ParagonCare
Enabling Healthcare

1. Company details

Name of entity:	Paragon Care Limited
ABN:	76 064 551 426
Reporting period:	For the half-year ended 31 December 2024
Previous period:	For the half-year ended 31 December 2023

2. Results for announcements to the market

			$'000
Revenues from ordinary activities(i)	up	28.4% to	**1,850,415**
Net profit from ordinary activities after tax attributable to the owners of Paragon Care Limited(i)	up	85.8% to	**13,230**

(i) The above-mentioned amounts and percentage change have been determined by comparing the consolidated revenue and net profit for the current period against the comparative period. The comparative operating results are for CH2 Holdings only.

Comments:

The net profit for the Consolidated Group after providing for income tax amounted to $13,230,000 (31 December 2023: $7,120,000). Revenue for the half-year is up on comparative period due to the acquisition of CH2 Holdings Pty Limited and its controlled entities (collectively, 'CH2 Holdings') (June 2024), Oborne acquisition (March 2024) supported by ongoing market share gains in retail pharmacy.

Gross margin percentage increased due to the sales mix of Oborne and ParagonCare which are lower volume, higher margin sales, compared to CH2 Holdings' high volume, low margin sales. Profitability was in line with expectations based on ongoing integration of the CH2 Holdings, Oborne and ParagonCare operations. We have finalised our Purchase Price Allocation ('PPA') for Oborne and updated the provisional PPA for ParagonCare. This resulted in the recognition of identifiable intangible assets of $108,784,000, goodwill of $253,260,000 and resulted in an amortisation expense of $3,285,000 recognised in the current period. The ParagonCare PPA will be finalised by 31 May 2025, within the 12 months of the acquisition date.

The borrowings balance and the related finance costs have increased due to the working capital requirements and the business growth observed during the current period. This is expected to revert to historical levels in the second half of the current financial year.

	31 December 2024 $'000	31 December 2023 $'000	Change $'000	Change %
Revenue	1,850,415	1,440,757	409,658	28%
Cost of goods sold	(1,686,913)	(1,363,374)	(323,539)	24%
Gross margin	**163,502**	**77,383**	**86,119**	**111%**
Profit before tax	16,881	10,306	6,575	64%
Depreciation and amortisation expenses	15,311	6,558	8,753	133%
Finance costs	15,338	6,513	8,825	135%
Earnings before interest, tax, depreciation and amortisation ('EBITDA')(ii)	**47,530**	**23,377**	**24,153**	**103%**

(i) Operating results for the half-year ended 31 December 2024 include the results for the ParagonCare Group. The comparative operating results are for CH2 Holdings only.

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

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	**(3.78)**	(5.14)

(i) Net Tangible Asset calculations exclude intangible assets, right-of-use assets and associated lease liabilities.

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period:
There were no dividends paid, recommended or declared during the current 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 were subject to a review by the auditors and the review report is attached as part of the Interim Report.

11. Attachment

Details of attachments (if any):
The Interim Report of Paragon Care Limited for the half-year ended 31 December 2024 is attached.

12. Signed

Signed: Date: 27 February 2025

Peter Lacaze
Chairman

Paragon Care Limited

ABN 76 064 551 426

Interim Report – 31 December 2024

Enabling Healthcare

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Consolidated Group', 'Group') consisting of Paragon Care Limited (referred to hereafter as the 'ParagonCare' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2024 ('31 December 2024', 'HY25').

Directors

The following persons were directors of ParagonCare during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Peter Lacaze	Chairman
David Collins	CEO and Managing Director
Carmen Riley	Executive Director and Chief Operating Officer
Alan McCarthy	Non-Executive Director
John Walstab	Executive Director

Principal activities

The principal continuing activities of the Group during the half-year ended 31 December 2024 were the supply of durable medical equipment, medical devices, consumable medical products, and maintenance of technical medical equipment to the health, aged care and veterinary markets throughout Australia, New Zealand and Asia, as well as the distribution of pharmaceuticals, medical consumables, and complementary medicines to the Australian healthcare market.

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 issued combined total of 943,524,072 ordinary shares as purchase consideration to the shareholders of CH2 Holdings.

The acquisition of CH2 Holdings was a transformative transaction for ParagonCare and is expected to create a leading healthcare wholesaler, distributor and manufacturer of significant scale. This acquisition enabled 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

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

Presentation of comparative information

The results for the half-year ended 31 December 2024 comprise the Group results. The comparative information presented in the Consolidated Statement of profit or loss and other comprehensive income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash flows is that of the CH2 Holdings for the half-year ended 31 December 2023. The comparative information presented in the Consolidated Statement of Financial Position is that of the Group as at 30 June 2024.

The statement of financial position as at 30 June 2024 presented within these interim financial statements has been updated to reflect:

- Finalisation of the fair value adjustments attributable to the acquisition of Oborne
- Updates made to the provisional fair value adjustments attributable to the acquisition of Paragon Care Limited (‘ParagonCare’)

There is no material impact to the statement of profit or loss and other comprehensive income for the year ended 30 June 2024. Details of the accounting for the acquisition of Oborne and ParagonCare are presented in note 16.

Review of operations

The net profit for the Consolidated Group after providing for income tax amounted to $13,230,000 (31 December 2023: $7,120,000). Revenue for the half-year is up on comparative period due to the acquisition of CH2 Holdings Pty Limited and its controlled entities (collectively, ‘CH2 Holdings’) (June 2024), Oborne acquisition (March 2024) supported by ongoing market share gains in retail pharmacy.

