

Paragon Care Limited

ABN 76 064 551 426

Preliminary Final Report - 30 June 2024

(Issued in accordance with ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E)

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1. Company details

Name of entity:	Paragon Care Limited
ABN:	76 064 551 426
Reporting period:	For the year ended 30 June 2024
Previous period:	For the year ended 30 June 2023

2. Results for announcement to the market

			\$'000
Revenues from ordinary activities	up	35.8% to	2,969,885
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) ⁽ⁱ⁾	up	8.0%	44,762
Normalised earnings before interest, tax, depreciation and amortisation ('Underlying EBITDA') ⁽ⁱ⁾	up	29.0%	53,268
Profit from ordinary activities after tax attributable to the owners of Paragon Care Limited	down	34.5% to	8,381
Profit for the year attributable to the owners of Paragon Care Limited	down	34.5% to	8,381

Comments

The profit for the Group after providing for income tax amounted to \$8,381,000 (30 June 2023: \$12,798,000).

- (i) Earnings before interest, tax, depreciation and amortisation ('EBITDA') and Normalised earnings before interest, tax, depreciation and amortisation ('Underlying EBITDA') are non-IFRS financial information metrics and have not been subject to audit or review by the ParagonCare's external auditor in accordance with Australian Auditing Standards. Underlying EBITDA is presented to provide insights into the operating and financial performance of the Group to the users of the financial statements due to the reverse acquisition.

Review of operations

	30 June 2024 ⁽ⁱ⁾ \$'000	30 June 2023 \$'000	Change \$'000	Change %
Revenue	2,969,885	2,187,345	782,540	36%
Cost of goods sold	(2,793,353)	(2,055,589)	(737,764)	36%
Gross margin	176,532	131,756	44,776	34%
Profit before tax	14,053	18,354	(4,301)	(23%)
Depreciation and amortisation expenses	14,468	12,180	2,288	19%
Finance costs	16,241	10,884	5,357	49%
Earnings before interest, tax, depreciation and amortisation ('EBITDA')⁽ⁱⁱ⁾	44,762	41,418	3,344	8%
EBITDA	44,762	41,418	3,344	8%
Acquisition costs	5,460	-	5,460	-
Other write-offs	3,046	-	3,046	-
Normalised earnings before interest, tax, depreciation and amortisation ('Underlying EBITDA')⁽ⁱⁱ⁾	53,268	41,418	11,850	29%

- (i) Operating results for the year ended 30 June 2024 include 12 months results for CH2 Holdings and results for ParagonCare from the date of acquisition (3 June 2024 to 30 June 2024). The comparative operating results are for CH2 Holdings only.

- (ii) Earnings before interest, tax, depreciation and amortisation ('EBITDA') and Normalised earnings before interest, tax, depreciation and amortisation ('Underlying EBITDA') are non-IFRS financial information metrics and have not been subject to audit or review by the ParagonCare's external auditor in accordance with Australian Auditing Standards. Underlying EBITDA is presented to provide insights into the operating and financial results of the Group to the users of the financial statements due to the reverse acquisition.

Group summary financial performance

The Group delivered a solid underlying result during the year ended 30 June 2024. Revenue was up by 36% to \$2,969,885,000 and gross margin was up 34% to \$176,532,000. Underlying EBITDA increased by 29% to \$53,268,000 reflecting the organic growth of the Group's position along with contributions from the reverse acquisition, and the acquisitions of OHS and CHS.

3. Any other significant information needed by an investor

Significant changes in the state of affairs

The Reverse Acquisition

On 3 June 2024 ParagonCare completed the 100% acquisition of CH2 Holdings Pty Limited and its controlled entities (collectively, 'CH2 Holdings'). ParagonCare has issued combined total of 943,524,072 ordinary shares as purchase consideration to the shareholders of CH2 Holdings.

The acquisition of CH2 Holdings is a transformative transaction for ParagonCare and is expected to create a leading healthcare wholesaler, distributor and manufacturer of significant scale. This acquisition will enable ParagonCare to leverage expansion into both companies' healthcare wholesaling and distribution networks across Australia, New Zealand and Asia, capitalising on and strengthening the combined market presence and operational capabilities in these growing markets.

