the year ended 30 June 2024

Note 9. Trade and other receivables *Continued*

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

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

Note 10. Inventories

	2024 \$	2023 \$
<i>Current assets</i>		
Finished goods	-	235,160

Note 11. Contract assets

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

Note 12. Property, plant and equipment

	2024 \$	2023 \$
<i>Non-current assets</i>		
Leasehold improvements - at cost	83,638	79,988
Less: Accumulated depreciation	(48,121)	(37,316)
	35,517	42,672
Computer equipment - at cost	37,708	42,655
Less: Accumulated depreciation	(9,695)	(33,847)
	28,013	8,808
Total	63,530	51,480

Notes to the Financial Statements *Continued*

For the year ended 30 June 2024



Note 13. Intangibles

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

Notes to the Financial Statements *Continued*

For the year ended 30 June 2024

Note 13. Intangibles *Continued*

Reconciliations:

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

Consolidated	Goodwill \$	Customer relationships on acquisition \$	Website \$	Patents & Trademarks \$	Sofihub R&D \$	Software \$	HMRR platform \$	Total \$
Balance at 1 July 2022	1,058,288	461,678	56,050	40,766	-	-	-	1,616,782
Additions	-	-	-	-	713,119	-	-	713,119
Additions through business combinations (note 29)	668,232	275,092	-	-	-	-	-	943,324
Amortisation expense	-	(232,646)	(14,539)	(5,096)	(42,617)	-	-	(294,898)
Balance at 30 June 2023	1,726,520	504,124	41,511	35,670	670,502	-	-	2,978,327
Additions	-	-	-	1,555	858,492	96,826	550,478	1,507,351
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	1,726,520	312,231	-	-	-	96,826	510,339	2,645,916

Notes to the Financial Statements *Continued*

For the year ended 30 June 2024

Note 13. Intangibles *Continued*

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

The recoverable amount of the consolidated entity's goodwill has been determined by a value-in-use calculation using a discounted cash flow model, based on a year's projection period approved by management and extrapolated for a further 4 years using a steady rate, together with a terminal value.

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

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

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

The discount rate of 20.7% pre-tax reflects management's estimate of the time value of money and the consolidated entity's weighted average cost of capital adjusted for the computer retailing division, the risk free rate and the volatility of the share price relative to market movements.

There were no other key assumptions for the business. Based on the above, the recoverable amount of the EHS business exceeded the carrying amount by \$8,709,038 (2023: \$8,981,248).

Sensitivity

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

- Revenue growth rate would need to decrease from 7.1% growth to 1.75% decline for the EHS business before goodwill would need to be impaired, with all other assumptions remaining constant.
- The discount rate would be required to from 20.7% to 84% for the EHS business before goodwill would need to be impaired, with all other assumptions remaining constant.

Management believes that other reasonable changes in the key assumptions on which the recoverable amount of the EHS business's goodwill is based would not cause the cash generating unit's carrying amount to exceed its recoverable amount.

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

HMRR business asset acquisition

On 1 December 2023, Careteq Limited acquired the business and assets of New Medical Enterprises Pty Ltd trading as HMR Referrals (HMRR) for total consideration of \$250k cash and \$250k in ordinary shares at 2.5c per share. The asset has an economic life of 8 years and has been amortised on a straight-line basis over this period.

Note 14. Right-of-use assets

	2024 \$	2023 \$
<i>Non-current assets</i>		
Right of use asset	260,343	260,343
Right of use asset - Accumulated depreciation	(84,895)	(16,979)
Total	175,448	243,364

Right-of-use asset as of 30 June 2024 remains at \$260,343, reflecting the value of the office lease acquired from Mederev during the EHS joint venture in the year ending 30 June 2023. The office lease is under agreement of five years with an option to extend. The accumulated depreciation for the year ending 30 June 2024 is \$84,895, compared to \$16,979 for the year ending 30 June 2023.

