

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Epsilon Healthcare Limited

ABN

33 614 508 039

Quarter ended ("current quarter")

30 September 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,290	3,896
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(1,775)	(2,518)
(c) advertising and marketing	(2)	(2)
(d) leased assets	-	-
(e) staff costs	(547)	(1,468)
(f) administration and corporate costs	(488)	(1,879)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(280)	(1,281)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(1,802)	(3,252)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(24)	(24)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

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Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(24)	(24)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	7,580
3.6	Repayment of borrowings	(250)	(3,339)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	(34)	(95)
3.10	Net cash from / (used in) financing activities	(284)	4,146

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,323	343
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,802)	(3,252)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(24)	(24)

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Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(284)	4,146
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1,213	1,213

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,213	2,773
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other – monies held in solicitor trust account	-	550
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,213	3,323

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	604
	SV Partners (NSW) Pty Ltd - Administration services	688
	Mr. Giannopoulos- employee benefits	145
	Total	833
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments</i>		

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7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	7,326	7,326
7.2	Credit standby arrangements	-	-
7.3	Other	-	-
7.4	Total financing facilities	7,326	7,326
7.5	Unused financing facilities available at quarter end		0
7.6	<p>Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.</p> <div style="border: 1px solid black; padding: 5px;"> <p>Bligh Finance No.1 Pty Ltd have provided a secured loan facility of \$4,626,485 that commenced on 24th June 2024, with a maturity date of 24th September:</p> <p>The maturity date of the loan was extended to 24 December 2024. The fee for doing so was \$203,565. The interest rate remained at 1.5% per calendar month.</p> <p>\$2,700,000 secured facility was provided by investors at 18% per annum with a maturity date of 12 months from 24 June 2024</p> </div>		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(1,802)
8.2	Cash and cash equivalents at quarter end (item 4.6)	1,213
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	1,213
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	0.7
	<p><i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i></p>	
8.6	<p>If item 8.5 is less than 2 quarters, please provide answers to the following questions:</p> <p>8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?</p> <div style="border: 1px solid black; padding: 5px;"> <p>Answer:</p> <p>Operating cash flows were abnormally high due to –</p> <ul style="list-style-type: none"> payment of a dividend of \$829,000 to creditors of Epsilon Pharma Pty Ltd and Epsilon Clinics Pty Ltd in full settlement of debts owing at the date of appointment of the administrators, 17 December 2023 as per the applicable Deeds of Company Arrangement </div>	

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8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

The company undertook a capital raising of \$720,000 in December 2024.

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

Improve trading performance across manufacturing and clinics by looking to product and services diversification strategies, commencement in the near-term of the Epsilon Pharmacy subsidiary which will introduce new revenue and as required undertake capital raising activities.

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 5 May 2025

Authorised by: By the Board

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

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ASX Release (5 May 2025)

Q3 2024 Activities Report

Key Points

- Company's Registered Office and Principal Place of business change.
- Ure Lynam & Co appointed Company Accountants and Tax Advisors.
- K S Black removed as Company Accountants and Tax Advisors.
- The continued employment of Mr Peter Giannopoulos as CEO which was announced on 19 May 2023 ratified by the board after purported termination by Mr Xiao (Josh) Cui and Stuart Hamilton Cameron in November 2023 without cause.
- The services of Mr Xiao (Josh) Cui as Company Secretary of Epsilon Healthcare Limited (ASX:EPN) **Epsilon** or **The Company**, terminated effective July 4.
- Epsilon Healthcare announces the launch of its new subsidiary, Epsilon Pharmacy.
- Mr Richard Legge, of Ure Lynam & Co appointed Company Secretary to replace Mr Marcelo Mora.