With effect from 3 June 2024 (completion of the acquisition):

- Mr David Collins, Ms Carmen Riley and Mr Peter Lacaze have been appointed as directors of ParagonCare
- Mr Peter Lacaze was appointed as the Chairman of the board of ParagonCare
- Mr David Collins was appointed as the CEO and Managing Director of ParagonCare
- Mr John Walstab resigned as CEO and Managing Director of ParagonCare and remains as an Executive Director of the Consolidated Group
- Mr Alan McCarthy remains as the Non-Executive Director of ParagonCare
- Mr Shane Tanner, Mr Geoffrey Sam, and Mr Brent Stewart resigned as directors of ParagonCare (*effective date of resignation 4 June 2024*)
- Mr Michael Peters will continue as Chief Financial Officer of the Consolidated Group

The acquisition has been accounted for using the principles for reverse acquisition in AASB3 *Business Combinations* (AASB3). The application of the reverse acquisition guidance contained in AASB3 has resulted in ParagonCare (legal parent) being accounted for as the accounting acquiree and CH2 Holdings (legal subsidiary) being accounted for as the accounting acquirer.

Accordingly the Consolidated Financial Statements for the year ended 30 June 2024 have been prepared as a continuation of the business and operations of CH2 Holdings. The effective date of acquisition is 3 June 2024. Further information on the acquisition and the accounting reported is in note 36 to the consolidated financial statements.

The values identified in relation to the reverse acquisition are provisional as at 30 June 2024. The acquisition resulted in the recognition of provisional goodwill of \$293,626,000. Thus, the net assets acquired may need to be subsequently adjusted, with a corresponding adjustment to the provisional goodwill. The finalisation of the fair values of assets acquired and liabilities assumed will be completed within 12 months of the acquisition date, at the latest.

On 3 June 2024 ParagonCare shareholders formally approved to waive the vesting conditions related to all outstanding performance rights on issue under the ParagonCare Employee Incentive Plan. Consequently 43,913,138 performance rights that remained on foot on 3 June 2024 vested immediately and converted to ordinary shares of ParagonCare.

4. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	(2.78)	(0.59)

(i) Net tangible assets per ordinary security excludes *Right of Use Assets*.

5. Control gained over entities

During the year ended 30 June 2024 control was gained over the following entities, including as a result of the reverse acquisition.

Name of entity	Date control gained
CH2 Holdings Pty Limited(i)	3 June 2024
CH2 Operations Pty Limited(i)	3 June 2024
Clifford Hallam Healthcare Pty Limited(i)	3 June 2024
Cottman Australia Pty Ltd(i)	3 June 2024
LJ Cottman (WA) Pty Ltd(i)	3 June 2024
Surgical Buyers Australia Pty Ltd(i)	3 June 2024
Carestream Health Japan Co. Ltd(ii)	3 July 2023

(i) Refer to Part 7 of the Consolidated Financial Statements for further details of the Reverse Acquisition.

(ii) ParagonCare, through one of its subsidiaries, Quantum Healthcare Pty Ltd, acquired Carestream Health Japan Co. Ltd.

	\$'000
Contribution of such entities to the reporting entity's revenue from ordinary activities during the period	2,939,805
Profit/(loss) from ordinary activities before income tax of the controlled entity (or group of entities) for the period	11,041

6. Loss of control over entities

Not applicable.

7. Dividend reinvestment plans

The following dividend or distribution plans are in operation

On 30 August 2023 ParagonCare recommenced the Company's Dividend Reinvestment Plan ("DRP"). The DRP enables eligible shareholders in Australia and New Zealand to elect to take all or part of their dividends for which the DRP applies in the form of additional shares in ParagonCare in accordance with the Rules of the DRP ("Rules").

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)

This preliminary final report is based upon the financial statements for the year ended 30 June 2024, which are in the process of being audited by Ernst & Young.

11. Attachments


Details of attachments (if any)

The Preliminary Final Report of ParagonCare for the year ended 30 June 2024 is attached.

12. Authority for release

Authorised for release by the Board of Directors 30 August 2024.

Signed



David Collins
CEO and Managing Director

Date: 30 August 2024

Paragon Care Limited
Appendix 4E - Preliminary final report
Part 2 - Statement of profit or loss and other comprehensive income
For the year ended 30 June 2024