Gross margin percentage increased due to the sales mix of Oborne and ParagonCare which are lower volume, higher margin sales, compared to CH2 Holdings' high volume, low margin sales. Profitability was in line with expectations based on ongoing integration of the CH2 Holdings, Oborne and ParagonCare operations. We have finalised our Purchase Price Allocation ('PPA') for Oborne and updated the provisional PPA for ParagonCare. This resulted in the recognition of identifiable intangible assets of $108,784,000, goodwill of $253,260,000 and resulted in an amortisation expense of $3,285,000 recognised in the current period. The ParagonCare PPA will be finalised by 31 May 2025, within the 12 months of the acquisition date.

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Finance costs	15,338	6,513	8,825	135%
Earnings before interest, tax, depreciation and amortisation ('EBITDA')(ii)	47,530	23,377	24,153	103%

(i) Operating results for the half-year ended 31 December 2024 include the results for the ParagonCare Group. The comparative operating results are for CH2 Holdings only.
(ii) Earnings before interest, tax, depreciation and amortisation ('EBITDA') is a non-IFRS financial information metrics and have not been subject to audit or review by the Group's external auditor in accordance with Australian Auditing Standards. EBITDA is presented to provide insights into the operating and financial results of the Group to the users of the financial statements.

Dividends

Dividend declared and paid during the current period
There were no dividends recommended or declared for the half-year ended 31 December 2024.

ParagonCare - Dividend declared and paid during the comparative period
On 30 August 2023 ParagonCare declared dividends amounting to $3,956,000. 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.

CH2 Holdings - Dividend declared and paid during the comparative period
Dividend paid during the half-year ended 31 December 2023 represented the cash dividend declared and paid to the former shareholders of CH2 Holdings, prior to the completion of reverse acquisition.

	Consolidated	
	31 December 2024 $'000	31 December 2023 $'000
Final dividend for the year ended 30 June 2023	-	4,165

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Consolidated Group during the financial half-year.

Matters subsequent to the end of the financial half-year

On 31 January 2025, the Group filed the tax consolidated group income tax return for the year ended 30 June 2024. In finalising the income tax return, the Group chose to apply the Third Party Debt Test for the purposes of determining the application of the thin capitalisation provisions and the quantum of debts deductions able to be claimed.

Subsequently, management noted that the Group was not entitled to rely upon the Third Party Debt Test. The impact of the change in the position adopted for the 2024 income tax return lodged on 31 January 2025 may result in additional income tax expense of $2.2m which will be reflected in the statement of profit or loss and comprehensive income during the second half of financial year ending 30 June 2025.

No other matter or circumstance has arisen since 31 December 2024 that has significantly affected, or may significantly affect the Consolidated Group's operations, the results of those operations, or the Consolidated Group's state of affairs in future financial years.

Rounding of amounts

The amounts contained in this report and in the financial report have been rounded to the nearest $1,000 (unless otherwise stated) under the option available to the Company under the *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*. The Company is an entity to which the legislative instrument applies.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the *Corporations Act 2001*.

On behalf of the directors

Peter Lacaze
Chairman

27 February 2025

Ernst & Young
8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000
Fax: +61 3 8650 7777
ey.com/au

Auditor's Independence Declaration to the Directors of Paragon Care Limited

As lead auditor for the review of the half-year financial report of Paragon Care Limited for the half-year ended 31 December 2024, I declare to the best of my knowledge and belief, there have been:

a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;

b. No contraventions of any applicable code of professional conduct in relation to the review; and

c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

This declaration is in respect of Paragon Care Limited and the entities it controlled during the financial period.

Ernst & Young

Ernst & Young

Paul Gower

Paul Gower
Partner
27 February 2025

Paragon Care Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2024

	Note	Consolidated 31 December 2024 $'000	Consolidated 31 December 2023 $'000
Revenue			
Revenue	3	1,850,415	1,440,757
Cost of goods sold		(1,686,913)	(1,363,374)
Gross profit		163,502	77,383
Other income		25	-
Interest income		1,648	521
Expenses			
Warehousing and distribution expenses		(27,053)	(19,101)
Administration expenses	4	(18,760)	(5,091)
Employee benefits expenses		(71,832)	(30,335)
Depreciation and amortisation expenses		(15,311)	(6,558)
Finance costs		(15,338)	(6,513)
Net profit before income tax expense		16,881	10,306
Income tax expense	5	(3,651)	(3,186)
Net profit after income tax expense for the half-year attributable to the owners of Paragon Care Limited		13,230	7,120
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Actuarial gain on defined benefit plans, net of tax		(196)	-
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		5,572	-
Other comprehensive income for the half-year, net of tax		5,376	-
Total comprehensive income for the half-year attributable to the owners of Paragon Care Limited		18,606	7,120
		Cents	**Cents**
Basic earnings per share	18	0.80	0.75
Diluted earnings per share	18	0.80	0.75