Notes to the Financial Statements *Continued*

For the year ended 30 June 2024

Note 15: Other	2024 \$	2023 \$
<i>Current assets</i>		
Prepayments	122,453	119,708
Security deposit	-	25,000
Other current assets	4,138	349
Total	126,591	145,057
<i>Non-current assets</i>		
Security deposits	76,383	76,383
Other deposits	9,200	9,200
Total	85,583	85,583

Note 16. Trade and other payables	2024 \$	2023 \$
<i>Current assets</i>		
Trade payables	991,263	861,381
Other payables	736,630	1,197,057
Total	1,727,893	2,058,438

Note 17. Lease liabilities	2024 \$	2023 \$
<i>Current liabilities</i>		
Lease liabilities	66,157	58,400
<i>Non-current liabilities</i>		
Lease liabilities	122,235	188,392

Note 18. Employee benefits	2024 \$	2023 \$
<i>Current liabilities</i>		
Employee benefits	755,537	578,412
<i>Non-current liabilities</i>		
Employee benefits	141,942	114,917

Amounts not expected to be settled within the next 12 months

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

Notes to the Financial Statements *Continued*

For the year ended 30 June 2024

Note 19. Contract liabilities

	2024 \$	2023 \$
<i>Current liabilities</i>		
Deferred income	-	302,469

Note 20. Issued capital

	2024 Shares	2023 Shares	2024 \$	2023 \$
Ordinary shares - fully paid	237,118,720	123,565,941	25,491,600	22,955,114
<i>Movements in ordinary share capital</i>				

Details	Date	Shares	Issue price	\$
Balance	1 July 2022	123,565,941		22,955,114
Balance	30 June 2023	123,565,941		22,955,114
Issue of entitlement shares under Retail Entitlement Offer	18 August 2023	25,609,757	\$0.025	640,244
Issue of shortfall shares under Retail Entitlement Offer	23 August 2023	73,242,914	\$0.025	1,831,073
Issue of shares in lieu of cash for investor relations services in Australia and Asia	23 August 2023	3,128,680	\$0.025	78,217
Issue of shares as consideration for the acquisition of HMR Referrals	8 December 2023	10,000,000	\$0.025	250,000
Issue of shares in lieu of cash payment for services provided to the Company.	5 June 2024	1,571,428	\$0.021	33,000
Share issue costs	5 June 2024	-	\$0.00	(296,048)
Balance	30 June 2024	237,118,720		25,491,600

Notes to the Financial Statements *Continued*

For the year ended 30 June 2024

Note 20. Issued capital *Continued*

Ordinary shares

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

Share buy-back

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

Capital risk management

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

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

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

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

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

Note 21. Reserves

	2024 \$	2023 \$
Foreign currency reserve	-	(25,355)
Options reserve	507,512	1,427,777
Total	507,512	1,402,422

Foreign currency reserve

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

Options reserve

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

Notes to the Financial Statements *Continued*

For the year ended 30 June 2024

Note 21. Reserves *Continued*

Movements in reserves

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

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

Note 22. Accumulated losses

	2024 \$	2023 \$
Accumulated losses at the beginning of the financial year	(22,232,773)	(17,885,409)
Loss after income tax expense for the year	(2,665,137)	(4,347,364)
Dividends paid	(112,500)	-
Transfer from options reserve	1,033,343	-
Accumulated losses at the end of the financial year	(23,977,067)	(22,232,773)

Note 23. Financial instruments

Financial risk management objectives

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

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

Market risk

Foreign currency risk

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

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

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

The consolidated entity has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the consolidated entity based on recent sales experience, historical collection rates and forward looking information that is available.

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



Liquidity risk

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

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

Remaining contractual maturities

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

Notes to the Financial Statements *Continued*

For the year ended 30 June 2024

Note 23. Financial instruments *Continued*

	Weighted average interest rate	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
2024	%	\$	\$	\$	\$	\$
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	991,263	-	-	-	991,263
Lease liabilities	8.52%	66,157	-	122,235	-	188,392
Other payables	-	736,630	-	-	-	736,630
Total non-derivatives		1,794,050	-	122,235	-	1,794,050
2023						
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	861,381	-	-	-	861,381
Lease liabilities	8.52%	58,400	-	188,392	-	246,792
Other payables	-	1,197,057	-	-	-	1,197,057
Total non-derivatives		2,116,838	-	188,392	-	2,305,230

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

Fair value of financial instruments

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

Note 24. Key management personnel disclosures

Compensation

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

	2024 \$	2023 \$
Short-term employee benefits	560,583	618,000
Post-employment benefits	20,570	19,635
Long-term benefits	22,857	23,199
Share-based payments	-	42,000
	604,010	702,834

Notes to the Financial Statements *Continued*

For the year ended 30 June 2024

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

	2024 \$	2023 \$
Loss after income tax benefit	(2,699,030)	(4,359,825)
Total comprehensive income	-	-

