

28 February 2022

The Manager

Market Announcements Platform

Australian Securities Exchange Limited

SOFIHUB PLATFORM SUBSCRIBERS CONTINUE TO GROW AS HY REVENUE RISES

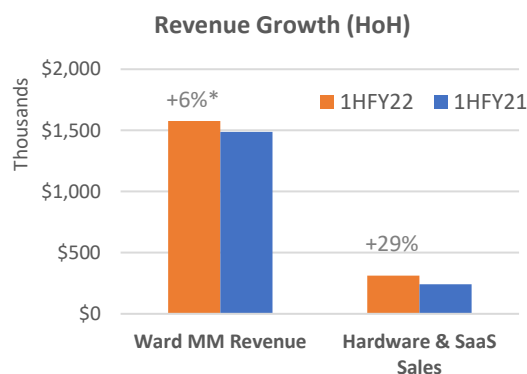
Highlights:

- Interim revenue jumps >6 times to \$1.9m due to Ward MM acquisition and sharp increase in active SaaS platform users
- Number of users grows 579% pcip to >3k and Ward MM proforma revenue increases 6% pcip
- SaaS solutions gaining market share in Australia as the Group records its maiden earnings from the US as operations scale up
- Careteq in advanced stage discussions with several domestic and US partners, each of whom can significantly increase its subscriber base
- Positive outlook with multiple growth opportunities as Careteq holds a healthy balance sheet with \$7m+ in cash to fund growth

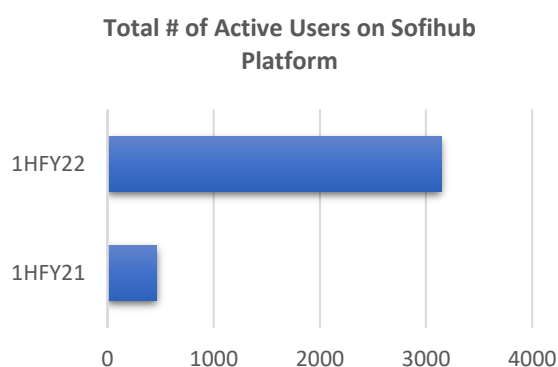
Careteq Limited (ASX: CTQ, the "Company") is pleased to report that it recorded solid growth across its business in the six months ended 31 December 2021 (1HFY22) compared to the previous corresponding period (**pcip**), being 1HFY21.

Interim Group operating revenue jumped to \$1.9 million from \$288,227 in the pcip while the net loss of \$3.8 million was largely in-line with 1HFY21. Going forward, the company does not anticipate furtherance of one-off expenses of \$2.3m pertaining to listing, capital raising and acquisitions as it does not have immediate plans to undertake such transactions.

Revenue was bolstered by the August 2021 acquisition of Ward MM, but even if the revenue from the Medication Management business of \$1.6 million (representing four months contribution to



*Revenue period Sep-Dec 2021 post acquisition vs. Sep-Dec 2020 when Ward MM was privately owned.



group revenue) was excluded, Careteq's revenue from its core Software-as-a-Service (SaaS) platform business would still have posted growth of 29.3% to \$313,504 in the reported period.

The growth in Careteq's SaaS business is driven by a 579% uplift in the number of active users to a record of 3144 on its Sofihub platform vs. the pc as the Company's Assistive Living Technology solutions are only just starting to gain meaningful traction in the underpenetrated aged and disability care market.

Just as importantly, Careteq has a healthy balance sheet to execute on its growth plans with \$7.2 million in cash as of 31 December 2021.

Careteq is an early mover in the rapidly growing Assistive Living Technology sector, which is driven by aging demographic, chronic staff shortages and cost blowouts.

Increasing market share in Australia

The serviceable available market for Assistive Living Technology in Australia and New Zealand is estimated to be worth \$1 billion a year¹ with governments and care providers increasingly turning to technology to help improve productivity and the standard of care.

These factors explain the strong interest in Careteq's solutions with the Company signing new enterprise agreements with two organisations this month alone. The first is with Baptist Care, which runs 160 facilities that cares for over 170,000 patients. The non-profit Christian care organisation will exclusively offer Careteq's range of solutions as part of its home care assistance package.

