

Freedom Care Group Holdings Limited
Appendix 4E
Preliminary final report

1. Company details

Name of entity:	Freedom Care Group Holdings Limited
ABN:	91 059 950 337
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	39.0% to	32,835
Profit for the year attributable to the owners of Freedom Care Group Holdings Limited	down	56.3% to	1,161
		2024 Cents	2023 Cents
Basic earnings per share		1.07	26,544.69
Diluted earnings per share		0.91	26,544.69

Dividends

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

Comments

The profit for the consolidated entity after providing for income tax and non-controlling interest amounted to \$1,161,000 (30 June 2023: \$2,655,000).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>4.70</u>	<u>33,933.21</u>

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

\$3,091,051 in dividends were declared and paid by Freedom Care Corporation Pty Ltd to the former shareholders immediately prior to the completion of the acquisition. \$475,000 in dividends were declared by a subsidiary of Freedom Care Group Holdings Ltd in which it holds a 50% shareholding. Freedom Care Group received \$237,500 and was declared in the accounts.

Previous period

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

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

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

Not applicable.

10. Audit qualification or review

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

The financial statements are in the process of being audited.

11. Signed

Signed _____



Zoran Grujic
Chairman
Sydney

Date: 30 August 2024

Freedom Care Group Holdings Limited
Unaudited statement of profit or loss and other comprehensive income
For the year ended 30 June 2024

		Consolidated	
	Note	2024 \$'000	2023 \$'000
Service Revenue	3	32,597	23,371
Other Revenue	4	238	-
Other income		-	249
Expenses			
Service related costs	5	(24,856)	(15,727)
General costs	6	(2,032)	(757)
Depreciation and amortisation expense		(346)	(232)
Accounting & Audit costs		(60)	(75)
Marketing		(12)	(1)
Administration		(3,259)	(2,964)
Profit before income tax expense		2,270	3,864
Income tax expense		(1,044)	(940)
Profit after income tax expense for the year		1,226	2,924
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		<u>1,226</u>	<u>2,924</u>
Profit for the year is attributable to:			
Non-controlling interest		65	269
Owners of Freedom Care Group Holdings Limited		<u>1,161</u>	<u>2,655</u>
		<u>1,226</u>	<u>2,924</u>
Total comprehensive income for the year is attributable to:			
Non-controlling interest		-	-
Owners of Freedom Care Group Holdings Limited		<u>1,226</u>	<u>2,924</u>
		<u>1,226</u>	<u>2,924</u>
		Cents	Cents
Basic earnings per share	12	1.07	26,544.69
Diluted earnings per share	12	0.91	26,544.69

The above unaudited statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Freedom Care Group Holdings Limited
Unaudited statement of financial position
As at 30 June 2024

	Note	Consolidated 2024 \$'000	2023 \$'000
Assets			
Current assets			
Cash and cash equivalents	7	4,142	3,649
Trade and other receivables	8	2,295	1,833
Right-of-use assets	9	960	693
Other		251	130
Total current assets		<u>7,648</u>	<u>6,305</u>
Non-current assets			
Investments accounted for using the equity method		1,450	-
Total non-current assets		<u>1,450</u>	<u>-</u>
Total assets		<u>9,098</u>	<u>6,305</u>
Liabilities			
Current liabilities			
Trade and other payables	10	1,916	1,647
Borrowings		1,321	628
Total current liabilities		<u>3,237</u>	<u>2,275</u>
Non-current liabilities			
Borrowings		326	336
Deferred tax		101	126
Total non-current liabilities		<u>427</u>	<u>462</u>
Total liabilities		<u>3,664</u>	<u>2,737</u>
Net assets		<u>5,434</u>	<u>3,568</u>
Equity			
Issued capital	11	4,334	10
Reserves		161	10
Retained profits		874	3,279
Equity attributable to the owners of Freedom Care Group Holdings Limited		<u>5,369</u>	<u>3,299</u>
Non-controlling interest		65	269
Total equity		<u>5,434</u>	<u>3,568</u>

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

Freedom Care Group Holdings Limited
Unaudited statement of changes in equity
For the year ended 30 June 2024

Consolidated	Issued capital \$'000	Reserves \$'000	Retained profits \$'000	Non-controlling interest \$'000	Total equity \$'000
Balance at 1 July 2022	10	-	603	-	613
Adjustment for prior year	-	10	21	-	31
Balance at 1 July 2022 - restated	10	10	624	-	644
Profit after income tax expense for the year	-	-	2,655	269	2,924
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	2,655	269	2,924
Balance at 30 June 2023	10	10	3,279	269	3,568
Consolidated	Issued capital \$'000	Reserves \$'000	Retained profits \$'000	Non-controlling interest \$'000	Total equity \$'000
Balance at 1 July 2023	10	10	3,279	269	3,568
Profit after income tax expense for the year	-	-	1,161	65	1,226
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	1,161	65	1,226
<i>Transactions with owners in their capacity as owners:</i>					
Share-based payments	138	60	-	-	198
Issue of shares capital, net of transaction costs	3,683	91	-	-	3,774
Conversion of convertible notes	503	-	-	-	503
NCI payments	-	-	-	(269)	(269)
Dividends paid	-	-	(3,566)	-	(3,566)
Balance at 30 June 2024	4,334	161	874	65	5,434