Statement of financial position

Total current assets	1,946,520	2,665,927
Total non-current assets	2,333,685	2,740,910

Total assets	4,280,205	5,406,837
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Total current liabilities	(1,110,958)	(2,180,219)
Total non-current liabilities	(53,946)	(59,001)

Total liabilities	(1,164,904)	2,239,220)
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Equity

Issued capital	26,585,151	23,752,617
Capital raising costs	(1,093,551)	(797,503)
Options reserve	507,512	1,427,777
Accumulated losses	(22,883,811)	(21,215,274)

Total equity/(deficiency)	3,115,301	3,167,617
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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 2024 and 30 June 2023.

Contingent liabilities

The parent entity's contingent liabilities as at 30 June 2024 are detailed in Note 36. The parent entity had no contingent liabilities as at 30 June 2023.

Capital commitments - Property, plant and equipment

The parent entity had capital commitments for property, plant and equipment as at 30 June 2024 and 30 June 2023.

Significant accounting policies

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

Notes to the Financial Statements *Continued*

For the year ended 30 June 2024

Note 26. Interests in subsidiaries

(a) Ultimate parent

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

(b) Corporate structure

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

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

Name	Principal place of business / Country of incorporation	2024 %	2023 %
Careteq International Inc	United States of America	100%	100%
Ward Health Group Pty Ltd *	Australia	-	-

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

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

Name	Principal place of business/ Country of incorporation	Principal activities	Parent		Non-Controlling interest	
			Ownership interest 2024 %	Ownership interest 2023 %	Ownership interest 2024 %	Ownership interest 2023 %
Embedded Health Solutions Pty Ltd	Australia		55	55	45	45
Mederev Pty Ltd	Australia		55	55	45	45
Ward Health Group Pty Ltd	Australia		55	55	45	45

Notes to the Financial Statements *Continued*

For the year ended 30 June 2024

Note 26. Interests in subsidiaries *Continued*

Summarised financial information

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

	Embedded Health Solutions Pty Ltd 2024 \$	Embedded Health Solutions Pty Ltd* 2023 \$
<i>Summarised statement of financial position</i>		
Current assets	2,653,239	2,019,890
Non-current assets	636,792	617,844
Total assets	3,290,031	2,637,734
Current liabilities	(1,912,751)	(1,508,175)
Non-current liabilities	(214,817)	(259,475)
Total liabilities	(2,127,568)	(1,767,650)
Net assets	1,103,872	870,084
<i>Summarised statement of profit or loss and other comprehensive income</i>		
Revenue	7,199,938	5,548,888
Expenses	(6,671,109)	(4,755,969)
Profit before income tax expense	528,829	792,919
Income tax expense	(330,381)	(171,864)
Profit after income tax expense	198,448	621,055
Other comprehensive income	-	-
Total comprehensive income	198,448	621,055
<i>Statement of cash flows</i>		
Net cash from operating activities	566,004	309,216
Net cash used in investing activities	(31,663)	(2,973)
Net cash used in financing activities	(318,981)	-
Net increase in cash and cash equivalents	215,360	306,243
<i>Other financial information</i>		
Profit attributable to non-controlling interests	89,302	208,544
Accumulated non-controlling interests at the end of reporting period	1,501,103	1,411,804

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

Notes to the Financial Statements *Continued*

For the year ended 30 June 2024



Note 27. Events after the reporting period

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

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

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

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

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

Owning 100% of EHS allows Careteq to fully integrate it

with HMR Referrals. This is expected to unlock synergies and operational efficiencies, especially with respect to driving Residential Medication Management Reviews (RMMR), where EHS is a market leader in medication management.

No other matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

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

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

For the year ended 30 June 2024

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

Weighted average exercise price	\$0.1902	\$0.037	\$0.000	\$0.130	\$0.140
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Weighted average exercise price	\$0.190	\$0.200	\$0.000	\$0.094	\$0.1902
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For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant Date	Expiry Date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
23/08/2023	23/08/2025	\$0.028	\$0.037	80.000%	-	3.900%	\$0.010

Notes to the Financial Statements *Continued*

For the year ended 30 June 2024

Note 29. Business combinations

Careteq has maintained control of Ward MM notwithstanding the EHS merger. In accordance with AASB3 Business Combinations, the acquisition of EHS has been accounted for using the fair value attributed to WardMM on acquisition at 31 August 2021 and the fair value of Mederev on acquisition at 31 March 2023. The acquisitions have now been finalised, with all related adjustments and valuations completed as of 30 June 2024.

