

Careteq Limited
Appendix 4E
Preliminary final report

Careteq Limited

ABN 83 612 267 857

FY25 Preliminary Final Report Appendix 4E

Lodged with the ASX under Listing Rule 4.3A.
Careteq Limited (ASX: CTQ) ABN 83 612 267 857

Careteq Limited
Appendix 4E
Preliminary final report

1. Company details

| | |
|-------------------|---------------------------------|
| Name of entity: | Careteq Limited |
| ABN: | 83 612 267 857 |
| Reporting period: | For the year ended 30 June 2025 |
| Previous period: | For the year ended 30 June 2024 |

2. Results for announcement to the market

| | | | | | \$ |
|---|------|-------|----|--|-----------|
| Revenues from ordinary activities | down | 7.1% | to | | 7,728,787 |
| Loss from ordinary activities after tax attributable to the owners of Careteq Limited | down | 97.3% | to | | (72,204) |
| Loss for the year attributable to the owners of Careteq Limited | down | 97.3% | to | | (72,204) |

Dividends

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

Comments

The loss for the consolidated entity after tax amounted to \$72,204 (30 June 2024: \$2,665,137). Please refer to the attached Financial Statements for further details on the results.

3. Net tangible assets/(liability)

| | Reporting period Cents | Previous period Cents |
|---|------------------------|-----------------------|
| Net tangible assets/(liability) per ordinary security | (0.40) | 0.37 |

4. Control gained over entities

Not Applicable

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

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

Previous period

During the year, subsidiary Embedded Health Solutions Pty Ltd declared and paid a total dividend of \$250,000.

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Audit qualification or review

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

The financial statements are in the process of being audited. The directors anticipate that the auditor's report will contain an unqualified audit opinion with a paragraph addressing material uncertainty related to going concern.

10. Attachments

Details of attachments (if any):

The Financial Statements of Careteq Limited for the year ended 30 June 2025 are attached.

11. Signed

Signed



Mark Simari
Executive Chairman

Date: 29 August 2025

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Careteq Limited

ABN 83 612 267 857

Preliminary Financial Report - 30 June 2025

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Careteq Limited
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30 June 2025

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Careteq Limited
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2025

| | Note | 2025 \$ | 2024 \$ |
|--|------|------------------|--------------------|
| Revenue from continuing operations | 1 | 7,623,587 | 7,231,406 |
| Other income | | 694,657 | 616,087 |
| Total revenue | | <u>8,318,243</u> | <u>7,847,493</u> |
| Expenses | | | |
| Consulting and advisory | | (294,000) | (419,681) |
| Corporate and administration | | (634,559) | (706,618) |
| Employee benefits expense | | (6,126,142) | (6,530,832) |
| Research and development | | - | 74,225 |
| Depreciation and amortisation expense | 2 | (342,012) | (486,947) |
| Share-based payments | 2 | (1,042) | (20,321) |
| Other expenses | | (986,880) | (1,070,882) |
| Finance costs | 2 | <u>(273,965)</u> | <u>(108,498)</u> |
| Loss before income tax expense from continuing operations | | (340,358) | (1,422,061) |
| Income tax (expense)/benefit | | 393,109 | (330,381) |
| Profit/(Loss) after income tax expense from continuing operations | | <u>52,751</u> | <u>(1,752,422)</u> |
| Discontinued operations | | | |
| Net loss on deconsolidation | 14 | - | (168,593) |
| Loss after income tax expense from discontinued operations | 14 | <u>(124,955)</u> | <u>(654,800)</u> |
| Loss after income tax expense for the year | | (72,204) | (2,575,835) |
| Other comprehensive income | | | |
| <i>Items that may be reclassified subsequently to profit or loss</i> | | | |
| Foreign currency translation | | - | 25,355 |
| Other comprehensive income for the year, net of tax | | - | 25,355 |
| Total comprehensive loss for the year | | <u>(72,204)</u> | <u>(2,550,480)</u> |
| Loss for the year is attributable to: | | | |
| Non-controlling interest | 15 | - | 89,302 |
| Owners of Careteq Limited | | <u>(72,204)</u> | <u>(2,665,137)</u> |
| | | <u>(72,204)</u> | <u>(2,575,835)</u> |
| Total comprehensive loss for the year is attributable to: | | | |
| Non-controlling interest | | - | 89,302 |
| Owners of Careteq Limited – discontinued operations | | (124,955) | (823,393) |
| Owners of Careteq Limited – continued operations | | <u>52,751</u> | <u>(1,816,389)</u> |
| | | <u>(72,204)</u> | <u>(2,550,480)</u> |