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

Paragon Care Limited
Statement of financial position
As at 31 December 2024

	Note	Consolidated 31 December 2024 $'000	30 June 2024 $'000
Assets			
Current assets			
Cash and cash equivalents		21,663	19,944
Trade and other receivables	6	402,988	346,303
Inventories		305,824	272,046
Derivative financial instruments		1,217	719
Other assets		41,138	40,918
Total current assets		772,830	679,930
Non-current assets			
Trade and other receivables	6	1,250	1,500
Other assets		8,126	7,894
Investment properties		1,695	1,711
Property, plant and equipment	7	29,630	27,838
Right-of-use assets		40,157	43,821
Goodwill and other intangible assets	8	385,082	388,400
Total non-current assets		465,940	471,164
Total assets		1,238,770	1,151,094
Liabilities			
Current liabilities			
Trade and other payables		585,917	552,488
Contract liabilities		5,616	10,306
Borrowings	9	138,546	106,665
Lease liabilities		9,717	10,089
Derivative financial instruments		56	334
Income tax		1,484	4,211
Employee benefits		14,755	16,614
Vendor conditional payables		411	699
Total current liabilities		756,502	701,406
Non-current liabilities			
Contract liabilities		338	144
Borrowings	9	109,698	89,897
Lease liabilities		41,941	45,175
Deferred tax		13,660	16,003
Employee benefits		1,386	1,515
Vendor conditional payables		4,284	5,036
Total non-current liabilities		171,307	157,770
Total liabilities		927,809	859,176
Net assets		310,961	291,918
Equity			
Issued capital	10	328,488	328,488
Reserves	11	5,488	(325)
Accumulated losses		(23,015)	(36,245)
Total equity		310,961	291,918

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

Paragon Care Limited
Statement of changes in equity
For the half-year ended 31 December 2024

Consolidated	Issued capital $'000	Reserves $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 July 2023	50,893	-	(32,013)	18,880
Net profit after income tax expense for the half-year	-	-	7,120	7,120
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	7,120	7,120
Transactions with owners in their capacity as owners:				
Dividends paid (note 12)	-	-	(4,165)	(4,165)
Balance at 31 December 2023	50,893	-	(29,058)	21,835

Consolidated	Issued capital $'000	Reserves $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 July 2024	328,488	(325)	(36,245)	291,918
Net profit after income tax expense for the half-year	-	-	13,230	13,230
Other comprehensive income for the half-year, net of tax	-	5,376	-	5,376
Total comprehensive income for the half-year	-	5,376	13,230	18,606
Transactions with owners in their capacity as owners:				
Share-based payments	-	437	-	437
Balance at 31 December 2024	328,488	5,488	(23,015)	310,961

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

Paragon Care Limited
Statement of cash flows
For the half-year ended 31 December 2024

	Consolidated	
	31 December 2024 $'000	31 December 2023 $'000
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	1,940,971	1,515,599
Payments to suppliers and employees (inclusive of GST)	(1,960,484)	(1,526,068)
	(19,513)	(10,469)
Interest received	872	521
Interest and other finance costs paid	(14,538)	(5,784)
Interest paid on lease liabilities	(800)	(729)
Income taxes paid	(6,712)	(2,562)
Net cash used in operating activities	(40,691)	(19,023)
Cash flows from investing activities		
Sale/(Acquisition) of business	-	(10,775)
Payments for property, plant and equipment	(5,643)	(4,853)
Purchase of intangibles	(2,429)	-
Proceeds from sale of property, plant and equipment	446	-
Net cash used in investing activities	(7,626)	(15,628)
Cash flows from financing activities		
Proceeds from borrowings	2,018,306	1,577,218
Dividends paid	-	(4,165)
Repayment of borrowings	(1,966,624)	(1,535,692)
Repayment of lease liabilities	(5,303)	(2,490)
Net cash from financing activities	46,379	34,871
Net increase/(decrease) in cash and cash equivalents	(1,938)	220
Cash and cash equivalents at the beginning of the financial half-year	19,944	970
Effects of exchange rate changes on cash and cash equivalents	3,657	-
Cash and cash equivalents at the end of the financial half-year	21,663	1,190

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

Note 1. Basis of preparation and changes to the Group’s material accounting policies

Basis of preparation

These general-purpose financial statements for the interim half-year reporting period ended 31 December 2024 have been prepared in accordance with Australian Accounting Standard AASB134 *Interim Financial Reporting* ('AASB134') and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. Compliance with AASB134 ensures compliance with International Financial Reporting Standard IAS34 *Interim Financial Reporting*.

These general-purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2024 and any public announcements made by the ParagonCare during the interim reporting period in accordance with the continuous disclosure requirements of the ASX listing rules.

The accounting policies adopted, methods of computation and areas of critical accounting judgements, estimates and assumptions are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

Reverse acquisition

On 3 June 2024 ParagonCare completed the 100% acquisition of CH2 Holdings Pty Limited and its controlled entities (collectively, ‘CH2 Holdings’). This acquisition was accounted for with reference to the guidance for reverse acquisitions set out in AASB 3 *Business Combinations* which was 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 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 results for the half-year ended 31 December 2024 and the financial position at 31 December 2024 comprise the Group results.

Presentation of comparative information
The comparative information presented in the Consolidated Statement of profit or loss and other comprehensive income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash flows is that of the CH2 Holdings for the half-year ended 31 December 2023. The comparative information presented in the Consolidated Statement of Financial Position is that of ParagonCare as at 30 June 2024.