	Fair value \$
Cash and cash equivalents	365,660
Trade receivables	172,535
Accrued revenue	634,561
Prepayments	90,595
Fixed assets	46,231
Right-of-use assets	260,343
Trade payables	(278,534)
Other payables	(173,513)
Provision for income tax	171,467
Employee benefits	(633,707)
Lease liabilities	(260,343)
Net assets acquired	395,294
Goodwill	1,726,520
Customer contracts	763,770
Acquisition-date fair value of the total consideration transferred	2,858,584
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	2,858,584
Less: cash and cash equivalents acquired	(84,319)
Less: Fair Value of assets transferred by Careteq	(1,655,324)
Less: Non-Controlling interest acquired in Mederev	(1,203,260)
Net cash received/(received)	(84,319)

Notes to the Financial Statements *Continued*

For the year ended 30 June 2024

Note 30: Loss per share

	2024 \$	2023 \$
<i>Loss per share from discontinued operations</i>		
Loss after income tax attributable to the owners of Careteq Limited	(823,393)	(1,588,632)
<i>Loss per share:</i>		
Loss after income tax	(2,575,835)	(4,138,820)
Non-controlling interest	(89,302)	(208,544)
Loss after income tax attributable to the owners of Careteq Limited	(2,665,137)	(4,347,364)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	216,221,542	123,565,941
Weighted average number of ordinary shares used in calculating diluted earnings per share	216,221,542	123,565,941

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

Basic and diluted loss per share - continuing operations	Cents	Cents
Basic loss per share	(0.85)	(2.23)
Diluted loss per share	(0.85)	(2.23)
Basic and diluted loss per share - discontinuing operations	Cents	Cents
Basic loss per share	(0.38)	(1.29)
Diluted loss per share	(0.38)	(1.29)

Notes to the Financial Statements *Continued*

For the year ended 30 June 2024

Note 31: Discontinued operations

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

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

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

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

	2024 \$	2023 \$
Discontinued revenue - Sofihub	1,088,225	542,719
Other income	311,341	260,302
Raw materials and consumables used	(604,214)	(384,755)
Consulting and advisory	(144,828)	(162,290)
Corporate and administration	(15,419)	(36,189)
Employee benefits expense	(666,673)	(1,296,563)
Depreciation and amortisation expense	(237,840)	(178,878)
Other expenses	(385,392)	(332,978)
Total expenses	(2,222,959)	(2,391,653)
Loss before income tax expense	(654,800)	(1,588,632)
Income tax expense	-	-
Loss after income tax expense from discontinued operations	(654,800)	(1,588,632)
The net cash flows incurred by the discontinued operations are:		
Net cash from/(used in) operating activities	215,068	(1,193,373)
Net cash used in investing activities	(858,492)	(713,119)
Net cash from/(used in) financing activities	(355,291)	350,000
Net decrease in cash and cash equivalents from discontinued operations	(998,715)	(1,556,492)

Notes to the Financial Statements *Continued*

For the year ended 30 June 2024

Note 31: Discontinued operations *Continued*

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

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

Details of the disposal

Carrying amount of net assets disposed	(688,458)
Deferred consideration	578,991
Disposal costs	(59,126)
Loss on disposal before income tax	(168,593)
Loss on disposal after income tax	(168,593)

	2024 \$	2023 \$
Loss per share		
Loss per share for the year from discontinued operations	(0.38)	(1.14)

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

Notes to the Financial Statements *Continued*

For the year ended 30 June 2024

Note 32: Borrowings

	2024 \$	2023 \$
<i>Current liabilities</i>		
Loan - Payable	-	700,000
<i>Non-current liabilities</i>		
Loan - Payable	4,586	15,167

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

Refer to note 23 for further information on financial instruments.