The above unaudited statement of changes in equity should be read in conjunction with the accompanying notes

Freedom Care Group Holdings Limited
Unaudited statement of cash flows
For the year ended 30 June 2024

	Note	Consolidated 2024 \$'000	2023 \$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		32,135	22,923
Payments to suppliers and employees (inclusive of GST)		(28,696)	(19,188)
Income taxes paid		(1,068)	(479)
		<u>2,371</u>	<u>3,256</u>
Dividends received		238	-
Interest received		<u>2</u>	<u>-</u>
Net cash from operating activities		<u>2,611</u>	<u>3,256</u>
Cash flows from investing activities			
Payments for investments		(1,450)	-
Payments for property, plant and equipment		(172)	(205)
Acquisition of subsidiary, net of cash acquired		<u>380</u>	<u>-</u>
Net cash used in investing activities		<u>(1,242)</u>	<u>(205)</u>
Cash flows from financing activities			
Proceeds from issue of shares, net of transaction costs	11	2,783	-
Proceeds from borrowings		21	-
Dividends paid		(3,531)	-
Repayment of borrowings		-	(530)
Repayment of lease liabilities		<u>(149)</u>	<u>(169)</u>
Net cash used in financing activities		<u>(876)</u>	<u>(699)</u>
Net increase in cash and cash equivalents		493	2,352
Cash and cash equivalents at the beginning of the financial year		<u>3,649</u>	<u>1,297</u>
Cash and cash equivalents at the end of the financial year	7	<u><u>4,142</u></u>	<u><u>3,649</u></u>

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

Note 1. Material accounting policy information

The accounting policies that are material to the consolidated entity are set out either in the respective notes or below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Freedom Care Group Holdings Limited ('company' or 'parent entity') as at 30 June 2024 and the results of all subsidiaries for the year then ended. Freedom Care Group Holdings Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

Note 1. Material accounting policy information (continued)

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Associates

Associates are entities over which the consolidated entity has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the consolidated entity's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends received or receivable from associates reduce the carrying amount of the investment.

When the consolidated entity's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables, the consolidated entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The consolidated entity discontinues the use of the equity method upon the loss of significant influence over the associate and recognises any retained investment at its fair value. Any difference between the associate's carrying amount, fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Rounding of amounts

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2024. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

Fair value measurement hierarchy

The consolidated entity is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Estimation of useful lives of assets

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Goodwill and other indefinite life intangible assets

The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Income tax

The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Employee benefits provision

As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Lease make good provision

A provision has been made for the present value of anticipated costs for future restoration of leased premises. The provision includes future cost estimates associated with closure of the premises. The calculation of this provision requires assumptions such as application of closure dates and cost estimates. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting the asset and the provision. Reductions in the provision that exceed the carrying amount of the asset will be recognised in profit or loss.

Warranty provision

In determining the level of provision required for warranties the consolidated entity has made judgements in respect of the expected performance of the products, the number of customers who will actually claim under the warranty and how often, and the costs of fulfilling the conditions of the warranty. The provision is based on estimates made from historical warranty data associated with similar products and services.

Business combinations

As discussed in note 1, business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the consolidated entity taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

Note 3. Service Revenue

	Consolidated	
	2024	2023
	\$'000	\$'000
Allied Health revenue	5,239	4,343
Accommodation revenue	13,568	11,903
HCP revenue	7,150	6,391
Other revenue	6,640	734
	<u>32,597</u>	<u>23,371</u>

Note 4. Other Revenue

	Consolidated	
	2024	2023
	\$'000	\$'000
Dividends received	238	-

Accounting policy for revenue recognition

The consolidated entity recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Rendering of services

Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Freedom Care Group Holdings Limited
Notes to the unaudited financial statements
30 June 2024

Note 5. Service related costs

	Consolidated	
	2024	2023
	\$'000	\$'000
Accommodation costs	2,767	1,561
Commission paid	2	32
Compliance costs	134	55
Consulting charges	943	1,020
Contractor costs	6,806	4,053
Director fees	31	-
Entertainment	2	-
Salaries & wages	14,171	9,006
	<u>24,856</u>	<u>15,727</u>