The statement of financial position as at 30 June 2024 presented within these interim financial statements has been updated to reflect:

- Finalisation of the fair value adjustments attributable to the acquisition of Oborne
- Updates made to the provisional fair value adjustments attributable to the acquisition of Paragon Care Limited (‘ParagonCare’)

There is no material impact to the statement of profit or loss and other comprehensive income for the year ended 30 June 2024. Details of the accounting for the acquisition of Oborne and ParagonCare are presented in note 16.

New or amended Accounting Standards and Interpretations adopted

The Consolidated Group 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.

Note 2. Operating segments

Identification of reportable operating segments
The Group is organised into two operating segments: Australia/New Zealand ('ANZ') and Asia. 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.

Note 2. Operating segments (continued)

Change in the composition of the reportable operating segments
Following the ongoing integration activities as a result of the reverse acquisition and the internal restructuring of the Group's organisation structure, during the half-year ended 31 December 2024 the CODM reviewed and updated the composition of the operating segments. This resulted in the identification of segments on the basis of a geographical perspective. Assessment of these operating segments was based on the financial information which is most relevant in assessing performance and in making 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. Segment assets and liabilities are reviewed by the CODM at a Group level only. 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 Group continues to operate only in the healthcare sector which includes the supply of durable medical equipment, medical devices, consumable medical products, and maintenance of technical medical equipment to the health and aged care markets throughout Australia, New Zealand and Asia, as well as the distribution of pharmaceuticals, medical consumables, and complementary medicines to the Australian healthcare market.

Intersegment transactions
Intersegment transactions 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 half-year ended 31 December 2024 there were no major customers generating over 10% of revenue for the Group (31 December 2023: none).

Operating segment information

Consolidated Group - 31 December 2024	**ANZ $'000**	**Asia $'000**	**Total $'000**
Revenue			
Sales to external customers	1,798,222	52,193	1,850,415
Total revenue	1,798,222	52,193	1,850,415
EBITDA	34,602	12,928	47,530
Depreciation and amortisation			(15,311)
Finance costs			(15,338)
Net profit before income tax expense			16,881
Income tax expense			(3,651)
Net profit after income tax expense			13,230

The comparative operating segment information relates to CH2 Holdings only, which operated in the ANZ segment only.

Note 2. Operating segments (continued)

Consolidated - 31 December 2023	**ANZ $'000**	**Total $'000**
Revenue		
Sales to external customers	1,440,757	1,440,757
Total revenue	1,440,757	1,440,757
EBITDA	23,377	23,377
Depreciation and amortisation		(6,558)
Finance costs		(6,513)
Net profit before income tax expense		10,306
Income tax expense		(3,186)
Net profit after income tax expense		7,120

Following the internal reorganisation of the business, the CODM does not perform a review of the statement of financial position for each of the operating segments. Prior to this reorganisation, the financial statements for the year ended 30 June 2024 included balance sheet disclosures for two segments, CH2 Holdings and ParagonCare. Included below is the statement of financial position as disclosed in the segments note under the old segments structure.

Consolidated - 30 June 2024	**ParagonCare $'000**	**CH2 Holdings $'000**	**Total $'000**
Assets			
Segment assets	157,505	585,243	742,750
Unallocated assets:			
Cash and cash equivalents			19,944
Goodwill and other intangible assets			388,400
Total assets			**1,151,094**
Liabilities			
Segment liabilities	101,128	541,272	642,400
Unallocated liabilities:			
Provision for income tax			4,211
Bank loans			196,562
Deferred tax liability			16,003
Total liabilities			**859,176**

The segment assets and liabilities information disclosed above has updated to reflect the fair value adjustments arising from the purchase price allocation (refer note 16 for details).

Geographical information

	Sales to external customers		**Geographical non-current assets**	
	31 December 2024 $'000	**31 December 2023 $'000**	**31 December 2024 $'000**	**30 June 2024 $'000**
Australia	1,769,643	1,440,757	456,917	462,942
New Zealand	28,579	-	3,994	2,850
Asia	52,193	-	5,029	5,372
	1,850,415	1,440,757	465,940	471,164

Note 3. Revenue

Revenue from contracts with customers - Based on timing of revenue recognition	Consolidated 31 December 2024 $'000	 31 December 2023 $'000
Goods transferred at a point in time	1,834,192	1,440,757
Services transferred over time	16,223	-
	1,850,415	1,440,757

Major product lines	Consolidated 31 December 2024 $'000	 31 December 2023 $'000
Healthcare products	1,850,415	1,440,757

Geographical regions are disclosed in note 2.

Note 4. Administration expenses

	Consolidated 31 December 2024 $'000	 31 December 2023 $'000
Management consulting fees	845	511
Professional fees	822	122
Information technology	3,643	1,599
Travel costs	2,069	486
Bad debts and allowance for/(recovery of) expected credit losses	28	260
Advertising and promotional	5,639	409
Other corporate costs	3,582	601
Insurance	2,132	1,103
	18,760	5,091

Note 5. Income tax expense

	Consolidated 31 December 2024 $'000	Consolidated 31 December 2023 $'000
Income tax expense		
Current tax	5,630	3,510
Deferred income tax relating to temporary differences	(1,665)	(324)
Adjustment in respect of income and deferred tax of prior year	-	-
- Current tax	762	(423)
- Deferred tax	(1,076)	423
Income tax (benefit) / expense	3,651	3,186
Reconciliation of income tax expense to accounting profit:		
Net profit before income tax expense	16,881	10,306
Tax at the statutory tax rate of 30%	5,064	3,092
Increase/(decrease) in income tax expense due to:		
Non-deductible expenses	441	3
Adjustment recognised for prior periods	(314)	-
Non-assessable income	(1)	-
Difference in tax rates	(1,488)	-
Others	(51)	91
Income tax expense	3,651	3,186

