



Careteq Limited

ACN 612 267 857

Level 10, 99 Queen St

Melbourne 3000

info@careteq.com.au

Phone: 1300 110 366

International: +613 8866 5594

14th February 2023

The Manager

Market Announcements Platform

Australian Securities Exchange Limited

SIGNIFICANT IMPROVEMENT IN REVENUE AND NPAT WITH CARETEQ WELL PLACED TO DELIVER FURTHER GROWTH ACROSS THE GROUP

Highlights:

- Interim revenue increased by 36% to \$2.6m as net loss improved materially by ~\$1.5m
- Contract wins in US and Australia, expanded suite of offerings, lower costs and contribution from Ward MM were behind the stronger 1HFY23 results
- Sofihub subscriber growth jumped by a third vs. 1HFY22 to ~4,200 active users as sales pipeline growth accelerated in the December quarter
- Strong Care secured second residential aged care client since August as its pipeline increased to 42 additional opportunities from 11 in just three months
- Further growth expected due to positive outlook for all of Careteq's businesses and as the US-based SiTa Foundation moves closer to starting trials for its anti-domestic violence solution

Careteq Limited (ASX: CTQ, "Careteq" or the "Group"), a leading cloud-based Assistive Living Technology solutions provider that improves the lives and care of the elderly, disabled and vulnerable through its network of intelligent sensors and devices, announces its interim results for the six months ended 31 December 2022 (1HFY23).

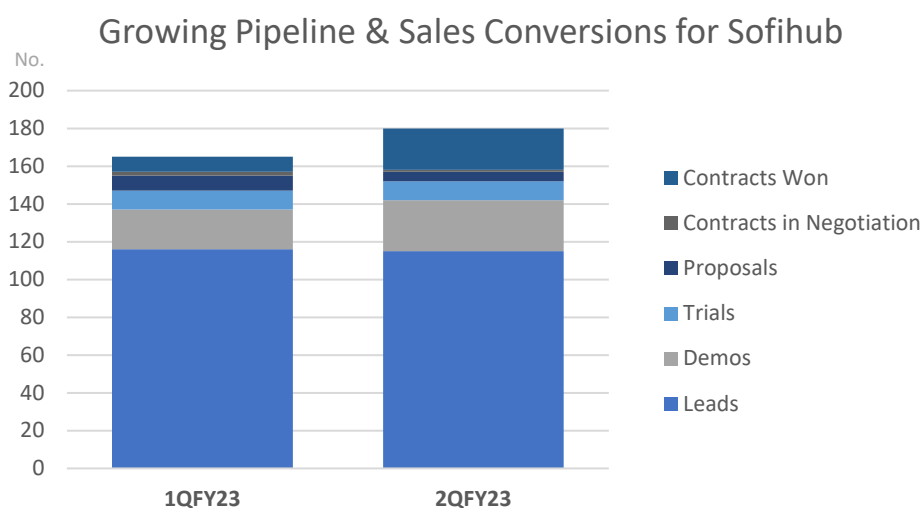
The growth Careteq has enjoyed since listing on the ASX in January 2022 has carried through into 1HFY23 with the Group reporting a 27% increase in operating revenue to \$2.4 million (or a 36% increase in total revenue to \$2.6 million) and a significant narrowing in net loss to \$2.3 million, which is a circa \$1.5 million increase over the previous corresponding period (PCP), being 1HFY22.

	Change	1HFY23	1HFY22
Total Group Revenue	+35.5%	\$2.6m	\$1.9m
EBITDA	+39.4%	-\$2.2m	-\$3.7m
Net Profit	+40.4%	-\$2.3m	-\$3.8m

The successful scaling up of the Sofihub platform and increasing revenues from the Ward MM business contributed to the stronger result, which was further bolstered by 16% decline in expenses when compared to the PCP.

Sofihub Building Scale

One of the highlights in the half was the continued growth in Careteq's Assistive Living Technology platform, Sofihub. The number of active Sofihub subscribers jumped by a third over the PCP in 1HFY23 to circa 4,200 as Careteq's sales pipeline and conversion rates accelerated. This is particularly evident in the December quarter due to the number of conversions (contracts won).