	Consolidated	
Note	30 June 2024	30 June 2023
	\$'000	\$'000
Revenue		
Revenue	2,969,885	2,187,345
Cost of goods sold	(2,793,353)	(2,055,589)
Gross profit	176,532	131,756
Other income	227	-
Interest income	1,627	183
Expenses		
Warehousing and distribution expenses	(41,069)	(32,581)
Employee benefits expenses	(68,594)	(49,837)
Administration expenses	(23,961)	(8,103)
Depreciation and amortisation expenses	(14,468)	(12,180)
Finance costs	(16,241)	(10,884)
Profit before income tax expense	14,053	18,354
Income tax expense	(5,672)	(5,556)
Profit after income tax expense for the year attributable to the owners of Paragon Care Limited	8,381	12,798
Other comprehensive income		
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Actuarial gain on defined benefit plans, net of tax	(25)	-
<i>Items that may be reclassified subsequently to profit or loss</i>		
Foreign currency translation	(300)	-
Other comprehensive income for the year, net of tax	(325)	-
Total comprehensive income for the year attributable to the owners of ParagonCare	8,056	12,798
	Cents	Cents
Basic earnings per share	0.90	1.36
Diluted earnings per share	0.90	1.36

Paragon Care Limited
Appendix 4E - Preliminary final report
Part 3 - Statement of financial position
As at 30 June 2024



	Consolidated	
Note	30 June 2024	30 June 2023
	\$'000	\$'000
Assets		
Current assets		
Cash and cash equivalents	19,944	970
Trade and other receivables	350,578	209,877
Inventories	307,736	215,804
Derivative financial instruments	719	-
Other assets	2,543	1,810
Total current assets	681,520	428,461
Non-current assets		
Trade and other receivables	1,500	-
Other assets	6,082	-
Equity investments	-	3,000
Investment properties	2,130	-
Property, plant and equipment	28,306	9,427
Right-of-use assets	43,732	26,438
Goodwill and other intangible assets	349,472	25,111
Deferred tax	18,146	-
Total non-current assets	449,368	63,976
Total assets	1,130,888	492,437
Liabilities		
Current liabilities		
Trade and other payables	553,129	374,095
Contract liabilities	9,479	-
Borrowings	106,665	64,359
Lease liabilities	10,089	7,267
Derivative financial instruments	334	-
Income tax payable	5,101	145
Employee benefits	16,421	4,976
Vendor conditional payables	699	-
Total current liabilities	701,917	450,842
Non-current liabilities		
Contract liabilities	138	-
Borrowings	89,897	-
Lease liabilities	45,175	21,538
Deferred tax	-	957
Employee benefits	1,343	220
Vendor conditional payables	500	-
Total non-current liabilities	137,053	22,715
Total liabilities	838,970	473,557
Net assets	291,918	18,880
Equity		
Issued capital	328,488	50,893
Reserves	(325)	-
Accumulated losses	(36,245)	(32,013)
Total equity	291,918	18,880

Paragon Care Limited
Appendix 4E - Preliminary final report
Part 4 - Statement of changes in equity
For the year ended 30 June 2024

Consolidated	Issued capital \$'000	Reserves \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 July 2022	50,893	-	(38,284)	12,609
Profit after income tax expense for the year	-	-	12,798	12,798
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	12,798	12,798
<i>Transactions with owners in their capacity as owners:</i>				
Dividends paid	-	-	(6,527)	(6,527)
Balance at 30 June 2023	50,893	-	(32,013)	18,880
Consolidated	Issued capital \$'000	Reserves \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 July 2023	50,893	-	(32,013)	18,880
Profit after income tax expense for the year	-	-	8,381	8,381
Other comprehensive income for the year, net of tax	-	(325)	-	(325)
Total comprehensive income for the year	-	(325)	8,381	8,056
<i>Transactions with owners in their capacity as owners:</i>				
Issue of equity (note 4)	277,595	-	-	277,595
Dividends paid (note 5)	-	-	(12,613)	(12,613)
Balance at 30 June 2024	328,488	(325)	(36,245)	291,918

Paragon Care Limited
Appendix 4E - Preliminary final report
Part 5 - Statement of cash flows
For the year ended 30 June 2024

	Consolidated	
	30 June 2024	30 June 2023
	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	3,181,967	2,389,357
Payments to suppliers and employees (inclusive of GST)	(3,107,550)	(2,352,231)
	74,417	37,126
Interest received	1,627	-
Interest and other finance costs paid	(14,656)	(9,831)
Interest paid on lease liabilities	(1,585)	(1,053)
Income taxes paid	(5,905)	(3,877)
Net cash from operating activities	53,898	22,365
Cash flows from investing activities		
Cash acquired as part of the reverse acquisition	21,522	-
Cash consideration for the acquisition of OHS, net of cash acquired	(25,063)	-
Payments for investments	-	(3,000)
Payments for property, plant and equipment	(6,368)	(4,371)
Payments for intangibles	(14,455)	(5,363)
Proceeds from disposal of investments	3,199	-
Proceeds from disposal of property, plant and equipment	114	-
Net cash used in investing activities	(21,051)	(12,734)
Cash flows from financing activities		
Proceeds from borrowings	3,187,876	2,629,652
Dividends paid	(12,613)	(4,476)
Repayment of borrowings	(3,174,809)	(2,627,883)
Repayment of lease liabilities	(14,327)	(7,008)
Net cash used in financing activities	(13,873)	(9,715)
Net increase/(decrease) in cash and cash equivalents	18,974	(84)
Cash and cash equivalents at the beginning of the financial year	970	1,054
Cash and cash equivalents at the end of the financial year	19,944	970