The Company have also signed an agreement with Geohaven, a leading online smart technology retailer to the home care market.

NDIS and Hospital-In-The-Home

Careteq is also pursuing multiple opportunities that have the potential to add significant scale to its business.

For instance, Careteq is in late-stage negotiations with a number of National Disability Insurance Scheme (NDIS) providers to offer the Company's solutions to their clients. Within the next four years, the NDIS will support an estimated 500,000 Australians with permanent or significant disability with funding for services². The government allocates an amount to each NDIS recipient to provide them access to Assistive Living Technology solutions. Careteq is a register NDIS supplier.

Another significant near-term opportunity is Hospital-in-the-Home (HITH). HITH services provide care in the home that would otherwise need to be delivered in a hospital. Against the backdrop of rising healthcare costs and chronic staff shortages, HITH often provides an alternative to admission to a hospital or an opportunity for earlier relocation to the home than would otherwise be possible³.

¹ https://www.atsa.org.au/wp-content/uploads/2018/03/AT_IN_Australia.pdf

² <https://www.ndis.gov.au/understanding/how-ndis-works/who-ndis-supports>

³ https://www.health.vic.gov.au/sites/default/files/migrated/files/collections/policies-and-guidelines/1/110702_doh-hith-guidelines-web--pdf.pdf

Careteq is ideally suited to meet this market opportunity and is expanding its suite of solutions to enable a patient's vital signs to be continually recorded and monitored in-home or at a medical facility through its Sofihub platform.

Careteq is currently in discussions with a major hospital group in Australia to commence trials using its solutions and the Company will provide further updates as the discussions progress.

Foothold in the US market

Meanwhile, Careteq is also tapping into the global Assistive Living Technology market, which is forecasted to be worth US\$32billion (\$45 billion) by 2026⁴, through its expansion into the United States.

Importantly, Careteq recorded its first revenue from its US operations in 1HFY22 through the sales of its products to Global Distribution. Careteq anticipates further growth from its US expansion, particularly given the opportunities that are ahead of the Company.

SiTa Update

This includes, but is not limited to, the anticipated commencement of trials by the SiTa Foundation in March 2022, which is expected to be completed within a 3-month period. Careteq is developing a safety device for the anti-domestic violence non-profit organisation. There is an estimated 10 million Americans who are victims of domestic violence each year⁵ and Careteq will be paid a monthly fee for each active device that has to be connected to its Sofihub platform.

Careteq is also in active negotiations with several large and established US channel partners and service providers to the aged and disability care market. A successful partnership with any one of these prospects can significantly increase Sofihub's subscriber base.

Outlook for 2022 and beyond

Careteq is well placed to build on the growth momentum it has achieved as it has multiple avenues to add significant scale to its platform business in Australia and internationally.

Importantly, management estimates that it only requires around 15,000 subscribers for the Group to become cash-flow positive on an "as is" basis (excluding growth capex). Given the size of the opportunities listed above, the Company believes it can achieve this goal in the not-too-distant future.

Further, there are organic growth opportunities for Ward MM, which is one of the largest providers of medication management services in Australia with several competitive advantages to the competition.

⁴ <https://www.globenewswire.com/news-release/2021/07/15/2263455/0/en/Global-Disabled-and-Elderly-Assistive-Technology-Market-to-Reach-32-Billion-by-2026.html>

⁵ <https://www.ncbi.nlm.nih.gov/books/NBK499891/>



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Careteq is also cross selling its hardware and SaaS solutions to Ward MM's clients, which includes some of the nation's largest aged care providers such as Bupa, Japara Healthcare and Estia Health Limited (ASX: EHE).