This positions Careteq to grow revenues and profitability further over the coming periods. While initial orders for hardware and associated SaaS subscriptions from new clients tend to be modest in many cases, the average order size is likely to grow materially due to the size of many of the new clients and the network effect, whereby organisations prefer to stick with one system for operational efficiencies.

New Offerings and WardMM

Careteq expanded its suite of solutions in 1HFY23, which are already contributing to Group sales. One of the new offerings is the Strong Care digital medication management solution that Careteq secured via an exclusive agreement with StrongRoom AI in August last year.

Within a short period of time, Strong Care has signed two residential aged care (RAC) clients and has a sales pipeline of 42 additional opportunities (vs. 11 at end of September) that are separate from the Sofihub pipeline described above.

Most RACs are still using paper-based systems for medication management. The federal government is offering grants to RACs to transition to a digital platform, like Strong Care, to reduce adverse drug reactions rates and improve productivity. There is a strong incentive for RACs to take up the grant before December 2024 as those who do not will have to fund the digital transition themselves or risk being cut off from other government grant programs.

Careteq also introduced TEQ-Light in the reporting period after signing an exclusive Australian agreement with US-based SensorsCall Inc. The device, which plugs into a wall socket for monitoring, communications, and medication reminders, is attracting strong interest from potential clients and is one reason for Sofihub's growing sales pipeline.

Meanwhile, contribution from the Ward MM business (acquired in August 2021) was another key growth driver for the Group in 1H FY23. There is significant marketing and sales synergies between Ward MM and Strong Care as the former is one of the nation's largest medication management service providers in the country.

Outlook

Careteq is expecting to deliver further growth for the full 2023 financial year and beyond, due to the positive outlook across all key parts of its business.

- **Sofihub (SaaS subscriptions and hardware revenues):** The ongoing growth in the sales pipeline and conversions position this business to expand revenue and profitability, particularly given that the lifetime value (LTV) of clients (from repeat purchases) is expected to far exceed the value of their initial orders. Careteq is also actively expanding its product suite through exclusive partnerships with companies with proven products so that it can up-sell services to Careteq's growing client base without adding technology risk and capex from developing its own products.
- **Ward MM and Strong Care (contracted/recurring revenues):** Regulations, government incentives and the ageing population are expected to provide a platform for growth in these businesses. Ward MM's leading industry position gives Careteq unparalleled access to Australia's largest RACs to cross-sell Strong Care.

"Our Company has moved from strength to strength since listing on the ASX 13 months ago and our fundamentals have never been stronger as the business continues to scale-up in the United States, Australia and New Zealand," said Careteq's Executive Chairman, Mark Simari.

"On top of the exciting growth drivers outlined above, the SiTa Foundation opportunity is another that can add significant scale to Careteq. SiTa informed us that they are progressing towards trials in the US, and while the official launch of their anti-domestic violence solution is outside of Careteq's control, SiTa has the potential to add thousands of active users to Sofihub as their device will only work on our cloud-based platform."

This announcement has been approved by the Board of Directors.

About Careteq Limited

Careteq is an Australian-headquartered health-tech company that has developed and commercialised a suite of products that sit on its proprietary SaaS-based Assistive Living Technology platform for use by the elderly, disabled and vulnerable individuals. Its products and services, which improve outcomes for patients and their carers while increasing productivity, are sold in Australia and internationally through industry leading distributors and specialist retailers. Careteq generates revenues from

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recurring platform subscriptions, contracted medication management services and sales of its innovated range of sensors and devices that detect falls or unusual behaviour, monitor patient health, provides SOS emergency call functionality, and deliver medication reminders. Careteq is using its early-mover advantage in the Assistive Living Technology sector to revolutionise aged and disability care. For more information about Careteq, visit <https://www.careteq.com.au/>.

Subscribe to receive investor updates by emailing: investors@careteq.com.au

For investor and media enquiries, please contact:

Brendon Lau

E: brendon@vantagepointpartners.com.au

M: +61 409 341 613

Forward-looking statements

This announcement contains or may contain forward-looking statements that are based on Careteq's beliefs, assumptions, and expectations and on information currently available to Careteq.