Note 6. Trade and other receivables

	Consolidated 31 December 2024 $'000	Consolidated 30 June 2024 $'000
Current assets		
Trade receivables	344,040	282,002
Other receivables	41,787	39,712
Less: Allowance for expected credit losses	(603)	(783)
	385,224	320,931
Loan receivables - current	19,064	26,672
Less: Allowance for expected credit losses - Loan	(1,300)	(1,300)
	17,764	25,372
	402,988	346,303
Non-current assets		
Loan receivables - non-current	1,250	1,500
	404,238	347,803

Note 7. Property, plant and equipment

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

Consolidated	Leasehold Improvements $'000	Plant and equipment $'000	Fixtures and fittings $'000	Motor vehicles $'000	Computer equipment $'000	Capital WIP $'000	Total $'000
Balance at 1 July 2024	11,328	9,916	806	439	612	4,737	27,838
Additions	781	2,402	98	60	325	1,977	5,643
Disposals	(310)	(181)	-	(38)	83	-	(446)
Transfers in/(out)	(899)	-	-	-	-	899	-
Exchange differences	17	184	(1)	24	-	-	224
Depreciation expense	(895)	(2,340)	(123)	(58)	(213)	-	(3,629)
Balance at 31 December 2024	10,022	9,981	780	427	807	7,613	29,630

Note 8. Goodwill and other intangible assets

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

Consolidated	Goodwill $'000	Software $'000	Contracts $'000	Brand and License $'000	Development costs WIP $'000	Total $'000
Balance at 1 July 2024	253,260	10,676	105,560	18,328	576	388,400
Additions	-	1,141	304	-	984	2,429
Disposals	-	(87)	-	-	-	(87)
Transfer in/(out)	-	-	32	-	-	32
Amortisation expense	-	(1,530)	(4,162)	-	-	(5,692)
Balance at 31 December 2024	253,260	10,200	101,734	18,328	1,560	385,082

Brands and license are intangible assets have an indefinite useful life.

Impairment testing
Goodwill acquired in a business combination is measured at cost less any accumulated impairment losses. Goodwill is not amortised but is subject to impairment testing on an annual basis or whenever there is an indication of impairment.

The Group performs its annual impairment test in June and when circumstances indicate that the carrying value may be impaired. The Group's impairment test for goodwill and intangible assets with indefinite lives is based on value-in-use calculations. The key assumptions used to determine the recoverable amount for the different cash generating units were disclosed in the annual consolidated financial statements for the year ended 30 June 2024.

During the year ended 30 June 2024, the Group recognised provisional goodwill amounting to $311,410,000. During the half-year ended 31 December 2024, the Group finalised the Purchase Price Allocation ('PPA') for Oborne and updated the provisional PPA for ParagonCare. This resulted in the recognition of identifiable intangible assets of $108.8 million, goodwill of $69.8 million and resulted in an amortisation expense of $3.3m recognised in the current half-year.

Note 8. Goodwill and other intangible assets (continued)

The Oborne related goodwill has been allocated to the CH2 Holdings CGU. CH2 Holdings CGU operates in the ANZ segment only. The ParagonCare provisional goodwill has not been allocated to a CGU or group of CGUs for impairment testing as at 31 December 2024.

Testing was performed to determine if there were any indicators of impairment for goodwill based on the scope of AASB136 *Impairment of Assets*. Based on the work done by management there are no indicators of impairment for the goodwill balance as at 31 December 2024.

Note 9. Borrowings

	Consolidated	
	31 December 2024 $'000	**30 June 2024 $'000**
Current liabilities		
Bank loans - Scottish Pacific Business Finance Pty Ltd	137,005	81,106
Trade finance facility	-	12,909
Other loans	1,072	1,061
Hire purchase	469	11,589
	138,546	106,665
Non-current liabilities		
Bank loans - NAB	107,962	87,921
Hire purchase	1,736	1,976
	109,698	89,897
	248,244	196,562

Bank loan - Scottish Pacific Business Finance Pty Ltd
The bank loans bear interest at the 30-Day Bank Bill Swap Rate plus 4% plus a prevailing margin of -0.10%. At the reporting date, the bank loans were repayable on or before 15 December 2026. The drawings made under the committed facility limit are revolving in nature and accordingly, the balances outstanding settled daily in cash and available to be redrawn. The funds collected from customers are cleared overnight by Scottish Pacific Business Finance Pty Ltd as a settlement of the outstanding loan balances. Accordingly, the loan of $137,005,000 (30 June 2024: $81,106,000) outstanding under the facility at period end has been disclosed as a current liability.

During the current period, the facility limit was increased from $175m to $200m. The facility requires the Group to comply with the covenant requirements under the NAB facility.

Other borrowings
The Group has finance arrangements with NAB which provides the Group access to varied term and ancillary facilities for AUD$137.5 million and USD$25 million with maturity to February 2027.

The Group continues to hold an interest rate swap arrangement with a notional amount of $35,000,000 whereby the Group exchanges the bank's variable interest for a fixed interest rate of 3.5%.

The HSBC borrowing facility of USD$25m, which remained undrawn as at 30 June 2024, has been cancelled during the current period as it was no longer required.