Part 6 - Basis of preparation

This preliminary final report has been prepared in accordance with ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E. This report is to be read in conjunction with any public announcements made by Paragon Care Limited during the reporting period in accordance with continuous disclosure requirements of the Corporations Act 2001 and the Australian Securities Exchange Listing Rules.

Part 7 - Reverse acquisition

On 3 June 2024 Paragon Care Limited (ParagonCare) completed the 100% acquisition of CH2 Holdings Pty Limited and its controlled entities (collectively, 'CH2 Holdings'). This acquisition has been accounted for with reference to the guidance for reverse acquisitions set out in AASB 3 Business Combinations (AASB3) which has been supported by the change in the Board composition of ParagonCare with the majority of directors nominated by CH2 Holdings shareholders (who collectively hold 57% shareholding and voting rights in the Group), key management positions (CEO & Managing Director and Chief Operating Officer) held by the previous executives of CH2 Holdings and the relative size of the two businesses.

The application of the reverse acquisition guidance contained in AASB3 has resulted in ParagonCare (legal parent) being accounted for as the accounting acquiree and CH2 Holdings (legal subsidiary) being accounted for as the accounting acquirer. Consequently, information presented in this report, including comparative information, represents a continuation of the financial statements of CH2 Holdings, with the exception of the issued capital. The preliminary results for the year ended 30 June 2024 comprise the results of CH2 Holdings for the full year and the results of ParagonCare subsequent to the completion of the acquisition. The comparative information presented in the Preliminary Final Report is that of the CH2 Holdings for the year ended 30 June 2023.

The impact of the reverse acquisition on each of the primary statements is as follows:

- *Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of Changes in Equity and Consolidated statement of Cash Flows presented in the Preliminary Final Report for the year ended 30 June 2024 comprise:*
 - the results of CH2 Holdings from 1 July 2023 to 30 June 2024;
 - the results of ParagonCare from 3 June 2024 (date of acquisition) to 30 June 2024

The comparative information presented in the Preliminary Final Report is that of the CH2 Holdings for the year ended 30 June 2023.

- *Consolidated statement of financial position presented in the Preliminary Final Report*
 - as at 30 June 2024 represents the consolidated position of the Group

The comparative information presented in the Preliminary Final Report is that of the CH2 Holdings as at 30 June 2023.

The values assets and liabilities identified in relation to the reverse acquisition are provisional as at 30 June 2024. Thus, the net assets acquired may need to be subsequently adjusted, with a corresponding adjustment to the provisional goodwill. The finalisation of the fair values of assets acquired and liabilities assumed will be completed within 12 months of the acquisition date, at the latest.

CH2 Holdings resuming application of Australian Accounting Standards (AAS) Tier 1 reporting requirements

As noted in the *reverse acquisition* note above, the consolidated financial statements presented in the Preliminary Final Report represent the continuation of accounting acquirer, CH2 Holdings.

CH2 Holdings applied AAS Tier 2 reporting requirements in preparing consolidated financial statements for the year ended 30 June 2023. The consolidated financial statements for the year ended 30 June 2024 represent the continuation of accounting acquirer, CH2 Holdings. In resuming application of Tier 1 reporting requirements, CH2 Holdings has retrospectively applied AAS as if it had never stopped applying AAS. Resuming application of Tier 1 reporting requirements by CH2 Holdings has no material impact on CH2's previous consolidated financial statements, as these consolidated financial statements were prepared in compliance with the recognition and measurement requirements of AAS.

The consolidated financial statements for the year ended 30 June 2024 have been prepared and presented in compliance with Australian Accounting Standards. Where appropriate, the comparative information have been retrospectively updated to comply with the disclosure requirements of Australian Accounting Standards in all respects.

Part 7 - Reverse acquisition (continued)

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, investment properties and derivative financial instruments.