Note 33: Income tax

	2024 \$	2023 \$
<i>Current liabilities</i>		
Provision for income tax	476,691	-

Note 34: Non-controlling interest

	2024 \$	2023 \$
Reserves	1,203,260	1,203,000
Accumulated profits	297,846	208,804
	1,501,106	1,411,804

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

Notes to the Financial Statements *Continued*

For the year ended 30 June 2024

Note 35. Remuneration of auditors

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

	2024 \$	2023 \$
<i>Audit services:</i>		
Audit or review of the financial statements	130,000	120,557
<i>Other services:</i>		
R&D tax incentive review	115,000	-
	245,000	120,557

Note 36. Contingent liabilities



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

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

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

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

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



Notes to the Financial Statements *Continued*

For the year ended 30 June 2024

Note 37. Related party transactions

Parent entity

Careteq Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 26.

Key management personnel

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

Transactions with related parties

The following transactions occurred with related parties:

	2024 \$	2023 \$
<i>Sale of goods and services:</i>		
Sale of goods to subsidiaries	53,858	50,449
Sale of goods to commonly controlled entity	353,384	703,862
<i>Payment for goods and services:</i>		
Purchase of goods from commonly controlled entity	312,264	-
Purchase of goods from subsidiaries	53,540	-
<i>Payment for other expenses:</i>		
Consulting services provided by related entity of Brett Cheong	-	6,800

Receivable from and payable to related parties:

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

	2024 \$	2023 \$
<i>Current receivables:</i>		
Trade receivables from commonly controlled entity	31,405	-
Trade receivables from subsidiaries	62,871	80,628
<i>Current payables:</i>		
Trade payables to commonly controlled entity	31,405	-
Trade payables to subsidiaries	63,276	-
<i>Loans to/from related parties</i>		
The following balances are outstanding at the reporting date in relation to loans with related parties:		
<i>Current receivables:</i>		
Loan to subsidiaries	661,536	563,572

Terms and conditions

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

Notes to the Financial Statements *Continued*

For the year ended 30 June 2024

Note 38. Reconciliation of loss after income tax to net cash used in operating activities

	2024 \$	2023 \$
Continuing loss after income tax expense for the year	(1,752,442)	(2,550,188)
Discontinuing operations loss for the year	(823,393)	(1,588,632)
	(2,575,835)	(4,138,820)
<i>Adjustments for:</i>		
Depreciation and amortisation	486,947	274,312
Depreciation and amortisation – discontinued operations	237,840	178,878
Share-based payments	20,321	188,343
Write-off of inventory	-	44,609
Foreign exchange differences	-	1,810
Finance costs	24,000	10,596
Impairment loss	168,593	-
Interest income	-	(1,298)
Increase/(decrease) in trade and other receivables	12,115	(238,048)
Increase/(decrease) in inventories	235,160	(19,189)
Increase/(decrease) in accrued revenue	(561)	(168,658)
Increase/(decrease) in prepayments	-	(29,147)
(Decrease)/Increase in other assets	18,466	2,995
Increase/(decrease) in other operating assets	83,658	(349)
Increase in trade and other payables	(330,545)	1,012,859
Decrease/(increase) in employee benefits	204,150	(14,440)
Increase/(decrease) in contract liabilities	(302,469)	302,469
Increase/(decrease) in lease liabilities	(58,400)	58,400
Increase/(decrease) in tax provisions	476,691	-
Net cash used in operating activities	(1,299,871)	(2,530,171)

Consolidated entity disclosure statements

For the year ended 30 June 2024

Entity name	Entity type	Place formed/ Country of incorporation	Ownership Interest	Tax residency
Careteq International Inc	Body corporate	USA	100.00%	USA
Embedded Health Solutions Pty Ltd	Joint venture	Australia	55.00%	Australia*
Mederev Pty Ltd	Body corporate	Australia	55.00%	Australia*
Ward Health Group Pty Ltd	Body corporate	Australia	55.00%	Australia*

* Embedded Health Solutions Pty Ltd and its controlled Australian subsidiaries formed an income tax consolidated group as at 1 July 2023 under the tax consolidation regime.