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 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

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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 2021
Previous period: For the half-year ended 31 December 2020

2. Results for announcement to the market

			\$
Revenues from ordinary activities	up	555.6% to	1,889,622
Loss from ordinary activities after tax attributable to the owners of Careteq Limited	up	0.2% to	(3,827,624)
Loss for the half-year attributable to the owners of Careteq Limited	up	0.2% to	(3,827,624)

Dividends

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

Comments

The loss for the company after providing for income tax amounted to \$3,827,624 (31 December 2020: \$3,820,932).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	4.63	(2.39)

4. Control gained over entities

Name of entities (or group of entities) Ward Health Group Pty Ltd
Date control gained 1 September 2021

	\$
Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities before income tax during the period (where material)	23,422
Profit/(loss) from ordinary activities before income tax of the controlled entity (or group of entities) for the whole of the previous period (where material)	136,457

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

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

Careteq Limited
Appendix 4D
Half-year report

Previous period

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

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

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

Not applicable.

10. Audit qualification or review

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

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

11. Attachments

Details of attachments (if any):

The Half-year Report of Careteq Limited for the half-year ended 31 December 2021 is attached.

12. Signed



Mark Simari – Chairman

Date: 28 February 2022



Careteq Limited

ABN 83 612 267 857

Half-year Report - 31 December 2021

Careteq Limited
Directors' report
31 December 2021

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Careteq Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the period ended 31 December 2021.

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 - Chairman and Non-Executive Director
Stephen Munday - Non-Executive Director
Brett Cheong - Non-Executive Director
Peter Scala - Chief Executive Officer and Managing Director
Alex Boyd - Chief Operating Officer and Executive Director

The above-named directors held office during and since the end of the half-year except for:
Stephen Munday - Appointed on 8 November 2021

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 \$3,827,624 (31 December 2020: \$3,820,932).

During the period, the company's operations have focused on executing its sales strategy to secure distribution agreements in Australia, New Zealand and the United States that offer the Home and Secure products. As part of this, the company has secured a number of distribution or partnership agreements within Australia, New Zealand and the U.S. that offer the Home, Eazense, Secure and Pro Solutions products.

The company entered into a commercial agreement with The SiTa Foundation on 3 November 2021 to establish a collaborative relationship to project manage the development of a new hardware device utilising Careteq's technology.

The SiTa Foundation is a non-profit organisation, based in the United States, that assists victims of violence to rise up against repeated abuse by empowering them, building confidence, and increasing safety through the use of technology that engages allies.

The SiTa Foundation is developing, in collaboration with the company, a small and discreet device that uses one-way cellular communication to record and transmit audio when activated. The normally powered-off device turns on only when activated, with no need for frequent charging, allowing a victim to hide the device from their attacker.

The market opportunity for this device is significant and the SiTa Foundation has a go-to-market strategy to liaise with law enforcement, social services and other areas of support to distribute the device. When the product is launched, the device will be registered on the Sofihub Portal and the company will be paid a monthly fee of AU\$4 per device. Under the agreement with the SiTa Foundation, the company will be paid a total of AU\$137,000 in consulting fees for product development and project management.

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

In August 2021, the company acquired Ward Health Group Pty Ltd trading as Ward Medication Management (Ward MM). Ward MM is Australia's largest medication management service provider of its kind with a dominant market share along the east coast of Australia and South Australia.

The acquisition added 54 staff members to the Group made up of 24 full-time employees, 28 part-time employees and two casuals.

Careteq Limited
Directors' report
31 December 2021

Ward MM started in 1997 as a medication review business servicing the aged care sector. It has since grown to be the largest provider of clinical pharmacy services to aged care in Australia with a team of clinical pharmacists who care for over 34,145 elderly Australians.

The Ward MM business is highly complementary to the company's assistive living technology offering and provides additional growth opportunities for the Group.

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

Board and leadership changes

Mr Stephen Munday was appointed as a non-executive director on 8 November 2021. There were no other changes to the board or leadership team during the period.

Significant changes in the state of affairs

On 31 August 2021, Careteq Limited acquired 100% of the ordinary shares of Ward Health Group Pty Ltd (Ward MM) for the total consideration of \$1,655,324, \$500,000 paid in cash and the balance in equity. The acquisition is priced at 4.6 times Ward MM's FY21 earnings before interest, tax, depreciation and amortisation (EBITDA), and the vendors are entitled to an earn out of 4 times FY22 EBITDA (less the upfront consideration).