All statements that address operating performance, events, or developments that Careteq or its directors expect or anticipate will occur in the future are forward-looking statements, including, without limitation, statements as to the expectations of Careteq or the market it operates in.

Careteq believes that these forward-looking statements are reasonable as and when made. You should not place undue reliance on forward-looking statements because they speak only as of the date when made. Careteq does not assume any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. No assurance or guarantee is, or should be taken to be, given in relation to, and no reliance should be placed on, the future business performance or results of Careteq or the likelihood that the current assumptions, estimates or outcomes will be achieved. Actual results, developments or events could differ materially from those disclosed in the forward-looking statements.

Careteq Limited
Appendix 4D
Half-year report

1. Company details

Name of entity:	Careteq Limited
ABN:	83 612 267 857
Reporting period:	For the half-year ended 31 December 2022
Previous period:	For the half-year ended 31 December 2021

2. Results for announcement to the market

			\$
Revenues from ordinary activities	up	26.9% to	2,398,642
Loss attributable to the owners of Careteq Limited from ordinary activities after tax	down	36.4% to	(2,434,940)
Loss attributable to the owners of Careteq Limited for the half-year	down	36.4% to	(2,434,940)

Dividends

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

Comments

The loss attributable to the owners of Careteq Limited for the company after providing for income tax amounted to \$2,434,940 (31 December 2021: \$3,827,624).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	2.05	4.63

4. Dividends

Current period

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

Previous period

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

5. Audit qualification or review

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

6. Attachments

The Half-year Report of Careteq Limited for the half-year ended 31 December 2022 is attached.

7. Signed

Signed  _____

Mark Simari
Executive Chairman

Date: 14 February 2023



Careteq Limited

ABN 83 612 267 857

Half-year Report - 31 December 2022

Careteq Limited
Directors' report
31 December 2022

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Careteq Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the period ended 31 December 2022.

Directors

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

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

Principal activities

During the financial half-year the principal continuing activities of the company consisted of:

- The 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 half yearly loss for the consolidated entity after providing for income tax amounted to \$2,434,940 (31 December 2021: \$3,827,624).

The growth Careteq has enjoyed since listing on the ASX in January 2022 has carried through into 1HFY23 with the Group reporting a 27% increase in operating revenue to \$2.4 million (or a 36% increase in total revenue to \$2.6 million) and a significant narrowing in net loss to \$2.4 million, which is a \$1.4 million increase over the previous corresponding period (PCP), being 1HFY22.

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The successful scaling up of the Sofihub platform and increasing revenues from the Ward MM business contributed to the stronger result, which was further bolstered by 13% decline in expenses when compared to the PCP.

Careteq is expecting to deliver further growth for the full 2023 financial year and beyond due to the positive outlook across all key parts of its business.

- Sofihub (SaaS subscriptions and hardware revenues): The ongoing growth in the sales pipeline and conversions position this business to expand revenue and profitability, particularly given that the lifetime value (LTV) of clients (from repeat purchases) is expected to far exceed the value of their initial orders. Careteq is also actively expanding its product suite through exclusive partnerships with companies with proven products so that it can up-sell services to Careteq's growing client base without adding technology risk and capex from developing its own products.
- Ward MM and Strong Care (contracted/recurring revenues): Regulations, government incentives and the aging population are expected to provide a platform for growth in these businesses. Ward MM's leading industry position gives Careteq unparalleled access to Australia's largest RACs to cross-sell Strong Care.

Significant changes in the state of affairs

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

Careteq Limited
Directors' report
31 December 2022

Matters subsequent to the end of the financial half-year

No matters or circumstance has arisen since 31 December 2022 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.