Directors' Declaration

For the year ended 30 June 2024

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 2024 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- the information disclosed in the attached consolidated entity disclosure statement is true and correct.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.
Mark Simari

On behalf of the directors



12 September, 2024



Auditor's Report



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INDEPENDENT AUDITOR'S REPORT

To the Members of Careteq Limited

Opinion

We have audited the financial report of Careteq Limited. (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2024, 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 material accounting policy information, the consolidated entity disclosure statement 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 2024 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 (including independence standards)* (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 Group incurred a net loss of \$2.6 million and operating cash outflows of \$1.3 million during the year ended 30 June 2024. 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 Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

THE POWER OF BEING UNDERSTOOD

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Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our audit addressed this matter
Recognition of Revenue Refer to Note 4 in the financial statements	
<p>The Group has several different revenue streams that are recognised at a point in time and, in some cases, over time.</p> <p>There is a risk that inappropriate revenue recognition could lead to a material misstatement of income and related receivables.</p> <p>Furthermore, there is a fraud risk, as management may have an incentive or be under pressure to engage in fraudulent financial reporting to meet board and shareholder expectations.</p>	<p>Our audit procedures in relation to revenue included:</p> <ul style="list-style-type: none"> Assessing whether the Group's revenue recognition policies are in compliance with AASB 15 <i>Revenue with Contracts with customers</i>; Evaluating the operating effectiveness of management's controls related to revenue recognition; Assessing sales transactions before and after year-end to ensure that revenue is recognised in the correct period; and Performing substantive testing on the different revenue streams.
Impairment of Intangible Assets Refer to Note 13 in the financial statements	
<p>Careteq hold \$1.7 million of Goodwill from the following acquisitions:</p> <ul style="list-style-type: none"> The acquisition of Ward in September 2021 (\$1 million); and The acquisition of Mederev in April 2023 (\$0.67 million). <p>Due to the creation of EHS and the amalgamation of the two entities post-acquisition, management have deemed there to be one cash-generating-unit.</p> <p>Management is required to assess the Goodwill for impairment in accordance with AASB 136 <i>Impairment of Assets</i>, with a value in use cashflow model needing to be prepared for each identified cash-generating-unit (CGU). There is an inherent risk that the future cash flows of each CGU do not support the carrying value of intangible assets.</p> <p>Managements' assessment of the 'value in use' of the CGU involves judgements about the future underlying cash flows of the business and the discount rates applied to them.</p>	<p>Our audit procedures in relation to management's assessment of impairment included:</p> <ul style="list-style-type: none"> Assessing management's determination that the goodwill should be allocated to a single CGU based on the nature of the Group's business; Assessing the valuation methodologies used; Challenging the reasonableness of key assumptions, including the cash flow projections, discount rates, and sensitivities used; Checking the mathematical accuracy of the cash flow model, and reconciling input data to supporting evidence, such as approved budgets and considering the reasonableness of these budgets; and Reviewing the accuracy of disclosures of critical estimates and assumptions in the financial report in relation to the valuation methodologies.

Key Audit Matter	How our audit addressed this matter
Business Acquisitions	
Refer to Note 13 and 29 in the financial statements	
<p>Careteq acquired the Home Medical Review Platform (HMRR) in November 2023 for a total consideration of \$0.5 million.</p> <p>Embedded Health Solutions Pty Limited (EHS) was formed and became the holding company for Mederev Pty Ltd (Mederev) and Ward Health Group Pty Ltd (Ward).</p> <p>Ward was sold to EHS by Careteq, and Mederev was subsequently sold to EHS by the three existing vendors of Mederev. As a result of the transaction, Careteq now holds 55% equity (and a controlling interest) in EHS.</p> <p>Management has undertaken the task of finalising the accounting, including performing an intangible assets valuation to identify any potential intangible assets to be recognised, as well as any necessary post-acquisition adjustments.</p> <p>There is a risk of potential omissions of intangible assets acquired as part of the acquisition. Additionally, there is a risk that the HMRR platform has not been treated in accordance with the relevant accounting standards.</p>	<p>Our audit procedures in relation to the HMRR included:</p> <ul style="list-style-type: none"> • Reviewing the share purchase agreements and other associated documents to understand the nature of the transaction to ensure the accounting is reflective of the terms of the agreement; and • Assessing the accounting treatment and acquisition accounting is in line with the relevant accounting standards; <p>Our audit procedures in relation to the finalisation of the acquisition accounting include:</p> <ul style="list-style-type: none"> • Discussing with management if any facts or circumstances changed/came to light that would impact the provisional accounting in relation to the acquisition of Mederev and EHS; • Reviewing management intangibles assessment including their calculations around customer relationships; • Reviewing the reasonableness of underlying assumptions in management's respective valuations; and • Ensuring that the disclosure around the finalisation of the accounting for these is complete and in line with AASB 3 <i>Business Combinations</i>.
Key Audit Matter	
ATO R&D Tax Incentive Repayment	
Refer to Note 36 in the financial statements	
<p>During the current financial year, the ATO prepared a position paper regarding the FY21 and FY22 R&D tax incentive claims made by Careteq, expressing that there is inadequate substantiation for the expenditure incurred as R&D activities.</p> <p>This amounts to approximately \$1.29 million of claims across the two years, as well as an administrative penalty of \$0.3 million.</p> <p>As the ATO has not yet passed judgement on this, there is still uncertainty over whether this amount will need to be paid.</p> <p>The resolution is likely to be within the next twelve months and if successful could impact the Group's ability to continue as a going concern.</p>	<p>Our audit procedures in relation to the R&D tax incentive repayment include:</p> <ul style="list-style-type: none"> • Reviewing ASX announcements and obtaining any recent correspondence with the ATO to assess the likelihood of any potential repayment; • Obtaining management's assessment with regards to the claim including any calculations for any provision expected to be booked; • Assessing the accounting treatment of the potential penalty in line with AASB 137 <i>Provisions, Contingent Liabilities and Contingent Assets</i>; and • Undertaking consultations with R&D experts to assess the expected impact of the potential claim.