Functional and presentation currency

The financial statements are presented in Australian dollars, which is ParagonCare's functional and presentation currency.

Part 8. Segment Information

Identification of reportable operating segments

The Group is organised into two operating segments: ParagonCare and CH2. The operating segments are based on the reports that are reviewed and used by the CEO and Managing Director (who is identified as the Chief Operating Decision Maker ('CODM')) in assessing performance and to make strategic and operating decisions. There is no aggregation of operating segments, and for the year ended 30 June 2024, it was concluded that the Group operated in two segments being ParagonCare and CH2. As part of the integration activities for the ParagonCare and CH2 Holdings businesses, during FY25, the CODM will assess the future structure of the organisation and the financial information which will be relevant in assessing performance and to make strategic and operating decisions.

The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation), which is a non-IFRS financial information metric used as the primary measure for assessing financial performance. The CODM, believes it assists in providing additional meaningful information for stakeholders. 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.

Types of products and services

The principal products and services of each of these operating segments are as follows:

ParagonCare	Segment incorporates a provider of medical equipment, devices and consumables to the healthcare markets.
CH2 Holdings	Segment incorporates distribution of pharmaceutical, medical consumables, nutritional and over the counter products to the healthcare market.

Intersegment transactions

Intersegment transactions were made at market rates and are eliminated on consolidation.

Intersegment receivables, payables and loans

Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

Major customers

During the year ended 30 June 2024 there were no major customers generating over 10% of revenue for the Group (30 June 2023: none)

Part 8. Segment Information (continued)

Consolidated - 30 June 2024	ParagonCare \$'000	CH2 Holdings \$'000	Total \$'000
Revenue			
Sales to external customers	30,080	2,939,805	2,969,885
Total revenue	<u>30,080</u>	<u>2,939,805</u>	<u>2,969,885</u>
EBITDA	4,859	39,903	44,762
Depreciation and amortisation			(14,468)
Finance costs			(16,241)
Profit before income tax expense			<u>14,053</u>
Income tax expense			(5,672)
Profit after income tax expense			<u>8,381</u>
Assets			
Segment assets	<u>161,706</u>	<u>581,620</u>	743,326
<i>Unallocated assets:</i>			
Cash and cash equivalents			19,944
Goodwill and other intangible assets			349,472
Deferred tax asset			<u>18,146</u>
Total assets			<u>1,130,888</u>
Liabilities			
Segment liabilities	<u>94,959</u>	<u>542,348</u>	637,307
<i>Unallocated liabilities:</i>			
Provision for income tax			5,101
Bank loans			<u>196,562</u>
Total liabilities			<u>838,970</u>

Geographical information

	Sales to external customers		Geographical non-current assets	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023
	\$'000	\$'000	\$'000	\$'000
Australia	2,956,605	2,187,345	421,575	63,976
New Zealand	4,813	-	2,850	-
Asia	<u>8,467</u>	<u>-</u>	<u>5,372</u>	<u>-</u>
	<u>2,969,885</u>	<u>2,187,345</u>	<u>429,797</u>	<u>63,976</u>

Part 9. Profit from Ordinary Activities

The profit from ordinary activities before income tax includes the following items of revenue and expenses.

(a) Revenue

Disaggregation of revenue

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

	Consolidated	
	30 June 2024	30 June 2023
	\$'000	\$'000
<i>Major product lines</i>		
Medical equipment and consumables (ParagonCare)	30,080	-
Healthcare products (CH2 Holdings)	2,939,805	2,187,345
	<u>2,969,885</u>	<u>2,187,345</u>
	Consolidated	
	30 June 2024	30 June 2023
	\$'000	\$'000
<i>Revenue from contracts with customers - Based on timing of revenue recognition</i>		
Goods transferred at a point in time	2,967,201	2,187,345
Services transferred over time	2,684	-
	<u>2,969,885</u>	<u>2,187,345</u>

b - Cost of sales

	Consolidated	
	30 June 2024	30 June 2023
Cost of inventories sold	3,214,308	2,402,739
Supplier rebates	(417,549)	(343,945)
Other costs of goods sold	(3,406)	(3,205)
	<u>2,793,353</u>	<u>2,055,589</u>

Part 10. Cash and cash equivalents

	Consolidated	
	30 June 2024	30 June 2023
	\$'000	\$'000
<i>Current assets</i>		
Bank and petty cash balances	<u>19,944</u>	<u>970</u>

Part 11 - Issued capital

Due to the reverse acquisition described in Part 7 to the financial statements, number of shares on issue reflect that of ParagonCare (*legal parent*) and the contributed equity represents that of CH2 Holdings (*accounting acquirer*).