Auditor's independence declaration

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

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

On behalf of the directors



Mark Simari
Executive Chairman

14 February 2023

RSM Australia Partners

Level 21, 55 Collins Street Melbourne VIC 3000

PO Box 248 Collins Street West VIC 8007

T +61 (0) 3 9286 8000

F +61 (0) 3 9286 8199

www.rsm.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Careteq Limited for the half year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

A blue ink signature of RSM Australia Partners.**RSM AUSTRALIA PARTNERS**A blue ink signature of R Miano.**R MIANO****Partner**

Date: 14 February 2023

Melbourne, Victoria

Careteq Limited
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31 December 2022

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General information

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

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

Registered office

Level 10, 99 Queens Street
Melbourne VIC 3000

Principal place of business

Level 8, 525 Flinders Street
Melbourne VIC 3000

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 14 February 2023. The directors have the power to amend and reissue the financial statements.

Careteq Limited
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2022

	Note	31 December 2022 \$	31 December 2021 \$
Revenue	3	2,398,642	1,889,622
Other income	4	161,342	-
Total revenue		<u>2,559,984</u>	<u>1,889,622</u>
Expenses			
Raw materials and consumables used		(122,571)	(155,384)
Consulting and advisory		(330,770)	(960,836)
Corporate and administration		(237,152)	(233,365)
Employee benefits expense		(3,315,835)	(2,514,397)
Research and development		(45,854)	(3,259)
Depreciation and amortisation expense		(182,421)	(12,901)
Listing expenses		-	(129,347)
Share-based payments		(125,477)	(223,729)
Other expenses		(625,686)	(337,724)
Finance costs		(2,355)	(110,300)
Fair value adjustment on conversion of derivative financial liability		-	(1,036,004)
Loss attributable to the owners of Careteq Limited before income tax expense		(2,428,137)	(3,827,624)
Income tax expense		<u>(6,803)</u>	<u>-</u>
Loss attributable to the owners of Careteq Limited after income tax expense for the half-year		(2,434,940)	(3,827,624)
Other comprehensive loss			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Foreign currency translation		<u>(2,119)</u>	<u>(3,224)</u>
Other comprehensive loss for the half-year, net of tax		<u>(2,119)</u>	<u>(3,224)</u>
Total comprehensive loss for the half-year		<u>(2,437,059)</u>	<u>(3,830,848)</u>
		Cents	Cents
Basic loss per share	12	(1.97)	(5.40)
Diluted loss per share	12	(1.97)	(5.40)

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

Careteq Limited
Consolidated statement of financial position
As at 31 December 2022

	Note	31 December 2022 \$	30 June 2022 \$
Assets			
Current assets			
Cash and cash equivalents		3,550,202	4,499,253
Trade and other receivables		342,632	1,016,612
Inventories		174,902	215,971
Other		438,944	656,435
Total current assets		<u>4,506,680</u>	<u>6,388,271</u>
Non-current assets			
Property, plant and equipment		11,093	13,415
Intangibles	5	<u>1,453,011</u>	<u>1,616,782</u>
Total non-current assets		<u>1,464,104</u>	<u>1,630,197</u>
Total assets		<u>5,970,784</u>	<u>8,018,468</u>
Liabilities			
Current liabilities			
Trade and other payables	6	1,276,609	1,045,579
Employee benefits		615,966	592,852
Unearned income		5,254	-
Total current liabilities		<u>1,897,829</u>	<u>1,638,431</u>
Non-current liabilities			
Employee benefits		88,292	83,792
Total non-current liabilities		<u>88,292</u>	<u>83,792</u>
Total liabilities		<u>1,986,121</u>	<u>1,722,223</u>
Net assets		<u>3,984,663</u>	<u>6,296,245</u>
Equity			
Issued capital	7	22,955,114	22,955,114
Reserves	8	1,349,898	1,226,540
Accumulated losses		<u>(20,320,349)</u>	<u>(17,885,409)</u>
Total equity		<u>3,984,663</u>	<u>6,296,245</u>

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

Careteq Limited
Consolidated statement of changes in equity
For the half-year ended 31 December 2022

