



Appendix 4E
Preliminary Final Report
for the Year Ended
31 December 2023

ACN: 614 508 039

Appendix 4E

Preliminary final report

Name of entity:

Epsilon Healthcare Limited
(Formerly known as THC Global Group Limited)

ABN or equivalent company
reference:

33 614 508 039

1. Reporting period

Reporting period:

Previous corresponding period:

Year ended 31 December 2023

Year ended 31 December 2022

2. Results for announcement to the market

Current Year
2023

2.1 Revenue from ordinary activities	Up	43%	to	\$ 6,651,520
2.2 Loss from ordinary activities for the period after tax attributable to members	Down	92%	to	(1,090,990)
2.3 Net Loss for the period attributable to members	Down	92%	to	(1,090,990)

2.4 Dividends

Amount per security

Franked amount per
security

Final dividend	Nil	N/A
Interim dividend	Nil	N/A

2.5 Record date for determining entitlements to the dividends

N/A

2.6 Brief explanation of any of the figures reported above to enable the figures to be understood:

Revenue and loss from ordinary activities is attributable to:

- Increased focus by the Company in H2 after the appointment of the new CEO, towards growth of the manufacturing and telehealth operations;
- Other operating expenses fell generally, again due to management's efforts to conserve working capital and continued focus on operational efficiencies.

For personal use only

The appointment by the Company of Ure Lynam & Co as the Company accountants in July 2024 has provided the opportunity by the incoming accountants to undertake remedial activities to ensure the accuracy of the reported results, including prior periods. As such during this review and during the financial year ended 31 December 2024, it was discovered that there were 4 subsidiary companies that had not been appropriately and correctly accounted for and had not be written off as they should have been, as they were deregistered in the year ended 31 December 2022. This substantive error resulted in a material overstatement in the 2022 net assets and understatement in the 2022 accumulated losses. In addition there were share based payment expenses which were not recorded in the 2022 financial year. These errors have been corrected by restating each of the affected financial statement line items for the 2022 financial year.

For personal use only

3. Consolidated Statement of Comprehensive Income

	Current Period 31 Dec 2023	Previous Period 31 Dec 2022 (Restated)
	\$	\$
Revenue from continuing operations	6,651,520	4,651,801
Cost of goods sold	(1,667,543)	(3,221,969)
Gross profit	4,983,977	1,429,832
Other income	817	1,342,556
Freight and other selling expenses	(191,920)	(70,287)
Professional expenses	(348,431)	(606,677)
Corporate and consulting expenses	(704,879)	(1,008,352)
Plant and facility costs	(886,062)	(705,487)
Research and development expenses – prior year refund overstated (net)	(53,748)	-
License and registration fees	(172,048)	(194,731)
Employee benefits expense	(2,164,201)	(1,689,113)
Advertising and promotion expenses	(18,473)	(35,917)
Insurance expenses	(599,105)	(573,344)
Bad debts expense	(73,888)	-
Depreciation and amortisation expense	(1,478,820)	(1,518,088)
Impairment expense	-	(6,909,586)
Finance expenses	(476,980)	(346,173)
Office and occupancy expenses	(246,980)	(268,154)
Administration expenses	(411,308)	(1,149,410)
Foreign exchange (loss)/gain	(8,900)	(1,036)
Share based payments	(50,000)	-
Loss on PPE	(367,481)	(13,808)
Interest – Leases	(38,232)	(53,984)
Loan written off on derecognition of subsidiaries	-	(1,771,223)
Loss before income tax	(3,306,662)	(14,142,982)
Income tax benefit/(expense)	2,215,672	536,650
Loss after income tax expense from continuing operations	(1,090,990)	(13,606,332)
Other comprehensive income	-	-
Total comprehensive loss for the year	(1,090,990)	(13,606,332)
Attributable to:		
Members of the Parent Company		
Basic loss per share	(0.36 cents)	(5.39 cents)