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 profit or loss and other comprehensive income
For the year ended 30 June 2025

Gain/(loss) per share from continuing operations attributable to the owners of Careteq Limited

| | Cents | Cents |
|-------------------------------------|--------------|--------------|
| From continuing operations | | |
| Basic profit/(loss) per share | 0.02 | (0.85) |
| Diluted profit/(loss) per share | 0.02 | (0.85) |
| From discontinued operations | | |
| Basic loss per share | (0.05) | (0.38) |
| Diluted loss per share | (0.05) | (0.38) |
| From operations | | |
| Basic loss per share | (0.03) | (1.23) |
| Diluted loss per share | (0.03) | (1.23) |

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 30 June 2025

| | Note | 2025 \$ | 2024 \$ |
|--|------|------------------|------------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 3 | 1,046,048 | 1,251,616 |
| Trade and other receivables | 4 | 1,491,210 | 1,242,545 |
| Contract assets | 5 | 638,965 | 707,098 |
| Investments held at fair value | | - | 519,865 |
| Other | | 58,395 | 126,591 |
| Total current assets | | <u>3,234,618</u> | <u>3,847,715</u> |
| Non-current assets | | | |
| Property, plant and equipment | | 39,315 | 63,530 |
| Right-of-use assets | | 107,533 | 175,448 |
| Intangibles | 6 | 2,476,304 | 2,645,916 |
| Other | | 87,043 | 85,583 |
| Total non-current assets | | <u>2,710,195</u> | <u>2,970,477</u> |
| Total assets | | <u>5,944,813</u> | <u>6,818,192</u> |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 7 | 1,409,132 | 1,727,893 |
| Borrowings | | 1,060,483 | - |
| Lease liabilities | | 74,672 | 66,157 |
| Income tax | | 120,000 | 476,691 |
| Employee benefits | 8 | 465,603 | 755,537 |
| Total current liabilities | | <u>3,129,890</u> | <u>3,026,278</u> |
| Non-current liabilities | | | |
| Borrowings | | 1,189,517 | 4,586 |
| Lease liabilities | | 47,563 | 122,235 |
| Employee benefits | 8 | 57,205 | 141,942 |
| Total non-current liabilities | | <u>1,294,285</u> | <u>268,763</u> |
| Total liabilities | | <u>4,424,175</u> | <u>3,295,041</u> |
| Net assets | | <u>1,520,638</u> | <u>3,523,151</u> |
| Equity | | | |
| Issued capital | 9 | 25,491,600 | 25,491,600 |
| Reserves | 10 | 943,370 | 507,512 |
| Accumulated losses | 11 | (24,914,332) | (23,977,067) |
| Equity attributable to the owners of Careteq Limited | | 1,520,638 | 2,022,045 |
| Non-controlling interest | 15 | - | 1,501,106 |
| Total equity | | <u>1,520,638</u> | <u>3,523,151</u> |

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

Careteq Limited
Consolidated statement of changes in equity
For the year ended 30 June 2025