	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2021	10,878,949	1,005,879	(12,634,666)	(749,838)
Loss attributable to the owners of Careteq Limited after income tax expense for the half-year	-	-	(3,827,624)	(3,827,624)
Other comprehensive loss for the half-year, net of tax	-	(3,224)	-	(3,224)
Total comprehensive loss for the half-year	-	(3,224)	(3,827,624)	(3,830,848)
<i>Transactions with owners in their capacity as owners:</i>				
Shares issued during the year net of transaction costs	6,340,294	-	-	6,340,294
Share-based payments reserve	-	519,023	-	519,023
Conversion of convertible note	4,181,688	-	-	4,181,688
Conversion of SAFE note	500,000	(500,000)	-	-
Fair value adjustment to issued capital on conversion of derivative financial liability	1,036,004	-	-	1,036,004
Balance at 31 December 2021	<u>22,936,935</u>	<u>1,021,678</u>	<u>(16,462,290)</u>	<u>7,496,323</u>
	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2022	22,955,114	1,226,540	(17,885,409)	6,296,245
Loss attributable to the owners of Careteq Limited after income tax expense for the half-year	-	-	(2,434,940)	(2,434,940)
Other comprehensive loss for the half-year, net of tax	-	(2,119)	-	(2,119)
Total comprehensive loss for the half-year	-	(2,119)	(2,434,940)	(2,437,059)
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments (note 13)	-	125,477	-	125,477
Balance at 31 December 2022	<u>22,955,114</u>	<u>1,349,898</u>	<u>(20,320,349)</u>	<u>3,984,663</u>

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

Careteq Limited
Consolidated statement of cash flows
For the half-year ended 31 December 2022

	Note	31 December 2022 \$	31 December 2021 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		2,488,466	1,842,124
Government grants and tax incentives		959,387	339,224
Payments to suppliers and employees (inclusive of GST)		<u>(4,385,309)</u>	<u>(3,732,115)</u>
Net cash used in operating activities		<u>(937,456)</u>	<u>(1,550,767)</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(10,449)	-
Payments for purchase of business, net of cash acquired		<u>-</u>	<u>(218,659)</u>
Net cash used in investing activities		<u>(10,449)</u>	<u>(218,659)</u>
Cash flows from financing activities			
Proceeds from issue of shares		-	6,000,000
Proceeds from derivative financial liability		-	4,085,000
Share issue transaction costs		-	(506,803)
Repayment of borrowings		-	(449,570)
Interest and other finance costs paid		<u>(1,083)</u>	<u>(284,472)</u>
Net cash (used in)/from financing activities		<u>(1,083)</u>	<u>8,844,155</u>
Net (decrease)/increase in cash and cash equivalents		(948,988)	7,074,729
Cash and cash equivalents at the beginning of the financial half-year		4,499,253	186,827
Effects of exchange rate changes on cash and cash equivalents		<u>(63)</u>	<u>(20,491)</u>
Cash and cash equivalents at the end of the financial half-year		<u><u>3,550,202</u></u>	<u><u>7,241,065</u></u>

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

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2022 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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

New or amended Accounting Standards and Interpretations adopted

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

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

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

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

The revised Conceptual Framework is applicable to annual reporting periods beginning on or after 1 July 2021 and early adoption is permitted. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards. Where the company has relied on the existing framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under the Australian Accounting Standards, the company may need to review such policies under the revised framework. At this time, the application of the Conceptual Framework is not expected to have a material impact on the company's financial statements.

Note 2. Operating segments

Identification of reportable operating segments

The company is organised into 3 operating segments: Careteq Ltd, Careteq International Inc (US) and Ward Health Group. 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.

Careteq Limited
Notes to the consolidated financial statements
31 December 2022

Note 2. Operating segments (continued)