Covenants
The Group's borrowing facility obtained from NAB includes certain market standard covenants such as interest cover ratio and net leverage ratio. As at 31 December 2024, the Group is in compliance the covenant requirements.

Note 9. Borrowings (continued)

Assets pledged as security
NAB has first registered charge over all assets (to the extent not secured by the Scottish Pacific Business Finance Pty Ltd loan) and undertakings including uncalled capital of the Group as security for the Group's banking arrangements. Scottish Pacific Business Finance Pty Ltd loan has first registered charge over the trade receivables of the Group to the extent of $137,500,000 (30 June 2024: $81,106,000).

During the current period, an amendment deed with NAB was signed. The previous facility limits of $50,000,000 were increased to $64,000,000. Under the new agreement NAB now has a general security over CH2 Holdings Pty Limited listed behind Scottish Pacific Business Finance Pty Ltd.

Undrawn financing limits
As at 31 December 2024, the Group has access to undrawn financing limits of $84,284,000 (30 June 2024: 148,879,000).

Bank Guarantees
As part of the arrangements with NAB and Scottish Pacific Business Finance Pty Ltd the Group has access to bank guarantees, which once drawn reduce the unused borrowing facility. As of 31 December 2024, the bank guarantees used were $9,238,373 (30 June 2024: $9,243,395) in regard to property leases held by the landlord as security.

Note 10. Issued capital

	Consolidated			
	31 December 2024 Shares	30 June 2024 Shares	31 December 2024 $'000	30 June 2024 $'000
Ordinary shares - fully paid	1,655,305,389	1,655,305,389	328,488	328,488

Note 11. Reserves

	Consolidated	
	31 December 2024 $'000	30 June 2024 $'000
Foreign currency reserve	5,271	(300)
Share-based payments reserve	437	-
Other reserves	(220)	(25)
	5,488	(325)

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

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

On 21 November 2024, the Company granted Performance Rights to Ms Carmen Riley as part of her overall remuneration package as the Chief Operating Officer and Executive Director in the financial years ending 30 June 2025 ('FY25'), 30 June 2026 ('FY26') and 30 June 2027 ('FY27') (each, an Award Year) on the terms below.

The Performance Rights will vest subject to prescribed service and performance conditions being met. The number of Performance Rights that vest will be subject to satisfaction of the following service and performance conditions:

Note 11. Reserves (continued)

- The service condition requires continuous employment for a three-year period commencing on 1 July 2024. The service condition may be waived by the Board.
- The performance condition based on the Company's compound annual growth rate ('CAGR') of its net profit before tax ('NPBT') for the relevant Award Years.

The grant date fair value of the performance rights has been assessed as $0.50.

During the current period, share-based payment expense of $473,000 has been recognised.

Movements in reserves
Movements in each class of reserve during the current financial half-year are set out below:

Consolidated	Foreign currency reserve $'000	Share-based payments reserve $'000	Other reserve $'000	Total $'000
Balance at 1 July 2024	(300)	-	(25)	(325)
Foreign currency translation	5,571	-	-	5,571
Share-based payments	-	437	-	437
Others	-	-	(195)	(195)
Balance at 31 December 2024	5,271	437	(220)	5,488

Note 12. Dividends

Dividend declared - current period
There were no dividends recommended or declared for the current half-year ended on 31 December 2024.

Dividends - comparative period
Dividends paid during the comparative financial half-year represent the amounts declared and paid to the former shareholders of CH2 Holdings, prior to the completion of reverse acquisition.

	Consolidated 31 December 2024 $'000	Consolidated 31 December 2023 $'000
Final dividend for the year ended 30 June 2023	-	4,165

Note 13. Fair value measurement

Fair value hierarchy
The following tables detail the Consolidated Group's financial assets and financial liabilities, measured or disclosed 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
Level 3: Unobservable inputs for the asset or liability

Consolidated Group - 31 December 2024	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Derivative financial instruments	-	1,217	-	1,217
Liabilities				
Derivative financial instruments	-	56	-	56
Vendor conditional payables	-	-	4,695	4,695
Total liabilities	-	56	4,695	4,751

Consolidated - 30 June 2024	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Derivative financial instruments	-	719	-	719
Total assets	-	719	-	719
Liabilities				
Derivative financial instruments	-	334	-	334
Vendor conditional payables	-	-	5,734	5,734
Total liabilities	-	334	5,734	6,068

There were no transfers between levels during the financial half-year. The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities. Investment properties are valued using market valuations.

Valuation techniques for fair value measurements categorised within level 2 and level 3
Derivative financial instruments have been valued using interest swap market rates at the reporting date. This valuation technique maximises the use of observable market data where it is available and relies as little as possible on entity specific estimates.

Level 3 assets and liabilities
Vendor conditional payable represents the obligation to pay additional amounts to vendors in respect of businesses acquired by the Group, subject to certain conditions being met. It is measured at the present value of the estimated liability. The fair value of vendor conditional payable is calculated on the expected future cash outflows and is generally a performance-based payment. The current vendor conditional payment is based on a profit share arrangement and will be paid until the total amount of $7,098,000 is paid. As at 31 December 2024, the total unpaid vendor conditional payable amounts to $4,695,000 of which $411,000 is expected to be paid within the next twelve months.

Note 14. Contingent assets and liabilities

The Group has given bank guarantees as at 31 December 2024 of $9,238,373 (30 June 2024: $9,243,395).