	30 June 2024	Consolidated 30 June 2023	30 June 2024	30 June 2023
	Shares	Shares	\$'000	\$'000
Ordinary shares - fully paid	1,655,305,389	659,345,929	328,488	50,893

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$'000
Balance	1 July 2022	644,268,271		50,893
Issue of shares on vesting of performance rights	26 August 2022	4,304,088	\$0.00	-
Issue of shares as part consideration for the acquisition	12 September 2022	7,773,570	\$0.00	-
Issue of shares	29 November 2022	1,500,000	\$0.00	-
Issue of shares as sign-on equity to former managing director of ParagonCare	5 April 2023	1,500,000	\$0.00	-
Balance	30 June 2023	659,345,929		50,893
Issue of shares under the dividend reinvestment plan	6 October 2023	8,522,250	\$0.00	-
Shares issued in relation to reverse acquisition	3 June 2024	943,524,072	\$0.00	277,595
Issue of shares on vesting of performance rights	3 June 2024	43,913,138	\$0.00	-
Balance	30 June 2024	1,655,305,389		328,488

Part 12- Dividends

Dividends in the following table represent the amounts declared and paid to the former shareholders of CH2 Holdings, prior to the completion of reverse acquisition.

	Consolidated 30 June 2024	30 June 2023
	\$'000	\$'000
Final dividend for the year ended 30 June 2023	-	6,527
Final dividend for the year ended 30 June 2024	12,613	-
	12,613	6,527

Pre-acquisition dividend - ParagonCare

On 30 August 2023 ParagonCare declared dividends amounting to \$3,956,000 for the year ended 30 June 2023. This consisted of \$2,658,000 paid in cash and \$1,298,000 by way of issues shares under the Company's dividend reinvestment plan.

Dividend declared - current period

There was no dividends recommended or declared for the current financial year ended on 30 June 2024.

Part 13 Earnings per share

	Consolidated 30 June 2024	30 June 2023
	\$'000	\$'000
Profit after income tax attributable to the owners of ParagonCare	8,381	12,798
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	935,227,444	943,524,072
Weighted average number of ordinary shares used in calculating diluted earnings per share	935,227,444	943,524,072

Note 6. Earnings per share (continued)

	Cents	Cents
Basic earnings per share	0.90	1.36
Diluted earnings per share	0.90	1.36

As noted in Part 7 to the financial statements CH2 Holdings completed the reverse acquisition of ParagonCare on 3 June 2024. The weighted average number of ordinary shares outstanding (the denominator of the earnings per share calculation) were calculated as follows:

During the 2024 financial year in which the reverse acquisition occurred:

- the number of ordinary shares outstanding from the beginning of the year to the acquisition date computed on the basis of the weighted average number of ordinary shares of CH2 Holdings outstanding during the period multiplied by the exchange ratio established in the reverse acquisition; and
- the weighted average number of ordinary shares outstanding from the acquisition date to the end of the year are the actual number of ordinary shares of ParagonCare outstanding during that period.

The basic earnings per share for each comparative period before the acquisition date presented in the consolidated financial statements following the reverse acquisition calculated by dividing:

- the profit or loss of CH2 Holdings attributable to ordinary shareholders in the 2024 financial year divided by CH2 Holdings' historical weighted average number of ordinary shares outstanding multiplied by the exchange ratio established in the reverse acquisition.

Part 14. Reconciliation of profit after income tax to net cash from operating activities

	Consolidated 30 June 2024 \$'000	30 June 2023 \$'000
Profit after income tax expense for the year	8,381	12,798
Adjustments for:		
Depreciation and amortisation	14,468	13,753
Contract rights fee expense	1,817	
Interest income	-	(183)
Foreign exchange differences	178	-
Other	1,291	1,679
Decrease/(Increase) in trade receivables and other assets	(99,088)	(39,810)
Decrease/(Increase) in inventories	(12,756)	(58,019)
Decrease/(Increase) in deferred tax assets	3,770	-
Increase/(Decrease) in trade and other payables	131,481	91,891
(Decrease)/Increase in provision for income tax	1,686	-
(Decrease)/Increase in derivative liability	(334)	-
Increase/(Decrease) in provisions and employee benefits	3,004	256
Net cash from operating activities	53,898	22,365

Part 15 - Events after the reporting period

No matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.