Operating segment information

	Careteq Limited \$	Careteq International Inc \$	Ward Health Group \$	Total \$
31 December 2022				
Revenue				
Sales to external customers	181,963	8,057	2,208,622	2,398,642
Other revenue	139,214	-	22,128	161,342
Total revenue	<u>321,177</u>	<u>8,057</u>	<u>2,230,750</u>	<u>2,559,984</u>
EBITDA	(2,281,667)	(77,852)	116,158	(2,243,361)
Depreciation and amortisation	(172,726)	-	(9,695)	(182,421)
Finance costs	(2,084)	-	(271)	(2,355)
(Loss)/Profit before income tax expense	<u>(2,456,477)</u>	<u>(77,852)</u>	<u>106,192</u>	<u>(2,428,137)</u>
Income tax expense	-	-	(6,803)	(6,803)
(Loss)/Profit attributable to the owners of Careteq Limited after income tax expense	<u>(2,456,477)</u>	<u>(77,852)</u>	<u>99,389</u>	<u>(2,434,940)</u>
	Careteq Limited \$	Careteq International Inc. \$	Ward Health Group \$	Total \$
31 December 2022				
<i>Segment assets and liabilities</i>				
Current assets	3,136,541	43,255	1,326,884	4,506,680
Non-current assets	1,464,104	-	-	1,464,104
Total assets	<u>4,600,645</u>	<u>43,255</u>	<u>1,326,884</u>	<u>5,970,784</u>
Current liabilities	(967,180)	(23,100)	(907,549)	(1,897,829)
Non-current liabilities	(43,303)	-	(44,989)	(88,292)
Total liabilities	<u>(1,010,483)</u>	<u>(23,100)</u>	<u>(952,538)</u>	<u>(1,986,121)</u>
Net assets	<u>3,590,162</u>	<u>20,155</u>	<u>374,346</u>	<u>3,984,663</u>
	Careteq Limited \$	Careteq International Inc \$	Ward Health Group \$	Total \$
31 December 2021				
Revenue				
Sales to external customers	206,984	106,520	1,576,118	1,889,622
Total revenue	<u>206,984</u>	<u>106,520</u>	<u>1,576,118</u>	<u>1,889,622</u>
EBITDA	(3,682,467)	(45,378)	23,422	(3,704,423)
Depreciation and amortisation	(12,901)	-	-	(12,901)
Finance costs	(110,300)	-	-	(110,300)
(Loss)/Profit before income tax expense	<u>(3,805,668)</u>	<u>(45,378)</u>	<u>23,422</u>	<u>(3,827,624)</u>
Income tax expense	-	-	-	-
(Loss)/Profit attributable to the owners of Careteq Limited after income tax expense	<u>(3,805,668)</u>	<u>(45,378)</u>	<u>23,422</u>	<u>(3,827,624)</u>

Careteq Limited
Notes to the consolidated financial statements
31 December 2022

Note 2. Operating segments (continued)

	Careteq Limited \$	Careteq International Inc. \$	Ward Health Group \$	Total \$
30 June 2022				
<i>Segment assets and liabilities</i>				
Current assets	5,295,903	35,094	1,455,683	6,786,680
Non-current assets	1,581,058	-	-	1,581,058
Total assets	<u>6,876,961</u>	<u>35,094</u>	<u>1,455,683</u>	<u>8,367,738</u>
Current liabilities	(640,794)	(421,828)	(903,956)	(1,966,578)
Non-current liabilities	(37,401)	-	(67,524)	(104,925)
Total liabilities	<u>(678,195)</u>	<u>(421,828)</u>	<u>(971,480)</u>	<u>(2,071,503)</u>
Net assets/(liabilities)	<u>6,198,766</u>	<u>(386,734)</u>	<u>484,203</u>	<u>6,296,235</u>

Geographical information

	Sales to external customers	
	31 December 2022	31 December 2021
	\$	\$
Australia	2,390,585	1,783,102
USA	8,057	106,520
	<u>2,398,642</u>	<u>1,889,622</u>

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

Note 3. Revenue

	31 December 2022	31 December 2021
	\$	\$
Hardware Sales	66,106	216,556
SaaS Sales	123,914	96,948
Medication Review, Education & Support Services ¹	<u>2,208,622</u>	<u>1,576,118</u>
Revenue	<u>2,398,642</u>	<u>1,889,622</u>

¹ Prior period ended 31 December 2021 included only 4 months trading post-acquisition for the Ward Health Group.