| | Issued capital \$ | Reserves \$ | Non- controlling interest \$ | Accumulated losses \$ | Total equity \$ |
|--|-------------------------|----------------|---------------------------------------|-----------------------------|-----------------------|
| Balance at 1 July 2023 | 22,955,114 | 1,402,422 | 1,411,804 | (22,232,773) | 3,536,567 |
| Loss after income tax expense for the year | - | - | - | (2,665,137) | (2,665,137) |
| Other comprehensive loss for the year, net of tax | - | 25,355 | - | - | 25,355 |
| Total comprehensive profit/(loss) for the year | - | 25,355 | - | (2,665,137) | (2,639,782) |
| Profit/(loss) after income tax expense for the year - Non-controlling interest | - | - | 89,302 | - | 89,302 |
| Transactions with owners in their capacity as owners: | | | | | |
| <i>Shares issued during the year</i> | 2,832,534 | - | - | - | 2,832,534 |
| Share issue costs | (296,048) | - | - | - | (296,048) |
| Share based payments expense | - | 113,078 | - | - | 113,078 |
| Reversal of share based payments expense from prior periods | - | (1,033,343) | - | 1,033,343 | - |
| Dividends paid | - | - | - | (112,500) | (112,500) |
| Balance at 30 June 2024 | 25,491,600 | 507,512 | 1,501,106 | (23,977,067) | 3,523,151 |
| | Issued capital \$ | Reserves \$ | Non- controlling interest \$ | Accumulated losses \$ | Total equity \$ |
| Balance at 1 July 2024 | 25,491,600 | 507,512 | 1,501,106 | (23,977,067) | 3,523,151 |
| Profit after income tax expense for the year | - | - | - | 52,751 | 52,751 |
| Total comprehensive income for the year | - | - | - | 52,751 | 52,751 |
| Acquisition of remaining 45% Embedded Health Solutions (note 15) | - | - | (1,501,106) | (898,894) | (2,400,000) |
| Careteq discontinued operations | | (357) | | (121,625) | (121,982) |
| <i>Transactions with owners in their capacity as owners:</i> | | | | | |
| Share based payments expense | - | 56,718 | - | - | 56,718 |
| SAFE note | - | 500,000 | - | - | 500,000 |
| Dividends paid | - | - | - | (90,000) | (90,000) |
| Reclassification of expired options | | (120,503) | | 120,503 | - |
| Balance at 30 June 2025 | 25,491,600 | 943,370 | - | (24,914,332) | 1,520,638 |

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 year ended 30 June 2025

| | Note | 2025 \$ | 2024 \$ |
|--|------|------------------|--------------------|
| Cash flows from operating activities | | | |
| Receipts from customers (inclusive of GST) | | 8,327,968 | 8,358,523 |
| Payment of finance costs | | (53,477) | (84,498) |
| Government grants and tax incentives | | (5,000) | 370,895 |
| Payments to suppliers and employees (inclusive of GST) | | (9,003,308) | (9,944,791) |
| | | <u>(733,818)</u> | <u>(1,299,871)</u> |
| Interest received | | 3,317 | - |
| Income taxes paid | | (1,558) | - |
| | | <u>(732,058)</u> | <u>(1,299,871)</u> |
| Cash flows from investing activities | | | |
| Payment for purchase of business, net of cash acquired | | (300,000) | - |
| Payments for property, plant and equipment | | (72,875) | (32,550) |
| Payments for other non-current assets | | (24,706) | - |
| Proceeds from disposal of businesses | | 578,991 | - |
| Payments for intangibles | 6 | (62,251) | (1,257,351) |
| Government grants received associated with intangibles | | | <u>719,104</u> |
| | | <u>119,158</u> | <u>(570,797)</u> |
| Cash flows from financing activities | | | |
| Proceeds from issue of shares | | - | 2,471,317 |
| Cost of issuing equity | | - | (296,048) |
| Dividends paid | | (90,000) | (112,500) |
| Proceeds from borrowings | | 578,000 | - |
| Repayment of borrowings | | (4,636) | (710,581) |
| Payments of lease liabilities | | (82,400) | (82,400) |
| | | <u>400,964</u> | <u>1,269,788</u> |
| Net cash from financing activities | | <u>400,964</u> | <u>1,269,788</u> |
| Net decrease in cash and cash equivalents | | (211,936) | (600,880) |
| Cash and cash equivalents at the beginning of the financial year | | 1,251,616 | 1,852,594 |
| Effects of exchange rate changes on cash and cash equivalents | | 6,368 | (98) |
| | | <u>1,046,048</u> | <u>1,251,616</u> |
| Cash and cash equivalents at the end of the financial year | 3 | <u>1,046,048</u> | <u>1,251,616</u> |

The Statement above includes discontinued operations, refer to note 14.

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

Careteq Limited
Notes to the consolidated financial statements
30 June 2025

Note 1. Revenue

| | 2025 \$ | 2024 \$ |
|--|------------------|------------------|
| From continuing operations | | |
| Medication Review, Education & Support Services ¹ | <u>7,623,587</u> | <u>7,231,406</u> |

Disaggregation of revenue

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

| | 2025 \$ | 2024 \$ |
|---|------------------|------------------|
| <i>Timing of revenue recognition</i> | | |
| Services transferred at a point in time - Contractual Services ¹ | 4,617,664 | 4,365,321 |
| Services transferred over time - Contractual Services | <u>3,005,923</u> | <u>2,866,085</u> |
| | <u>7,623,587</u> | <u>7,231,406</u> |