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

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

The terms of the Convertible Notes provided that the Convertible Notes would convert to ordinary shares upon the initiation of an IPO. The board initiated IPO proceedings on 24 November 2021, which converted all notes to ordinary shares at that time. Pursuant to the terms of the Convertible Notes, the conversion price provides a 20% discount to the IPO Offer Price. All Convertible Notes were converted into 29,341,196 shares in the company.

Matters subsequent to the end of the financial half-year

Careteq Limited commenced IPO proceedings in November 2021 and in the process raised \$6 million in December 2021 through the application of 30,000,000 shares. Careteq Limited successfully completed the IPO proceedings and formally listed on the Australian Stock Exchange (ASX) on 10 January 2022.

Taking into account the short timeframe since listing, the Company confirms that it expects to utilise the funds raised under its prospectus in accordance with the use of funds statement and the key business objectives underlying the expected use of the funds remain intact.

No other matter or circumstance has arisen since 31 December 2021 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

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.

Careteq Limited
Directors' report
31 December 2021

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 – Chairman

28 February 2022

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Careteq Limited for the half year ended 31 December 2021, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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



RSM AUSTRALIA PARTNERS



R MIANO

Partner

Date: 28 February 2022

Melbourne, Victoria

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Careteq Limited
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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 28 February 2022. 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 2021

	Note	31 December 2021	31 December 2020
		\$	\$
Revenue	3	1,889,622	288,227
Other income		-	232,008
Total revenue		<u>1,889,622</u>	<u>520,235</u>
Expenses			
Raw materials and consumables used		(155,384)	(170,847)
Consulting and advisory		(960,836)	(60,397)
Corporate and administration		(233,365)	(102,003)
Employee benefits expense		(2,514,397)	(790,884)
Research and development		(3,259)	(5,393)
Depreciation and amortisation expense		(12,901)	(15,183)
Listing expenses		(129,347)	(128,791)
Share-based payments		(223,729)	(186,534)
Other expenses		(337,724)	(213,702)
Finance costs		(110,300)	(293,279)
Fair value adjustment on conversion of derivative financial liability		<u>(1,036,004)</u>	<u>(2,374,154)</u>
Loss before income tax expense		(3,827,624)	(3,820,932)
Income tax expense		<u>-</u>	<u>-</u>
Loss after income tax expense for the half-year attributable to the owners of Careteq Limited		(3,827,624)	(3,820,932)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		<u>(3,224)</u>	<u>-</u>
Other comprehensive income for the half-year, net of tax		<u>(3,224)</u>	<u>-</u>
Total comprehensive (loss) for the half-year attributable to the owners of Careteq Limited		<u>(3,830,848)</u>	<u>(3,820,932)</u>
		Cents	Cents
Basic loss per share	12	(5.40)	(9.03)
Diluted loss per share	12	(5.40)	(9.03)

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 2021

	Note	31 December 2021 \$	30 June 2021 \$
Assets			
Current assets			
Cash and cash equivalents		7,241,065	186,826
Trade and other receivables		718,836	480,326
Inventories		90,545	93,224
Prepayments		78,582	-
Other		-	9,535
Total current assets		8,129,028	769,911
Non-current assets			
Property, plant and equipment		-	13,410
Intangibles	5	1,779,084	122,449
Other		2,420	2,420
Total non-current assets		1,781,504	138,279
Total assets		9,910,532	908,190
Liabilities			
Current liabilities			
Trade and other payables	6	1,710,883	1,468,157
Employee benefits		560,109	167,129
Total current liabilities		2,270,992	1,635,286
Non-current liabilities			
Deferred tax		21,133	-
Employee benefits		122,084	22,742
Total non-current liabilities		143,217	22,742
Total liabilities		2,414,209	1,658,028
Net assets/(liabilities)		<u>7,496,323</u>	<u>(749,838)</u>
Equity			
Issued capital	7	22,936,935	10,879,601
Reserves	8	1,021,678	1,005,879
Accumulated losses		(16,462,290)	(12,635,318)
Total equity/(deficiency)		<u>7,496,323</u>	<u>(749,838)</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 2021