Careteq Limited
Notes to the consolidated financial statements
31 December 2022

Note 3. Revenue (continued)

Disaggregation of revenue

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

	31 December 2022	31 December 2021
	\$	\$
<i>Timing of revenue recognition</i>		
Services transferred at a point in time - Contractual Services ¹	1,330,763	960,046
Services transferred at a point in time - Sales of Goods	66,106	216,556
Services transferred over time - SaaS	123,914	96,948
Services transferred over time - Contractual Services ¹	877,859	616,072
Total	<u>2,398,642</u>	<u>1,889,622</u>

¹ Prior period ended 31 December 2021 included only 4 months trading post-acquisition for the Ward Health Group.

Major customer revenue contribution

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

Note 4. Other income

	31 December 2022	31 December 2021
	\$	\$
Export Market Development Grant	12,264	-
R&D tax refund	149,078	-
Other income	<u>161,342</u>	<u>-</u>

The R&D tax refund represents the true-up adjustment to the estimated tax incentive recognised in the year ended 30 June 2022 to the actual amount received in the current financial year.

Note 5. Intangibles

	31 December 2022	30 June 2022
	\$	\$
<i>Non-current assets</i>		
Goodwill	1,058,288	1,058,288
Customer relationships on acquisition	461,678	461,678
Less: Accumulated amortisation	(153,893)	-
	<u>307,785</u>	<u>461,678</u>
Website - at cost	164,798	164,798
Less: Accumulated amortisation	(116,078)	(108,748)
	<u>48,720</u>	<u>56,050</u>
Patents and trademarks - at cost	50,957	50,957
Less: Accumulated amortisation	(12,739)	(10,191)
	<u>38,218</u>	<u>40,766</u>
Intangibles	<u>1,453,011</u>	<u>1,616,782</u>

Careteq Limited
Notes to the consolidated financial statements
31 December 2022

Note 6. Trade and other payables

	31 December 2022 \$	30 June 2022 \$
<i>Current liabilities</i>		
Trade payables	681,862	316,073
Other payables	594,747	729,506
	<u>1,276,609</u>	<u>1,045,579</u>
Trade and other payables	<u>1,276,609</u>	<u>1,045,579</u>

Note 7. Issued capital

	31 December 2022 Shares	30 June 2022 Shares	31 December 2022 \$	30 June 2022 \$
Ordinary shares - fully paid	<u>123,565,941</u>	<u>123,565,941</u>	<u>22,955,114</u>	<u>22,955,114</u>

Ordinary shares

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

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

Note 8. Reserves

	31 December 2022 \$	30 June 2022 \$
Foreign currency reserve	(15,013)	(12,894)
Options reserve	1,364,911	1,239,434
	<u>1,349,898</u>	<u>1,226,540</u>

Foreign currency reserve

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

Options reserve

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

Note 9. Dividends

There were no dividends paid, recommended or declared.

Note 10. Business combinations

There were no business combinations during the half year ended 31 December 2022.

Careteq Limited
Notes to the consolidated financial statements
31 December 2022

Note 10. Business combinations (continued)

The business combination of Ward Health Group Pty Ltd (Ward MM) that occurred in the previous financial year, as disclosed in the 30 June 2022 Annual Report, has now been finalised. As a result, a customer relationships intangible of \$461,678 has been recognised with a net book value of \$307,785 as at 31 December 2022. This resulted in a revised goodwill amount of \$1,058,288.

	Fair value \$
Cash and cash equivalents	281,341
Trade receivables	65,485
Accrued revenue	420,777
Prepayments	3,737
Trade payables	(145,886)
Other payables	11,332
Provision for income tax	78,986
Employee benefits	(580,414)
Net assets acquired	135,358
Customer relationships on acquisition	461,678
Goodwill	1,058,288
Acquisition-date fair value of the total consideration transferred	<u>1,655,324</u>
Representing:	
Cash paid or payable to vendor	500,000
Careteq Limited shares issued to vendor	1,155,324
	<u>1,655,324</u>
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	500,000
Add: legal cost	21,211
Less: cash and cash equivalents acquired	(281,341)
Net cash used	<u>239,870</u>

Note 11. Events after the reporting period

No matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Note 12. Loss per share