The Directors are not aware any other contingent assets or contingent liabilities as at 31 December 2024 (30 June 2024: Nil).

Note 15. Commitments

As at 31 December 2024 the Group had capital commitments of $405,000 (30 June 2024: $480,000) in respect of development work at the Melbourne head office.

Note 16. Business combinations

Acquisition of CH2 Holdings Pty Limited

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 was accounted for with reference to the guidance for reverse acquisitions set out in AASB3 *Business Combinations*. The application of the reverse acquisition guidance contained in AASB3 resulted in ParagonCare (legal parent) being accounted for as the accounting acquiree and CH2 Holdings (legal subsidiary) being accounted for as the accounting acquirer.

The fair values of the assets acquired, and the liabilities assumed at the acquisition date of 3 June 2024, were provisionally determined at the previous reporting date of 30 June 2024 (refer to Note 36 of the Group's 30 June 2024 financial report). During the half-year ended 31 December 2024, the Group engaged an external specialist to assist in performing the preliminary purchase price allocation. As a result, adjustments were made to the provisional fair values as disclosed in the June 2024 financial report with corresponding impact on the net deferred tax liabilities.

As at 31 December 2024, further work is required to determine the final fair values of the inventories, intangibles, vendor conditional payables and deferred income tax assets and liabilities. The preliminary purchase price allocation will be subject to further refinement as the Group continues to refine its estimates and assumptions based on information available at the acquisition date. These refinements will result in changes to the estimated fair value of assets acquired and liabilities assumed. The purchase price allocation adjustments can be made throughout the Group's measurement period, which is not to exceed one year from the acquisition date.

The following table summarises the provisional purchase price allocation as of the acquisition date:

Identifiable assets and liabilities acquired	**Provisional fair value $'000**
Cash and cash equivalents	21,522
Trade and other receivables	38,207
Inventories[(i)]	76,678
Property, plant and equipment[(ii)]	15,103
Intangibles[(iii)]	109,454
Right-of-use assets	19,055
Other assets[(iv)]	6,316
Trade and other payables[(v)]	(56,730)
Employee benefit provision	(11,497)
Deferred tax liabilities	(14,057)
Lease liabilities	(27,968)
Vendor conditional payables[(vi)]	(4,536)
Borrowings	(117,559)
Other liabilities[(vii)]	(4,439)
Net assets acquired	49,549
Goodwill on acquisition (provisional)[(viii)]	228,046
Representing:	
Fair value of the shares issued as consideration	277,595

(i) The acquisition date provisional fair value of the inventories has been determined to be $76,678,000. During the measurement period adjustment of $2,121,000 has been recognised due to refinements made to the preliminary valuation (as disclosed in note 36 of the June 2024 annual report).

(ii) The acquisition date provisional fair value of the property, plant and equipment has been determined to be $15,103,000. During the measurement period adjustment of $307,000 has been recognised due to refinements made to the preliminary valuation (as disclosed in note 36 of the June 2024 annual report).

Note 16. Business combinations (continued)

(iii) The acquisition date provisional fair value of the identifiable intangibles has been determined to be $103,586,000. During the measurement period adjustments of $67,180,000, have been recognised due to refinements made to the preliminary valuation (as disclosed in note 36 of the June 2024 annual report). Below identifiable intangibles have been recognised by the Group:

- Brands and licenses: $18,328,000 (useful life: indefinite)
- Supplier agreements: $85,512,000 (useful life: straight-line over 11 to 19 years)

(iv) The acquisition date provisional fair value of the other assets has been determined to be $6,316,000. During the measurement period adjustment of $1,096,000 has been recognised due to refinements made to the preliminary valuation (as disclosed in note 36 of the June 2024 annual report).

(v) The acquisition date provisional fair value of the trade and other payables has been determined to be $56,730,000. During the measurement period adjustment of $704,000 has been recognised due to refinements made to the preliminary valuation (as disclosed in note 36 of the June 2024 annual report).

(vi) The acquisition date provisional fair value of the vendor conditional payables has been determined to be $4,536,000. During the measurement period adjustment of $3,337,000 has been recognised due to refinements made to the preliminary valuation (as disclosed in note 36 of the June 2024 annual report). The measurement period adjustment reflects the increase in the vendor conditional payable to reflect the expected amount payable to the vendors as of the acquisition date.

(vii) The acquisition date provisional fair value of the other liabilities has been determined to be $4,439,000. During the measurement period adjustment of $847,000 has been recognised due to refinements made to the preliminary valuation (as disclosed in note 36 of the June 2024 annual report).

(viii) During the measurement period, the Group identified and recorded measurement period adjustments to the ParagonCare's provisional purchase price allocation, as a result of the additional analysis performed. These adjustments resulted in a total reduction in goodwill of $67,180,000. The goodwill recognised is attributed to:

- the expected synergies and other benefits from combining the assets and activities of ParagonCare with those of the Group.
- the requirement to record the deferred tax balances for the difference between the assigned values and the tax bases of the identifiable assets and liabilities acquired in the business combination.

The goodwill is not deductible for income tax purposes.

Acquisition of Oborne Health Supplies

On 28 February 2024, CH2 Holdings acquired the assets and liabilities of Oborne Health Supplies ('OHS' or 'Oborne') for a total cash consideration of $25,063,000. The transaction was assessed to be a business combination under AASB3 wherein CH2 Holdings was the acquirer and OHS was the acquiree. The effective date of acquisition was 1 March 2024.