For personal use only

4. Consolidated Statement of Financial Position

	Current Period 31 Dec 2023	Previous Period 31 Dec 2022 (Restated)
	\$	\$
Current Assets		
Cash and cash equivalents	343,013	809,597
Trade and other receivables	1,266,031	2,916,564
Other assets	485,695	578,740
Total Current Assets	2,094,739	4,304,901
Non-Current Assets		
Property, plant and equipment	12,114,905	13,747,339
Right-of-use assets	136,243	299,113
Other assets	66,000	66,000
Total Non-Current Assets	12,317,148	14,112,452
Total Assets	14,411,887	18,417,353
Current Liabilities		
Trade and other payables	2,037,868	3,710,916
Contract liabilities	535,401	101,120
Borrowings	3,293,798	2,801,603
Employee benefits	375,365	207,190
Lease liabilities	126,200	137,841
Total Current Liabilities	6,368,632	6,958,670
Non-Current Liabilities		
Deferred tax liability	433,038	2,648,710
Employee benefits	37,132	-
Lease Liabilities	33,862	230,561
Total Non-Current Liabilities	504,032	2,879,271
Total Liabilities	6,872,664	9,837,941
Net Assets	7,539,223	8,579,412
Equity		
Contributed entity	46,813,485	46,812,684
Reserves	8,822,899	8,772,899
Accumulated losses	(48,097,161)	(47,006,171)
Total equity	7,539,223	8,579,412

For personal use only

5. Consolidated Statement of Cash Flows

	Current Period 31 Dec 2023	Previous Period 31 Dec 2022 (Restated)
	\$	\$
Cash flows from operating activities		
Receipts from customers	8,187,972	1,774,817
Payments to suppliers and employees	(8,693,782)	(3,977,137)
Research and development tax incentive received	421,542	1,107,248
Finance costs	(619,103)	(131,320)
Net cash used in operating activities	(703,371)	(1,226,392)
Cash flows from investing activities		
Payments for plant and equipment	(100,094)	(83,275)
Proceeds from disposal of plant and equipment	975	-
Net cash used in investing activities	(99,119)	(83,275)
Cash flows from financing activities		
Principal payment of lease liabilities	(156,289)	(406,752)
Principal payment of borrowings	(2,673,158)	(2,698,589)
Proceeds from borrowings	3,165,353	-
Proceeds from shares issued net of costs	-	2,889,036
Net cash used in financing activities	335,906	(216,305)
Net (decrease)/increase in cash and cash equivalents	(466,584)	(1,525,972)
Cash and cash equivalents at the beginning of the year	809,597	2,335,569
Cash and cash equivalents at the end of the year	343,013	809,597

For personal use only

6. Consolidated Statement of Changes in Equity

	Contributed equity	Other contributed equity	Accumulated losses	Reserves	Total
	\$	\$	\$	\$	\$
Balance at 1 January 2022	44,817,619	175,000	(35,969,316)	11,471,792	20,495,095
Loss for the year (restated)	-	-	(13,606,332)	-	(13,606,332)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the year (restated)	-	-	(13,606,332)	-	(13,606,332)
Foreign currency translation written back on deconsolidation of foreign subsidiaries	-	-	-	(3,203,972)	(3,203,972)
Movement in accumulated losses and reserves on deconsolidation of deregistered subsidiaries	-	-	2,569,477	442,079	3,011,556
Transactions with owners in their capacity as owners:					
Shares issued in the year	2,058,065	-	-	-	2,058,065
Costs of capital raising	(63,000)	-	-	-	(63,000)
Performance shares cancelled	-	(175,000)	-	-	(175,000)
Options vesting expense and expiration	-	-	-	63,000	63,000
Total transactions with owners	1,995,065	(175,000)	-	63,000	1,883,065
Balance at 31 December 2022 (restated)	46,812,684	-	(47,006,171)	8,772,899	8,579,412
Balance at 1 January 2023	46,812,684	-	(47,006,171)	8,772,899	8,579,412
Loss for the year	-	-	(1,090,990)	-	(1,090,990)
Other comprehensive loss	-	-	-	-	-
Total comprehensive loss for the year	-	-	(1,090,990)	-	(1,090,990)
Transactions with owners in their capacity as owners:					
Credit for costs of shares issued in the year ending 31 December 2022	801	-	-	-	801
Options vesting expense and expiration	-	-	-	50,000	50,000
Total transactions with owners	801	-	-	50,000	50,801
Balance at 31 December 2023	46,813,485	-	(48,097,161)	8,822,899	7,539,223