	31 December 2022 \$	31 December 2021 \$
Loss attributable to the owners of Careteq Limited after income tax	(2,434,940)	(3,827,624)
	Number	Number
Weighted average number of ordinary shares used in calculating basic loss per share	123,565,945	70,854,532
Adjustments for calculation of diluted loss per share:		
Options over ordinary shares	9,689,557	865,288
Weighted average number of ordinary shares used in calculating diluted loss per share	<u>133,255,502</u>	<u>71,719,820</u>

Careteq Limited
Notes to the consolidated financial statements
31 December 2022

Note 12. Loss per share (continued)

	Cents	Cents
Basic loss per share	(1.97)	(5.40)
Diluted loss per share	(1.97)	(5.40)

1,958,014 (31 December 2021: 2,269,739) vested performance options, 5,936,513 (31 December 2021: 3,936,513) pre-IPO Consultant options, and 3,000,000 (31 December 2021: nil) executive chairman options have been excluded from the above calculations as their inclusion would be anti-dilutive.

Note 13. 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 12 December 2022, 3,000,000 options at an exercise price of \$0.20 were issued to the Mr Mark Simari as part of the remuneration terms for the Executive Chair, approved by shareholders in the annual general meeting.

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

31 December
2022

Grant date	Expiry date	Exercise price	Balance at the start of the half-year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the half-year
07/12/2018	07/12/2023	\$0.625	491,229	-	-	-	491,229
15/12/2020	15/12/2023	\$0.094	6,809,214	-	-	(194,828)	6,614,386
30/11/2021	30/11/2025	\$0.280	1,312,171	-	-	-	1,312,171
30/11/2021	30/11/2025	\$0.300	1,312,171	-	-	-	1,312,171
30/11/2021	30/11/2025	\$0.320	1,312,171	-	-	-	1,312,171
15/10/2021	15/10/2024	\$0.094	350,688	-	-	(116,896)	233,792
06/05/2022	06/05/2025	\$0.200	2,000,000	-	-	-	2,000,000
12/12/2022	30/06/2025	\$0.200	-	3,000,000	-	-	3,000,000
			13,587,644	3,000,000	-	(311,724)	16,275,920
Weighted average exercise price			\$0.188	\$0.200	\$0.000	\$0.094	\$0.192

31 December
2021

Grant date	Expiry date	Exercise price	Balance at the start of the half-year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the half-year
07/12/2018	07/12/2023	\$0.625	491,229	-	-	-	491,229
15/12/2020	15/12/2023	\$0.094	6,809,214	-	-	-	6,809,214
30/11/2021	30/11/2025	\$0.280	-	1,312,171	-	-	1,312,171
30/11/2021	30/11/2025	\$0.300	-	1,312,171	-	-	1,312,171
30/11/2021	30/11/2025	\$0.320	-	1,312,171	-	-	1,312,171
15/10/2021	15/10/2024	\$0.094	-	350,688	-	-	350,688
			7,300,443	4,287,201	-	-	11,587,644
Weighted average exercise price			\$0.129	\$0.283	\$0.000	\$0.000	\$0.186

Note 13. Share-based payments (continued)

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

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
12/12/2022	30/06/2025	\$0.070	\$0.200	75.000%	-	3.180%	\$0.014

Careteq Limited
Directors' declaration
31 December 2022

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 31 December 2022 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors



Mark Simari
Executive Chairman

14 February 2023

RSM Australia Partners

Level 21, 55 Collins Street Melbourne VIC 3000
PO Box 248 Collins Street West VIC 8007

T +61 (0) 3 9286 8000
F +61 (0) 3 9286 8199

www.rsm.com.au

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

Conclusion

We have reviewed the accompanying half-year financial report of Careteq Limited ('the Company') and the entities it controlled during the period (together 'the Consolidated entity'), which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Consolidated entity does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Consolidated entity's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

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

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

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

A stylized blue ink signature of 'RSM'.

RSM AUSTRALIA PARTNERS

A stylized blue ink signature of 'R B Miano'.

R B MIANO
Partner

Date: 14 February 2023
Melbourne, Victoria