Geographical regions

| | | |
|-----------|------------------|------------------|
| Australia | <u>7,623,587</u> | <u>7,231,406</u> |
| | <u>7,623,587</u> | <u>7,231,406</u> |

Major customer revenue contribution

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

Note 2. Expenses

| | 2025 \$ | 2024 \$ |
|---|----------------|----------------|
| Loss before income tax from continuing operations includes the following specific expenses: | | |
| Depreciation | | |
| Depreciation and amortisation | <u>342,012</u> | <u>486,947</u> |
| Finance costs | | |
| Finance costs | <u>273,965</u> | <u>108,498</u> |
| Shares issued to employees | | |
| Share-based payments | <u>1,042</u> | <u>20,321</u> |
| Superannuation expense | | |
| Defined contribution superannuation expense | <u>603,350</u> | <u>662,793</u> |

Careteq Limited
Notes to the consolidated financial statements
30 June 2025

Note 3. Cash and cash equivalents

| | 2025 \$ | 2024 \$ |
|-----------------------|------------------|------------------|
| <i>Current assets</i> | | |
| Cash on hand | 109 | 109 |
| Cash at bank | 1,045,939 | 1,251,507 |
| | <u>1,046,048</u> | <u>1,251,616</u> |

Note 4. Trade and other receivables

| | 2025 \$ | 2024 \$ |
|------------------------------|------------------|------------------|
| <i>Current assets</i> | | |
| Trade receivables | 127,603 | 529,123 |
| | <u>127,603</u> | <u>529,123</u> |
| GST receivable | 22,850 | 25,261 |
| Government grants receivable | 1,340,757 | 688,161 |
| | <u>1,491,210</u> | <u>1,242,545</u> |

Allowance for expected credit losses

The company has not provided for expected credit losses, as past due amounts have been collected or written off as bad debts in the 2025 financial year.

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

| | Expected credit loss rate | | Carrying amount | | Allowance for expected credit losses | |
|-------------------------------|---------------------------|-----------|-----------------|----------------|--------------------------------------|------------|
| | 2025 % | 2024 % | 2025 \$ | 2024 \$ | 2025 \$ | 2024 \$ |
| Neither past due not impaired | - | - | 112,394 | 171,334 | - | - |
| Past due 31 - 90 days | - | - | - | 153,727 | - | - |
| Past due 90+ days* | - | - | 15,209 | 204,062 | - | - |
| | | | <u>127,603</u> | <u>529,123</u> | <u>-</u> | <u>-</u> |

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

| | 2025 \$ | 2024 \$ |
|----------------------------------|------------|------------|
| Opening balance | - | 120,191 |
| Additional provisions recognised | - | (120,191) |
| Closing balance | <u>-</u> | <u>-</u> |

Careteq Limited
Notes to the consolidated financial statements
30 June 2025

Note 5. Contract assets

| | 2025 | 2024 |
|-----------------------|----------------|----------------|
| | \$ | \$ |
| <i>Current assets</i> | | |
| Accrued income | <u>638,965</u> | <u>707,098</u> |

Note 6. Intangibles

| | 2025 | 2024 |
|--------------------------------|------------------|------------------|
| | \$ | \$ |
| <i>Non-current assets</i> | | |
| Goodwill - at cost | <u>1,726,520</u> | <u>1,726,520</u> |
| Customer contracts - at cost | 736,770 | 736,770 |
| Less: Accumulated amortisation | <u>(616,428)</u> | <u>(424,539)</u> |
| | 120,342 | 312,231 |
| Software development - at cost | <u>187,913</u> | <u>96,826</u> |
| HMRR platform - at cost | 550,478 | 550,478 |
| Less: Accumulated amortisation | <u>(108,949)</u> | <u>(40,139)</u> |
| | 441,529 | 510,339 |
| | <u>2,476,304</u> | <u>2,645,916</u> |

Careteq Limited
Notes to the consolidated financial statements
30 June 2025

Note 6. Intangibles (continued)

