

Financial Statements

For the Half Year Ended 31 December 2024

CONTENTS

	<u>Page</u>
Financial Statements	
Directors' Report	3
Auditor's Independence Declaration	5
Consolidated Statement of Profit or Loss	6
Consolidated Statement of Other Comprehensive Income	7
Consolidated Statement of Financial Position	8
Consolidated Statement of Changes in Equity	9
Consolidated Statement of Cash Flows	10
Notes to the Financial Statements	11
Directors' Declaration	28
Independent Auditor's Review Report	29

Directors' Report

For the Half Year Ended 31 December 2024

Your directors submit the financial report of the Group incorporating Capricorn Society Limited (the "Parent") and its subsidiaries and Capricorn Mutual Limited and its subsidiaries (collectively, the "Consolidated Entity" or "Group") for the half year ended 31 December 2024. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

Directors

The directors of Capricorn Society Limited ("Capricorn" or "CSL") at any time during, or since the end of the half year are:

Names	Position
Mark Rowe	Chair
Peter Stewart	Member Director (retired October 2024)
Lydia Stjepanovic	Member Director
Mark Cooper	Member Director
Nigel Osborne	Member Director
James Candish	Member Director
Bruce Rathie	Independent Director (retired October 2024)
Donna Vinci	Independent Director
Mario Pirone	Independent Director
Samantha Martin-Williams	Independent Director (appointed October 2024)

Review and results of operations

The consolidated profit of the Group for the half year after providing for income tax amounted to \$18,206,000 (2023: \$24,462,000). The profit of Capricorn Society Limited was \$11,253,000 (2023: \$16,183,000). The profit of Capricorn Mutual Limited was \$6,953,000 (2023: \$8,279,000).

Total purchases by Members from continuing operations of Capricorn increased to \$1,949,781,000 being 5% higher than last year (2023: \$1,827,588,000). Net collections were \$90,308,000 (2023: \$85,855,000), an increase of 5%.

The Board has maintained a conservative investment strategy recognising volatility in capital markets and as such has retained significant cash reserves during the half year ended 31 December 2024.

Capricorn's strategic plan is to drive profitable growth in Capricorn's principal business activities.

In the short to medium term, Capricorn continues to recognise technology as a key enabler to support its business strategy and objectives. This is a constant challenge in the ever-changing digital landscape of today's business world and Capricorn is looking to expand the current limited choice of digital interactions for its Members and Suppliers.

Development of a digital platform will leverage existing assets and add new capability that will deliver value through easier integration with partners, improve the Member and Supplier experience and facilitate exciting new future projects and programs.

Capricorn has and will continue to identify and assess potential diversification opportunities that may allow it to leverage its current resources and capabilities to both reduce overall risk through diversification and improve returns to Members.

No options to acquire shares in the Company have been granted during the period and there were no options outstanding at the end of the reporting period.

Dividends

There are no interim dividends paid or recommended at the date of this report.

The dividends of \$15,353,000 for the year ended 30 June 2024 were declared in September 2024 and paid during the half year ended 31 December 2024. See Note 13 for further details.

Directors' Report

For the Half Year Ended 31 December 2024

Rounding

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

Auditor's Independence Declaration

The auditor's independence declaration under section 307C of the Corporations Act 2001 for the half year ended 31 December 2024 is set out on page 5.

Signed in accordance with a resolution of the Board of Directors:



.....
Mark Rowe
Director



.....
Mario Pirone
Director

Dated this 19th day of February 2025



**Shape the future
with confidence**

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Auditor's independence declaration to the directors of Capricorn Society Limited and its controlled entities

As lead auditor for the review of the half-year financial report of Capricorn Society Limited and its controlled entities 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 Capricorn Society Limited and the entities it controlled during the financial period.