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 2024, 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:

- a. the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and
- b. the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and for such internal control as the directors determine is necessary to enable the preparation of:
 - i. the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
 - ii. the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar2_2020.pdf

This description forms part of our auditor's report.



Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of Careteq Limited., for the year ended 30 June 2024, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

A handwritten signature in dark ink that reads "RSM".

RSM AUSTRALIA PARTNERS

A handwritten signature in dark ink that reads "A L Whittingham".

A L WHITTINGHAM
Partner

Dated: 12 September 2024
Melbourne, Victoria



Shareholder Information

Shareholder Information

For the year ended 30 June 2024

Distribution Schedules

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

Number	Ordinary shares		Options over ordinary shares	
	Number of holders	% of total shares issued	Number of holders	% of total shares issued
1 to 1,000	10	-	-	-
1,001 to 5,000	56	0.09	-	-
5,001 to 10,000	65	0.24	-	-
10,001 to 100,000	169	3.14	-	-
100,001 and over	182	96.53	-	-
	482	100.00	-	-
Holding less than a marketable parcel	-	-	-	-

Options

	Number of holders	Number of options	% Unit
100,001 and Over	9	18,053,409	99.78
10,001 to 100,000	1	38,966	0.22
	10	18,092,375	100.00

Shareholder information *Continued*

For the year ended 30 June 2024

Top Holders

The 20 largest holders of Fully Paid Ordinary Shares as at 23 August 2024 were:

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

	Ordinary shares	
	Number held	% of total shares issued
DMX Asset Management	33,676,048	14.20
Balmain Resources	13,560,000	5.72
PRINCE HOLDINGS QLD PTY LTD	12,271,889	5.18
MR MARK SIMARI	10,433,912	4.40
JTO FLINDERS PTY LTD	8,635,837	3.64
Growth Endeavours / Ascent Super Fund	6,334,294	2.67
HSBC CUSTODY NOMINEES	5,905,669	2.49
BNP PARIBAS NOMINEES PTY LTD	5,352,927	2.26
SCINTILLA STRATEGIC INVESTMENTS LIMITED	5,000,000	2.11
DEAKIN UNIVERSITY	4,995,571	2.11
MR KIM YEOH	4,958,309	2.09
JT MASON PTY LTD	4,687,158	1.98
JMT INVESTMENT GROUP VIC PTY LTD	4,642,858	1.96
NETWEALTH INVESTMENTS LIMITED	4,326,737	1.82
MOONAH CAPITAL PTY LTD	4,250,000	1.79
IAN HERAUD HOLDINGS PTY LTD	4,074,008	1.72
SNOWBALL ASSET MANAGEMENT PTY LTD	3,454,335	1.46
ABCK INVESTMENTS TRUST	3,172,774	1.34
TRONIQ PTY LTD	3,160,000	1.33
MR GARRY CROLE	3,102,326	1.31
	145,994,652	61.58

Shareholder information *Continued*

For the year ended 30 June 2024

Substantial holders

Substantial holders in the company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
DMX Asset Management	33,676,048	14.20
Balmain Resources	13,560,000	5.72
PRINCE HOLDINGS QLD PTY LTD	12,271,889	5.18

Voting rights

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

Ordinary shares

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

Options

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