Reconciliations

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

| | Goodwill | Customer relationships on acquisition | Website | Patents and trademarks | Sofihub R&D | Software Development | HMRR platform | Total |
|---|------------------|---------------------------------------|----------|------------------------|-------------|----------------------|----------------|------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance at 1 July 2023 | 1,726,520 | 504,124 | 41,511 | 35,670 | 670,502 | - | - | 2,978,327 |
| Additions | - | - | - | 1,555 | 858,492 | 96,826 | 550,478 | 1,507,351 |
| Additions through business combinations (note 29) | - | - | (31,182) | (32,076) | (1,132,980) | - | - | (1,196,238) |
| Amortisation expense | - | (191,893) | (10,329) | (5,149) | (396,014) | - | (40,139) | (643,524) |
| Balance at 30 June 2024 | 1,726,520 | 312,231 | - | - | - | 96,826 | 510,339 | 2,645,916 |
| Additions | - | - | - | - | - | 91,087 | - | 91,087 |
| Amortisation expense | - | (191,889) | - | - | - | - | (68,810) | (260,699) |
| Balance at 30 June 2025 | <u>1,726,520</u> | <u>120,342</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>187,913</u> | <u>441,529</u> | <u>2,476,304</u> |

Single business cash generating unit

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

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

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

- 21.7% (2024: 20.7%) pre-tax discount rate;
- 5% (2024: 7.1%) per annum projected EHS revenue growth rate for all years;
- 4.5% (2024: 6.5%) per annum increase in EHS operating costs;
- 0% (2024 7.1%) per annum projected HMRR revenue growth rate for FY26
- 200% (2024 7.1%) per annum projected HMRR revenue growth rate from FY27;
- 30% (2024 6.5%) increase in HMRR operating costs from FY27;
- 3.5% (2024 6.5%) per annum in overheads.

The discount rate of 21.7% pre-tax reflects management's estimate of the time value of money and the consolidated entity's weighted average cost of capital adjusted for the business, the risk free rate and the volatility of the share price relative to market movements.

There were no other key assumptions for the business.

Based on the above, the recoverable amount of the business exceeded the carrying amount by \$4,460,547 (2024: \$8,709,038).

Note 6. Intangibles (continued)

Sensitivity

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

- Revenue growth rate would need to decrease from 7.1% growth to 1.3% decline for the EHS business or from 200% to 36% growth from FY27 for the HMRR business before goodwill would need to be impaired, with all other assumptions remaining constant.
- The discount rate would be required to from 20.7% to 39% for the business before goodwill would need to be impaired, with all other assumptions remaining constant.

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

If there are any negative changes in the key assumptions on which the recoverable amount of goodwill is based, this would result in a further impairment charge for the business's goodwill.

Note 7. Trade and other payables

| | 2025 | 2024 |
|----------------------------|------------------|------------------|
| | \$ | \$ |
| <i>Current liabilities</i> | | |
| Trade payables | 619,057 | 991,263 |
| Other payables | 789,342 | 736,630 |
| | <u>1,409,132</u> | <u>1,727,893</u> |

Note 8. Employee benefits

| | 2025 | 2024 |
|--------------------------------|----------------|----------------|
| | \$ | \$ |
| <i>Current liabilities</i> | | |
| Employee benefits | <u>465,603</u> | <u>755,537</u> |
| <i>Non-current liabilities</i> | | |
| Employee benefits | <u>57,205</u> | <u>141,942</u> |

Amounts not expected to be settled within the next 12 months

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

Note 9. Issued capital

| | 2025 | 2024 | 2025 | 2024 |
|------------------------------|--------------------|--------------------|-------------------|-------------------|
| | Shares | Shares | \$ | \$ |
| Ordinary shares - fully paid | <u>237,118,720</u> | <u>237,118,720</u> | <u>25,491,600</u> | <u>25,491,600</u> |

Careteq Limited
Notes to the consolidated financial statements
30 June 2025

Movements in share capital

| Details | Date | Shares | Issue price | \$ |
|---|-----------------|---------------|--------------------|------------|
| Balance | 1 July 2023 | 123,565,941 | | 22,955,114 |
| Issue of entitlement shares under Retail Entitlement Offer | 18 August 2023 | 25,609,757 | \$0.025 | 640,244 |
| Issue of shortfall shares under Retail Entitlement Offer | 23 August 2023 | 73,242,914 | \$0.025 | 1,831,073 |
| Issue of shares in lieu of cash for investor relations services in Australia and Asia | 23 August 2023 | 3,128,680 | \$0.025 | 78,217 |
| Issue of shares as consideration for the acquisition of HMR Referrals | 8 December 2023 | 10,000,000 | \$0.025 | 250,000 |
| Issue of shares In lieu of cash payment for services provided to the Company. | 5 June 2024 | 1,571,428 | \$0.021 | 33,000 |
| Share issue costs | 5 June 2024 | - | \$0.000 | (296,048) |
| Balance | 30 June 2024 | 237,118,720 | | 25,491,600 |
| Balance | 30 June 2025 | 237,118,720 | | 25,491,600 |