7. Dividends (in the case of a trust, distributions)

Date dividend is payable	N/A
+Record date to determine entitlements to the dividend	N/A
If it is a final dividend, has it been declared?	N/A

Amount per security

		Amount per security	Franked amount per security at 30% tax (see note 4)	Amount per security of foreign source dividend
Final dividend:	Current year	NIL	N/A	N/A
Interim dividend:	Current year	NIL	N/A	N/A

Total dividend (distribution) per security (interim plus final)

	Current period	Previous period
Ordinary securities	N/A	N/A
Preference securities	N/A	N/A

8. Dividend or distribution plans in operation

N/A

The last date(s) for receipt of election notices for the +dividend or distribution plans

N/A

9. NTA backing

	Current Period 2023 Cents per Share	Prior Period 2022 Cents per Share
Net tangible asset backing per ordinary shares	2.65	3.74

10. Details of entities over which control has been gained or lost during the period

Controlled entities

	Country of Incorporation	Percentage Owned	Date Control Gained
N/A			

11. Details of associates and joint venture entities

N/A

For personal use only

12. Significant information

Any other significant information needed by an investor to make an informed assessment of the entity's financial performance and financial position:

Please refer to section 2.6 above for information on the Group's financial performance.

13. Foreign entities set of accounting standards used in compiling the report (IAS)

The Company is not a foreign entity. Australian Accounting Standards have been applied consistently across all entities in the Group.

14. Commentary on the results for the period

14.1 Earnings per security (EPS)

	Current Period 2023	Previous Period 2022
Basic Loss per share	(0.36) cents	(5.39) cents

14.2 Returns to shareholders (Including distributions and buy backs)

	Current Period 2023 \$	Previous Period 2022 \$
Ordinary securities	-	-
Preference securities	-	-
Other equity instruments	-	-
Total	-	-

For personal use only

14.3 Significant features of operating performance

Please refer to section 2.6 above for information on the Group's financial performance.

14.4 Segment Information

Management identifies its operating segments based on the Group's service lines, which represent the main products and services provided by the Group. The Group's two (2) main operating segments are:

- a) **Contract Development and Manufacturing** activities as a CDMO for Australian domiciled and international clients in the area of Active Pharmaceutical Ingredient (API) manufacture and finished formulation production; and
- b) **Telehealth medical practice** services.

These operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results.

The main source of revenue for these operating segments in the year to 31 December 2023 is from the expanded CDMO activities in H2 2023 via the increasing utilisation of the Company's Southport facility. In addition, Telehealth services continued to play an important role within the Company as a revenue contributor. Revenues and profit generated by each of the Group's operating segments, segment assets, and segment liabilities are summarised as follows:

	Telehealth Medical Practice 31 Dec 2023 \$	Contract Development and Manufacturing 31 Dec 2023 \$	Unallocated 31 Dec 2023 \$	Total 31 Dec 2023 \$
Revenue				
External sales	5,880	5,416,795	-	5,422,675
External services	1,228,845	-	-	1,228,845
Total segment revenue	1,234,725	5,416,795	-	6,651,520
Depreciation and amortisation	808	1,352,233	125,778	1,478,819
Segment operating (loss)/profit	(213,861)	(1,875,771)	998,642	(1,090,990)
Segment assets	252,786	1,492,517	12,666,584	14,411,887
Segment liabilities	296,104	5,564,073	1,012,487	6,872,664