Note 6. General costs

	Consolidated	
	2024	2023
	\$'000	\$'000
General expenses	38	1
Insurance costs	189	170
Interest paid	43	17
Listing costs	1,236	-
Legal fees	38	12
IPO costs	179	113
Office costs	281	429
Printing & stationery	3	-
Travel costs	25	15
	<u>2,032</u>	<u>757</u>

Note 7. Current assets - cash and cash equivalents

	Consolidated	
	2024	2023
	\$'000	\$'000
Cash at Bank	<u>4,142</u>	<u>3,649</u>

Accounting policy for cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Note 8. Current assets - trade and other receivables

	Consolidated	
	2024	2023
	\$'000	\$'000
Trade receivables	2,852	1,467
Less: Allowance for expected credit losses	(830)	(264)
	<u>2,022</u>	<u>1,203</u>
Other receivables	73	535
Other receivables - Rental bond	200	95
	<u>273</u>	<u>630</u>
	<u><u>2,295</u></u>	<u><u>1,833</u></u>

Accounting policy for trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Note 9. Current assets - right-of-use assets

	Consolidated	
	2024	2023
	\$'000	\$'000
Land and buildings - right-of-use	885	773
Less: Accumulated depreciation	(260)	(256)
	<u>625</u>	<u>517</u>
Plant and equipment - right-of-use	110	78
Less: Accumulated depreciation	(31)	(22)
	<u>79</u>	<u>56</u>
Motor vehicles - right-of-use	147	82
Less: Accumulated depreciation	(28)	(9)
	<u>119</u>	<u>73</u>
Office equipment - right-of-use	171	66
Less: Accumulated depreciation	(34)	(19)
	<u>137</u>	<u>47</u>
	<u><u>960</u></u>	<u><u>693</u></u>

Accounting policy for right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Freedom Care Group Holdings Limited
Notes to the unaudited financial statements
30 June 2024

Note 9. Current assets - right-of-use assets (continued)

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Note 10. Current liabilities - trade and other payables

	Consolidated	
	2024	2023
	\$'000	\$'000
Trade payables	737	287
Payable to ATO	676	1,867
BAS (Receivable) / payable	(110)	(621)
Other payables	613	114
	<u>1,916</u>	<u>1,647</u>

Accounting policy for trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Note 11. Equity - issued capital

	2024	Consolidated	2024	2023
	Shares	2023	\$'000	\$'000
		Shares		
Ordinary shares - fully paid	<u>108,318,453</u>	<u>10,002</u>	<u>4,334</u>	<u>10</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$'000
Balance	1 July 2022	<u>10,002</u>		<u>10</u>
Balance	30 June 2023	10,002		10
Elimination of Freedom Care Group Pty Ltd	27 November 2023	(10,002)	\$0.00	-
Shares of Freedom Care Group Holdings Ltd (formerly Resource Generation Ltd)	27 November 2023	-	\$0.00	-
Shares on issue post consolidation	27 November 2023	5,003,669	\$0.00	-
Shares issued to former shareholders of Freedom Care Corporation Pty Ltd	27 November 2023	82,500,000	\$0.00	1,001
Shares issued pursuant to the public offer	27 November 2023	16,000,000	\$0.00	3,200
Shares issued to employees	27 November 2023	210,000	\$0.00	48
Shares issued on conversion of convertible notes	27 November 2023	3,571,429	\$0.00	503
Shares issued to director	27 November 2023	450,000	\$0.00	90
Shares issued to lead manager	27 November 2023	583,355	\$0.00	117
Less: transaction costs	27 November 2023	<u>-</u>	<u>\$0.00</u>	<u>(635)</u>
Balance	30 June 2024	<u>108,318,453</u>		<u>4,334</u>

Note 11. Equity - issued capital (continued)

Ordinary shares

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

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back

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

Capital risk management

The consolidated entity'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 and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of 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, the consolidated entity 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.

The consolidated entity is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged from the 2023 Annual Report.

Accounting policy for issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Note 12. Earnings per share

	Consolidated	
	2024	2023
	\$'000	\$'000
<i>Earnings per share for profit from continuing operations</i>		
Profit after income tax attributable to the owners of Freedom Care Group Holdings Limited	1,226	2,924
	1,226	2,924
	\$'000	\$'000
Profit after income tax	1,226	2,924
Non-controlling interest	(65)	(269)
Profit after income tax attributable to the owners of Freedom Care Group Holdings Limited	1,161	2,655

Freedom Care Group Holdings Limited
Notes to the unaudited financial statements
30 June 2024

Note 12. Earnings per share (continued)

	Cents	Cents
Basic earnings per share	1.07	26,544.69
Diluted earnings per share	0.91	26,544.69
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	108,318,453	10,002
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	<u>18,986,425</u>	<u>-</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u><u>127,304,878</u></u>	<u><u>10,002</u></u>

Accounting policy for earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Freedom Care Group Holdings Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.