Ordinary shares

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

Share buy-back

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

Capital risk management

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

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

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

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

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Note 10. Reserves

| | 2025 \$ | 2024 \$ |
|--------------------------|----------------|----------------|
| Foreign currency reserve | (357) | - |
| Options reserve | 443,727 | 507,512 |
| SAFE note | 500,000 | - |
| | <u>943,370</u> | <u>507,512</u> |

Foreign currency reserve

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

Options reserve

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

Movements in reserves

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

| | SAFE Note \$ | Foreign exchange reserve \$ | Option reserve \$ | Total \$ |
|---------------------------------|--------------------|--------------------------------------|-------------------------|----------------|
| Balance at 1 July 2023 | - | (25,355) | 1,427,777 | 1,402,422 |
| Foreign currency translation | - | 25,355 | - | 25,355 |
| Options issued during the year | - | - | (1,033,343) | (1,033,343) |
| Share based payments | - | - | 113,078 | 113,078 |
| Balance at 30 June 2024 | - | - | 507,512 | 507,512 |
| Foreign currency translation | - | (357) | - | (357) |
| Options expired during the year | - | - | (120,503) | (120,503) |
| Share based payments | - | - | 56,718 | 56,718 |
| SAFE note | 500,000 | - | - | 500,000 |
| Balance at 30 June 2025 | <u>500,000</u> | <u>(357)</u> | <u>943,727</u> | <u>943,370</u> |

Note 11. Accumulated losses

| | 2025 \$ | 2024 \$ |
|---|---------------------|---------------------|
| Accumulated losses at the beginning of the financial year | (23,977,067) | (22,232,773) |
| Loss after income tax expense for the year | 52,751 | (2,665,137) |
| Loss after income tax for discontinued operations | (121,625) | - |
| Acquisition of remaining 45% Embedded Health Solutions | (898,894) | - |
| Dividends paid | (90,000) | (112,500) |
| Transfer from options reserve | 120,503 | 1,033,343 |
| Accumulated losses at the end of the financial year | <u>(24,914,332)</u> | <u>(23,977,067)</u> |

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Note 12. Events after the reporting period

No matter or circumstance has arisen since 30 June 2025 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 13. Profit/(Loss) per share

| | 2025 | 2024 |
|---|--------------------|--------------------|
| | \$ | \$ |
| <i>Loss per share from discontinued operations</i> | | |
| Loss after income tax attributable to the owners of Careteq Limited | <u>(124,955)</u> | <u>(823,393)</u> |
| | 2025 | 2024 |
| | \$ | \$ |
| <i>Loss per share from continuing operations</i> | | |
| Loss after income tax | (72,204) | (2,575,835) |
| Non-controlling interest | - | (89,302) |
| Loss after income tax attributable to the owners of Careteq Limited | <u>(72,204)</u> | <u>(2,665,137)</u> |
| | Number | Number |
| Weighted average number of ordinary shares used in calculating basic earnings per share* | 237,118,720 | 216,221,542 |
| Weighted average number of ordinary shares used in calculating diluted earnings per share | <u>237,118,720</u> | <u>216,221,542</u> |
| *Balance adjusted for share split (16:10) on 18 November 2021. | | |
| Basic and diluted profit/(loss) per share - continuing operations | Cents | Cents |
| Basic profit/(loss) per share | 0.02 | (0.85) |
| Diluted profit/(loss) per share | 0.02 | (0.85) |
| Basic and diluted loss per share - discontinuing operations | Cents | Cents |
| Basic loss per share | (0.05) | (0.38) |
| Diluted loss per share | (0.05) | (0.38) |
| Basic and diluted loss per share - from operations | Cents | Cents |
| Basic loss per share | (0.03) | (1.23) |
| Diluted loss per share | (0.03) | (1.23) |

3,936,513 (30 June 2024: 5,936,513) pre-IPO Consultant options, 9,000,000 advisor options (30 June 2024: 9,000,000), 6,000,000 employee options (30 June 2024: 0), and 0 (30 June 2024: 155,862) vested performance options have been excluded from the above calculations as their inclusion would be anti-dilutive.