	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2020	3,665,197	-	(7,405,968)	(3,740,771)
Loss after income tax expense for the half-year	-	-	(3,820,932)	(3,820,932)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(3,820,932)	(3,820,932)
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments reserve (note 13)	-	506,309	-	506,309
Shares issued during the year net of transaction costs	4,840,250	-	-	4,840,250
Fair value adjustment to issued capital on conversion of derivative financial liability	2,374,154	-	-	2,374,154
Balance at 31 December 2020	<u>10,879,601</u>	<u>506,309</u>	<u>(11,226,900)</u>	<u>159,010</u>
	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2021	10,878,949	1,005,879	(12,634,666)	(749,838)
Loss after income tax expense for the half-year	-	-	(3,827,624)	(3,827,624)
Other comprehensive income for the half-year, net of tax	-	(3,224)	-	(3,224)
Total comprehensive income 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>

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 2021

	Note	31 December 2021	31 December 2020
		\$	\$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		1,842,124	127,009
Government grants and tax incentives		339,224	616,208
Payments to suppliers and employees (inclusive of GST)		(3,732,115)	(1,468,727)
Net cash used in operating activities		(1,550,767)	(725,510)
Cash flows from investing activities			
Payments for purchase of business, net of cash acquired	10	(218,659)	-
Net cash used in investing activities		(218,659)	-
Cash flows from financing activities			
Proceeds from issue of shares	7	6,000,000	576,000
Proceeds from derivative financial liability	4	4,085,000	232,731
Share issue transaction costs		(506,803)	(21,000)
Repayment of borrowings		(449,570)	-
Interest and other finance costs paid		(284,472)	-
Net cash from financing activities		8,844,155	787,731
Net increase in cash and cash equivalents		7,074,729	62,221
Cash and cash equivalents at the beginning of the financial half-year		186,827	202,047
Effects of exchange rate changes on cash and cash equivalents		(20,491)	-
Cash and cash equivalents at the end of the financial half-year		<u>7,241,065</u>	<u>264,268</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 2021 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 2021 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.

Share Based Payments

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.

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.

Careteq Limited
Notes to the consolidated financial statements
31 December 2021

Note 2. Operating segments (continued)

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.

Operating segment information

	Careteq Limited \$	Careteq International Inc \$	Ward Health Group \$	Other segments \$	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>-</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)
Profit/(loss) before income tax expense	<u>(3,805,668)</u>	<u>(45,378)</u>	<u>23,422</u>	<u>-</u>	<u>(3,827,624)</u>
Income tax expense					-
Loss after income tax expense					<u>(3,827,624)</u>

	Careteq Limited \$	Other segments \$	Total \$
31 December 2020			
Revenue			
Sales to external customers	288,227	-	288,227
Other revenue	232,008	-	232,008
Total revenue	<u>520,235</u>	<u>-</u>	<u>520,235</u>
EBITDA	(3,512,470)	-	(3,512,470)
Depreciation and amortisation	(15,183)	-	(15,183)
Finance costs	(293,279)	-	(293,279)
Loss before income tax expense	<u>(3,820,932)</u>	<u>-</u>	<u>(3,820,932)</u>
Income tax expense			-
Loss after income tax expense			<u>(3,820,932)</u>

Geographical information

	Sales to external customers	
	31 December 2021 \$	31 December 2020 \$
Australia	1,783,102	288,227
USA	106,520	-
	<u>1,889,622</u>	<u>288,227</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 2021 \$	31 December 2020 \$
Hardware Sales	216,556	233,336
SaaS Sales	96,948	9,216
Medication Review, Education & Support Services (4 months trading)	1,576,118	-
Other	-	45,675
Revenue	<u>1,889,622</u>	<u>288,227</u>

Disaggregation of revenue

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

	31 December 2021 \$	31 December 2020 \$
<i>Timing of revenue recognition</i>		
Services transferred at a point in time - Contractual Services (4 months trading)	960,046	-
Services transferred at a point in time - Sales of Goods	216,556	279,011
Services transferred over time - SaaS	96,948	9,216
Services transferred over time - Contractual Services (4 months trading)	616,072	-
	<u>1,889,622</u>	<u>288,227</u>

Major customer revenue contribution

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

Note 4. Derivative financial instruments

In August 2021, Careteq Ltd raised \$4,085,000 in convertible notes at a price of \$1 with a coupon rate of 6%. The notes would convert to ordinary shares upon IPO at a 20% discount on the IPO valuation. In November 2021, the convertible notes and accrued interest were converted to ordinary shares. These were treated as a derivative financial liability on initial recognition.