OHS is a leading distributor of TGA listed medicines, natural, traditional and complementary health products to the complementary and orthodox healthcare sectors. The acquisition of OHS is a natural fit within CH2 Holdings' healthcare distribution business with overlapping customers in the retail pharmacy and primary care.

Finalisation of the purchase price accounting (was completed within the 12-month measurement period, resulting in retrospective changes to the provisional fair values presented in the statement of financial position previously reported. There is no impact to the statement of profit or loss and other comprehensive income for the year ended 30 June 2024.

The final fair values of the identifiable assets and liabilities of OHS as at the date of acquisition were:

Note 16. Business combinations (continued)

Identifiable assets and liabilities acquired	Final fair value $'000
Trade and other receivables	8,194
Inventories(i)	7,264
Property, plant and equipment	326
Intangibles(ii)	5,298
Trade and other payables	(6,671)
Employee benefits provision	(950)
Deferred tax liabilities(iii)	(1,906)
Net assets acquired	11,555
Goodwill on acquisition(iv)	13,508
Representing:	
Cash consideration paid	25,063

(i) The acquisition date final fair value of the inventories has been determined to be $7,264,000. During the measurement period adjustment of $316,000 has been recognised due to refinements made to the preliminary valuation (as disclosed in note 36 of the June 2024 annual report).

(ii) The acquisition date final fair value of the property, plant and equipment has been determined to be $326,000. During the measurement period adjustment of $161,000 has been recognised due to refinements made to the preliminary valuation (as disclosed in note 36 of the June 2024 annual report).

(iii) The acquisition date final fair value of the identifiable intangibles has been determined to be $5,298,000, which represents supplier agreements and relationships. These intangible assets are amortised on a straight-line basis over the useful lives of 25 years.

The deferred tax liability on the identifiable intangibles has been determined to be $1,906,000.

(iv) During the measurement period, the Group identified and recorded measurement period adjustments to the OHS provisional purchase price allocation, as a result of the additional analysis performed. These adjustments resulted in a total reduction in goodwill of $2,676,000. The goodwill recognised is attributed to:

- the expected synergies and other benefits from combining the assets and activities of OHS with those of the Group.
- the requirement to record the deferred tax balances for the difference between the assigned values and the tax bases of the identifiable assets and liabilities acquired in the business combination.

Goodwill is allocated entirely to the ANZ segment. The goodwill is not deductible for income tax purposes.

Note 17. Events after the reporting period

On 31 January 2025, the Group filed the tax consolidated group income tax return for the year ended 30 June 2024. In finalising the income tax return, the Group chose to apply the Third Party Debt Test for the purposes of determining the application of the thin capitalisation provisions and the quantum of debts deductions able to be claimed.

Subsequently, management noted that the Group was not entitled to rely upon the Third Party Debt Test. The impact of the change in the position adopted for the 2024 income tax return lodged on 31 January 2025 may result in additional income tax expense of $2.2m which will be reflected in the statement of profit or loss and comprehensive income during the second half of financial year ending 30 June 2025.

No other matter or circumstance has arisen since 31 December 2024 that has significantly affected, or may significantly affect the Consolidated Group's operations, the results of those operations, or the Consolidated Group's state of affairs in future financial years.

Note 18. Earnings per share

	Consolidated	
	31 December 2024 $'000	31 December 2023 $'000
Net profit after income tax attributable to the owners of Paragon Care Limited	13,230	7,120
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	1,655,305,389	943,524,072
Weighted average number of ordinary shares used in calculating diluted earnings per share	1,655,305,389	943,524,072
	Cents	Cents
Basic earnings per share	0.80	0.75
Diluted earnings per share	0.80	0.75

As noted in note 1 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:

31 December 2024 half-year period

- The weighted average number of ordinary shares outstanding during the half-year ended 31 December 2024 are the actual number of ordinary shares of ParagonCare outstanding during that period.

31 December 2023 half-year period

- The profit or loss of CH2 Holdings attributable to ordinary shareholders in the half-year ended 31 December 2023 divided by CH2 Holdings' historical weighted average number of ordinary shares outstanding during that period multiplied by the exchange ratio established in the reverse acquisition.

In accordance with a resolution of the directors of Paragon Care Limited made pursuant to section 303(5)(a) of the *Corporations Act 2001*, we state that:

In the opinion of the directors:

(a) The interim financial statements and notes of the Company and its subsidiaries (collectively the Group) are in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 31 December 2024 and of its performance for the half-year ended on that date; and
(ii) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

For and on behalf of the Board

Peter Lacaze
Chairman

27 February 2025

Ernst & Young
8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000
Fax: +61 3 8650 7777
ey.com/au

Independent Auditor's Review Report to the Members of Paragon Care Limited

Report on the half-year financial report

Conclusion

We have reviewed the accompanying interim financial report of Paragon Care Limited and its controlled entities (collectively, 'the Group'), which comprises the statement of financial position as at 31 December 2024, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, explanatory notes and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group does not comply with the *Corporations Act 2001*, including:

a. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2024 and of its consolidated financial performance for the half-year ended on that date; and

b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (*including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibilities for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2024 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Ernst & Young

Ernst & Young

Paul Gower

Paul Gower
Partner
Melbourne
27 February 2025