Note 14. Discontinued operations

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

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

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

| | 2025 | 2024 |
|--|-------------------------|-------------------------|
| | \$ | \$ |
| Discontinued revenue - Sofihub | 105,200 | 1,088,225 |
| Other income | (33,253) | 311,341 |
| Raw materials and consumables used | (16,432) | (604,214) |
| Consulting and advisory | - | (144,828) |
| Corporate and administration | (55,981) | (15,419) |
| Employee benefits expense | (88,016) | (666,673) |
| Depreciation and amortisation expense | - | (237,840) |
| Other expenses | (36,475) | (385,392) |
| Total expenses | <u>(124,955)</u> | <u>(2,222,959)</u> |
| Loss before income tax expense | (124,955) | (654,800) |
| Income tax expense | - | - |
| Loss after income tax expense from discontinued operations | <u><u>(124,955)</u></u> | <u><u>(654,800)</u></u> |

The net cash flows incurred by the discontinued operations are:

| | 2025 | 2024 |
|--|------------------------|-------------------------|
| | \$ | \$ |
| Net cash from/(used in) operating activities | (83,597) | 215,068 |
| Net cash used in investing activities | - | (858,492) |
| Net cash from/(used in) financing activities | - | (355,291) |
| Net decrease in cash and cash equivalents from discontinued operations | <u><u>(83,597)</u></u> | <u><u>(998,715)</u></u> |

| Loss per share | 2025 | 2024 |
|--|--------------|--------------|
| | cents | cents |
| Loss per share for the year from discontinued operations | (0.05) | (0.38) |

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

Note 15. Non-controlling interest

| | 2025 \$ | 2024 \$ |
|---------------------|------------|------------------|
| Reserves | - | 1,203,260 |
| Accumulated profits | - | 297,846 |
| | <u>-</u> | <u>1,501,106</u> |

On 31 August 2024, Careteq Limited acquired the remaining 45% non-controlling interest of the entity called Embedded Health Solutions Pty Ltd (EHS).

Note 16. Contingent liabilities

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

Careteq Limited received an audit position paper (Position Paper) from the Australian Taxation Office (ATO). The Position Paper relates to Careteq's R&D tax incentive claims for the years ended 30 June 2021;30 June 2022 and 30 June 2023. Careteq Limited, with the assistance of R&D tax experts, made further technical and factual submissions in relation to the Position Paper on 30 May 2024. The submission included the R&D tax incentive claims for the years ended 30 June 2021, 30 June 2022 and 30 June 2023.

The ATO issued amended assessments in late May 2025 in relation to claims made under the Australian government's Research and Development Research and Development Tax Incentive (R&D Tax Incentive) for the financial years ended 30 June 2021, 30 June 2022 and 30 June 2023.

The amended assessments follow a review by the ATO of Careteq's R&D Tax Incentive claims for the financial years specified above. While the specific grounds for the ATO's adjustments are being thoroughly reviewed with Careteq's tax and legal advisors, they generally relate to the ATO's re-evaluation of the eligibility of certain R&D activities and associated expenditure. This aligns with the ATO's recently intensified focus on R&D Tax Incentive compliance.

The total amount sought by the ATO comprises the repayment of R&D Tax Incentive refunds of \$2.6 million, penalties of \$0.65 million and interest of \$0.34 million.

Careteq maintains its strong conviction in the eligibility of its R&D activities for the R&D Tax Incentive scheme and the validity of its R&D Tax Incentive claims for the periods in question. The Company considers that it has always acted in good faith, relying on professional advice and maintaining what it believes to be robust documentation to substantiate its R&D expenditure. The company has lodged formal objections with the tax office in relation to these amended assessments, the objection process involves an independent internal review by the ATO objections team.

The Company will continue to engage constructively with the ATO throughout the objection process, supported by its legal advisor Minter Ellison. Should the objection be unsuccessful, Careteq will consider seeking further external review of the ATO's decision.

For the year ended 30 June 2024 the group recognised an R&D tax incentive claim of \$0.5 million and further for the year ended 30 June 2025 the group recognised an R&D tax incentive claim of \$0.6 million, these claims have yet to be lodged, the ATO may form a view that we are not entitled to these claims.

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