A fair value loss adjustment was recognised at the time of conversion on the derivative financial liability of \$1,036,004.

Note 5. Intangibles

	31 December 2021 \$	30 June 2021 \$
<i>Non-current assets</i>		
Goodwill	1,669,536	-
Website - at cost	164,798	164,798
Less: Accumulated amortisation	(98,563)	(88,210)
	<u>66,235</u>	<u>76,588</u>
Patents and trademarks - at cost	50,957	50,957
Less: Accumulated amortisation	(7,644)	(5,096)
	<u>43,313</u>	<u>45,861</u>
	<u>1,779,084</u>	<u>122,449</u>

Careteq Limited
Notes to the consolidated financial statements
31 December 2021

Note 6. Trade and other payables

	31 December 2021 \$	30 June 2021 \$
<i>Current liabilities</i>		
Trade payables	1,322,169	707,115
Convertible Note Unpaid Accrued interest	-	270,860
Loan Facility	-	449,570
Accruals	37,524	-
Provision for Income Tax	49,451	-
Superannuation Payable	130,864	-
Wages payable	135,252	-
Other payables	35,623	40,612
	<u>1,710,883</u>	<u>1,468,157</u>

Note 7. Issued capital

	31 December 2021 Shares	30 June 2021 Shares	31 December 2021 \$	30 June 2021 \$
Ordinary shares - fully paid	<u>123,565,941</u>	<u>36,530,080</u>	<u>22,936,935</u>	<u>10,879,601</u>

Movements in ordinary share capital

Details	Date	Shares		\$
Balance	1 July 2021	36,530,080		10,879,601
Issue of Shares	31 August 2021	3,610,388	\$0.320	1,155,324
Share Split (16:10)	18 November 2021	24,084,277	\$0.000	-
Conversion of Convertible Notes (Net of Costs)	24 November 2021	29,341,196	\$0.160	5,717,692
Issue of Shares - IPO	15 December 2021	30,000,000	\$0.200	6,000,000
Share Issue Costs	15 December 2021	-	\$0.000	(815,682)
Balance	31 December 2021	<u>123,565,941</u>		<u>22,936,935</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 2021 \$	30 June 2021 \$
Foreign currency reserve	(3,654)	(430)
Options reserve	1,025,332	506,309
SAFE note	-	500,000
	<u>1,021,678</u>	<u>1,005,879</u>

Note 8. Reserves (continued)

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

On 31 August 2021, Careteq Limited acquired 100% of the ordinary shares of Ward Health Group Pty Ltd (Ward MM) for the total consideration transferred of \$1,655,324. The Ward MM is a clinical pharmacy services business and is highly complementary to Careteq's assistive living technology offering and provides additional growth opportunities for the Group. The goodwill of \$1,669,536 represents the acquisition price add net equity deficiency at acquisition date.

The acquired business contributed revenues of \$1,576,118 and profit after tax of \$59,348 to the company for the period from 1 September 2021 to 31 December 2021. If the acquisition occurred on 1 July 2021, the half year contributions would have been revenues of \$2,362,077 and profit after tax of \$258,305. The values identified in relation to the acquisition of Ward MM are provisional as at 31 December 2021.

Careteq Limited
Notes to the consolidated financial statements
31 December 2021

Note 10. Business combinations (continued)

The total acquisition costs of \$68,000 relating to the acquisition of Ward MM was expensed through the Profit and Loss. Subject to FY2022 results multiplied by a factor of 4, less the acquisition costs and other adjustments, there is a possibility of additional cash consideration under an earn out clause. At this stage, it is not anticipated that the earn out clause will be triggered.