CORPORATE ACTIVITY

- The Company Registered Office and Principal Place of business changed to Level 1, 1 Jamison Street Sydney NSW 2000. This is the office of the new external Accountants and tax Advisors, Ure Lynam & Co.
- K S Black where Mr Stuart Hamilton Cameron is the principal partner, removed as Company Accountants and Tax Advisors, due to performance. Mr Stuart Hamilton Cameron is a former director of the Company until his removal by the Voluntary Administrator on June 11, 2024.
- Further to the announcement made on 4 July 2024 "Epsilon Healthcare – End of Voluntary Administration", in accordance with ASX Listing Rule 3.16.4, Epsilon, advised that the employment and related terms of Mr Peter Giannopoulos Employment Agreement as CEO which were announced by the Company on 19 May 2023 have not changed and have continued to be effective since the commencement of Mr Giannopoulos's employment on 23 May 2023, notwithstanding the purported termination of Mr Giannopoulos on November 21, 2023 by Xiao (Josh) Cui and Stuart Hamilton Cameron without cause.
- The services of Mr Xiao (Josh) Cui as Company Secretary of Epsilon were terminated effective July 4, 2024.
- Epsilon Healthcare announces the launch of the Epsilon Pharmacy brand and new subsidiary business. The new business is focused on enhancing the Company's strategic growth and diversification efforts. Epsilon Pharmacy represents a significant milestone in the Company's commitment to innovation and expansion within the health and wellbeing markets.
Epsilon Pharmacy will focus on the provision of pharmaceutical dispensing medication information services as it seeks to promote the quality use of medicines. Leveraging industry expertise possessed by management & the team and a robust infrastructure, the pharmacy business will be instrumental in building Epsilon Healthcare's Business to Consumer (B2C) offering and leverage emerging trends and market opportunities. By entering this space, the Company aims to broaden market reach and strengthen its competitive position in the industry. The new Pharmacy subsidiary would also generate new revenue for the Group operations. The

Epsilon Healthcare Group CEO & Managing Director, Peter Giannopoulos said “This initiative represents a strategic expansion into a high-growth market segment, providing our Company with the opportunity to diversify into a new sector, create new business opportunities and expand our customer & patient base.”

- Mr Richard Legge, Director Audit & Assurance Services at Ure Lynam & Co appointed Company Secretary effective August 20, 2024. Mr Legge brings significant Company Secretarial experience, in addition to a deep understanding of audit and assurance processes, which will assist the Epsilon Board in preparing their future development plans. Mr Legge will also play an important role in supporting the Board in undertaking activities required by the Australian Securities Exchange (ASX) as it works towards an orderly lifting of the suspension of trading in the Company’s securities at the appropriate time when it has satisfied the ASX that remedial actions have been undertaken.
- The Epsilon Board thanks Mr Marcelo Mora for his contributions as the Company Secretary during his tenure. Mr Mora’s service during a tumultuous and challenging time is acknowledged and appreciated. The Company wishes Mr Mora every success in his future professional endeavours.

PAYMENTS TO RELATED PARTY AND ASSOCIATES

As per the 4C statement the following payments were made to related parties and associates during the quarter

Payments to related parties of the entity and their associates	Current quarter \$A'000
Aggregate amount of payments to related parties and their associates included in item 1	604
SV Partners (NSW) Pty Ltd - Administration services	459
Mr. Giannopoulos- employee benefits	145
Total	604
Aggregate amount of payments to related parties and their associates included in item 2	-

OPERATIONS

- After emerging from Voluntary Administration, on 24 June 2024, the Board and the leadership team of Epsilon Healthcare and its subsidiaries, recognised the urgent need to rebuild client trust, improve the company’s reputation, and drive new business growth.
- The first step was the public acknowledgment of the challenges caused by the Voluntary Administration (VA) in addition to transparency pertaining to circumstances which brought about the VA. This was followed by transparent communication with internal and external stakeholders – team members, clients & suppliers. Leadership also detailed its commitment to service excellence across all Epsilon subsidiaries.
- Internally, the Board and leadership team has implemented robust governance practices, introduced a key focus on compliance, and introduced internal employee activities to rebuild morale and accountability.

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- Manufacturing subsidiary, Epsilon Pharma was proactive with generating new business through new and expanded client engagements via its TGA licenced facility in Southport. A key focus of these new client engagements has been an emphasis on transparency, innovation, and reliability of partnering with an onshore cGMP manufacturing partner. The company also actively sought client feedback and used this to refine services, demonstrating a renewed commitment to meeting existing and emerging client needs. The objective of transparent and collaborative approaches to client partnerships is predicated on building enhanced client confidence over time, the continued building of operations through new client engagements, and a strong focus by the Company Board and leadership to regain its standing as a trusted, innovation focused company.
- Epsilon Clinics delivered solid patient activities during the quarter through revenues generated from professional fees paid for telehealth medical services. The Clinic had a committed focus on transparency, education, and quality clinical care. These key attributes played a pivotal role in supporting Epsilon Clinics to become a trustworthy leader in natural therapy telehealth services.

EXPENDITURE ON OPERATIONS DURING THE QUARTER

Expenditure incurred	QTR	YR TO DATE
Product manufacturing cost of good (COGS) and operating costs	1,775	2,518
Labour Costs	547	1,468
Administration and corporate Costs	488	1,879
Interest and other costs of finance paid	280	1,281
Total	1,802	3,252