For personal use only

	Telehealth Medical Practice 31 Dec 2023 \$	Contract Development and Manufacturing 31 Dec 2023 \$	Unallocated 31 Dec 2023 \$	Total 31 Dec 2023 \$
Revenue				
External sales	-	2,801,185	-	2,801,185
External services	1,450,554	-	400,062	1,850,616
Total segment revenue	1,450,554	2,801,185	400,062	4,651,801
Depreciation and amortisation	808	1,343,406	173,874	1,518,088
Segment operating (loss)/profit	601,177	(4,669,880)	(9,537,629)	(13,606,332)
Segment assets	1,158,285	3,265,494	13,993,574	18,417,353
Segment liabilities	215,015	5,511,278	4,111,648	9,837,941

14.5 Report on trends in performance

Cashflows

- Overall net operating cash outflows experienced a reduction in part due to cost cutting efforts by management.

Revenue

- Growth from Contract Development and Manufacturing (CDMO) operations from the Company's onshore operations in Southport resulted in significantly increased sales compared to the prior year.
- The telehealth clinic revenue had decreased slightly from the previous financial year.

Expenses

- Cost of goods have decreased due largely to increased plant manufacturing facility efficiencies.
- Other operating expenses fell generally, again due to management's efforts to conserve working capital and continued focus on operational efficiencies.

Balance Sheet

- A reduction of \$4m in total assets was largely due to the a \$1.65m reduction in trade and other receivables and a \$1.63m reduction in property, plant and equipment.
- The reduction in property, plant and equipment was due to \$1.47m depreciation and amortisation expenses.
- A decrease in trade and other receivables was due to management's concerted efforts to improve the collection of trade debtors and other receivables.
- A reduction in total liabilities of \$3m was largely due to a \$1.67m reduction in the trade and other payables and a \$2.2m reduction in the deferred tax liabilities.
- This decrease in trade and other payables was due a reduction of some expenses at balance date and management's strategy of reducing expenditure.

14.6 Report any factors which have affected the results during the reporting period or which are likely to affect results in the future, including those where the effect could not be quantified.

The CDMO and telehealth medical clinic services are aligned with Epsilon's previously announced strategic position towards focusing on its local operations and export opportunities to increase the size and scale of its healthcare, and pharmaceutical operations.

Any other information required to be disclosed to enable the reader to compare the information presented with equivalent information for previous periods. This must include information needed by an investor to make an informed assessment of the entity's activities and results.

It should be noted, that the company was put into Voluntary Administration by the majority of directors on December 17, 2023. While this action did not result in effects for the 2023 year, it has had a significant effect subsequently, notwithstanding the Administration ended on June 24, 2024, resulting in Deeds of Company arrangement being entered into for payment of creditors, the effects subsequent have damaged the company, financially, professionally and cast doubt in the minds of clients, prospective clients, employees, suppliers, and the public in general.

15. Compliance statement

This report is based on accounts to which one of the following applies.

(Tick one)


<input checked="" type="checkbox"/>	The accounts have been audited.	The accounts have been subject to review.
<input type="checkbox"/>	The accounts are in the process of being audited or subject to review.	The accounts have not yet been audited or reviewed.

16. If the accounts have not yet been audited or subject to audit review and are likely to be subject to dispute or qualification, a description of the likely dispute or qualification:

The report is based upon the annual financial report which are in the process of being audited, and it is unlikely that there will be any dispute or qualification.

17. If the accounts have been audited or subject to review and are subject to dispute or qualification, a description of the dispute or qualification:

N/A


Alan Preston Beasley
Dated:

28 February 2025

Print name: Alan Beasley, Chairman.
as Approved by the Full Board of Directors