Details of the acquisition are as follows:

	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	(49,451)
Deferred tax liability	(21,133)
Employee benefits	(580,414)
Net liabilities acquired	(14,212)
Goodwill	1,669,536
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	<u>1,155,324</u>
	<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
Less: cash and cash equivalents acquired	<u>(281,341)</u>
Net cash used	<u>218,659</u>

Note 11. Events after the reporting period

Careteq Limited commenced IPO proceedings in November 2021 and in the process raised \$6 million in December 2021 through the application of 30,000,000 shares. Careteq Limited successfully completed the IPO proceedings and formally listed on the Australian Stock Exchange (ASX) on 10 January 2022.

Taking into account the short timeframe since listing, the Company confirms that it expects to utilise the funds raised under its prospectus in accordance with the use of funds statement and the key business objectives underlying the expected use of the funds remain intact.

No other matter or circumstance has arisen since 31 December 2021 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Careteq Limited
Notes to the consolidated financial statements
31 December 2021

Note 12. Loss per share

	31 December 2021 \$	31 December 2020 \$
Loss after income tax attributable to the owners of Careteq Limited	<u>(3,827,624)</u>	<u>(3,820,932)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic loss per share	70,854,532	42,302,443
Adjustments for calculation of diluted loss per share:		
Options over ordinary shares	<u>865,288</u>	<u>-</u>
Weighted average number of ordinary shares used in calculating diluted loss per share	<u>71,719,820</u>	<u>42,302,443</u>
	Cents	Cents
Basic loss per share	(5.40)	(9.03)
Diluted loss per share	(5.40)	(9.03)

2,269,739 (31 Dec 2020: nil) vested performance options, 3,936,513 (31 Dec 2020: nil) pre-IPO Consultant 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.

Options carried forward from the prior year were also split on a 16:10 ratio.

On 30 November 2021, 3,936,513 options were issued to Cannacord in their capacity as lead manager to the IPO capital raising at an exercise price of \$0.28, \$0.30 and \$0.32.

On 15 December 2021, 350,688 options were granted to key management personnel and employees at an exercise price of \$0.094.

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

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
15/12/2021	15/12/2024	\$0.090	-	350,688	-	-	350,688
			<u>7,300,443</u>	<u>4,287,201</u>	<u>-</u>	<u>-</u>	<u>11,587,644</u>
Weighted average exercise price			\$0.129	\$0.283	\$0.000	\$0.000	\$0.186

Careteq Limited
Notes to the consolidated financial statements
31 December 2021

Note 13. Share-based payments (continued)

31 December
2020

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	\$0.000	307,018	-	-	-	307,018
15/09/2020	15/09/2023	\$0.150	4,255,759	-	-	-	4,255,759
			<u>4,562,777</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,562,777</u>

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
30/11/2021	30/11/2025	\$0.200	\$0.280	75.000%	-	1.090%	\$0.080
30/11/2021	30/11/2025	\$0.200	\$0.300	75.000%	-	1.090%	\$0.075
30/11/2021	30/11/2025	\$0.200	\$0.320	75.000%	-	1.090%	\$0.069
15/12/2021	15/12/2022	\$0.200	\$0.094	75.000%	-	0.940%	\$0.134
15/12/2021	15/12/2023	\$0.200	\$0.094	75.000%	-	0.940%	\$0.144
15/12/2021	15/12/2024	\$0.200	\$0.094	75.000%	-	0.940%	\$0.149

Careteq Limited
Directors' declaration
31 December 2021

In the directors' opinion:

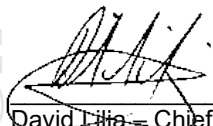
- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 31 December 2021 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



Peter Scala – CEO &
Managing Director



David Lilja – Chief Financial Officer

28 February 2022

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

Conclusion

We have reviewed the accompanying half-year financial report of Careteq Limited ('the Company') and the entities it controlled during the period (together 'the Consolidated entity'), which comprises the consolidated statement of financial position as at 31 December 2021, 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 2021 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.

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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 Consolidated entity's financial position as at 31 December 2021 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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



RSM AUSTRALIA PARTNERS



R B MIANO
Partner

Date: 28 February 2022
Melbourne, Victoria