Ernst & Young

Fiona Drummond
Partner
19 February 2025

Consolidated Statement of Profit or Loss

For the Half Year Ended 31 December 2024

	December 2024	December Restated 2023 (Note 1(f))
Note	\$'000	\$'000
Revenue from contracts with customers of Capricorn	3(a) 15,925	13,341
Capricorn trade account revenue calculated using the effective interest rate method	61,768	58,848
Other interest revenue	3(c) 11,209	9,528
Other income	3(c) 2,023	1,264
Total Capricorn revenue	90,925	82,981
Mutual protection revenue	3(b) 75,213	63,081
Mutual protection service expenses	3(b) (56,967)	(45,860)
Protection service result from protection contracts issued	18,246	17,221
Net expenses from reinsurance contracts held by the Mutual	3(b) (8,543)	(7,511)
Mutual protection service result	9,703	9,710
Other operating income	3(d) 7,530	7,636
Share of loss on Repairify Australia Pty Ltd Joint venture	(282)	(214)
Expenses		
Employee benefit expense	(26,653)	(20,995)
Capricorn member trade rebate	4 (18,177)	(17,002)
Depreciation and amortisation expense	(2,742)	(1,956)
Marketing and advertising expense	(2,316)	(2,245)
Other expenses	3(e) (33,009)	(25,383)
Total expenses	(82,897)	(67,581)
Mutual finance income from reinsurance contracts	3(b) 186	266
Mutual finance expenses from reinsurance contracts	3(b) (937)	(877)
Net finance result from reinsurance contracts	(751)	(611)
Profit before tax	24,228	31,921
Income tax expense	5 (6,022)	(7,459)
Profit after tax for the period	18,206	24,462
Attributable to:		
Members of Capricorn Society Limited	11,253	16,183
Members of Capricorn Mutual Limited	6,953	8,279
	18,206	24,462

The accompanying notes form part of these financial statements

Consolidated Statement of Other Comprehensive Income

For the Half Year Ended 31 December 2024

	December 2024	December Restated 2023 (Note 1(f))
Note	\$'000	\$'000
Profit after tax for the period	18,206	24,462
Other comprehensive income:		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translating foreign controlled entities	(320)	403
Other comprehensive income for the period, net of tax	(320)	403
Total comprehensive income for the period, net of tax	17,886	24,865
Total comprehensive income, net of tax, attributable to:		
Members of Capricorn Society Limited	10,933	16,586
Members of Capricorn Mutual Limited	6,953	8,279
	17,886	24,865

The accompanying notes form part of these financial statements

Consolidated Statement of Financial Position

For the Half Year Ended 31 December 2024

		December 2024 \$'000	June 2024 \$'000
	Note		
Assets			
Current assets			
Cash and cash equivalents	6	138,971	107,302
Financial assets	7,18	16,306	48,166
Trade account advances and equipment and vehicle loans		297,602	344,456
Mutual reinsurance contract assets	9	17,261	17,849
Assets held for sale		-	10,250
Other current assets	8	7,580	7,737
Inventories		2,846	3,974
Total current assets		480,566	539,734
Non-current assets			
Equipment and Vehicle loans		60,858	58,972
Financial assets	7,18	221,511	193,536
Right of use assets	10	13,180	12,610
Intangibles	11	3,054	4,320
Property, plant & equipment	12	2,815	3,335
Deferred tax asset		33,701	31,259
Total non-current assets		335,119	304,032
Total assets		815,685	843,766
Liabilities			
Current liabilities			
Trade and other payables		208,884	258,120
Reward Points Liability	4	119,071	106,156
Mutual protection contract liabilities	9	42,303	46,936
Lease Liability	10	1,372	2,267
Current tax liabilities		7,157	8,892
Employee benefits		4,502	4,529
Total current liabilities		383,289	426,900
Non-current liabilities			
Lease Liabilities	10	12,780	10,685
Employee benefit liabilities		1,695	1,580
Total non-current liabilities		14,475	12,265
Total liabilities		397,764	439,165
Net assets		417,921	404,601
Equity			
Issued capital	13	228,521	217,733
Reserves		1,800	2,120
Retained earnings		187,600	184,748
Equity attributable to Members of Capricorn Society Limited		366,964	360,597
Equity attributable to Members of Capricorn Mutual Limited		50,957	44,004
Total equity		417,921	404,601

The accompanying notes form part of these financial statements

Consolidated Statement of Changes in Equity

For the Half Year Ended 31 December 2024

2024	Attributable to Members of Capricorn Society					Total Equity \$'000
	Issued Capital \$'000	Retained Earnings \$'000	Foreign Currency Reserve \$'000	Members of Capricorn Society	Members of Capricorn Mutual	
Balance at 1 July 2024	217,733	140,744	2,120	360,597	44,004	404,601
Profit for the period	-	11,253	-	11,253	6,953	18,206
Other comprehensive income	-	-	(320)	(320)	-	(320)
Total comprehensive income	-	11,253	(320)	10,933	6,953	17,886
Shares issued during the period	20,664	-	-	20,663	-	20,664
Shares bought back during the period	(9,876)	-	-	(9,876)	-	(9,876)
Dividends paid during the year	-	(15,354)	-	(15,354)	-	(15,354)
Balance at 31 December 2024	228,521	136,643	1,800	366,964	50,957	417,921

Restated 2023	Attributable to Members of Capricorn Society					Total Equity \$'000
	Issued Capital \$'000	Retained Earnings \$'000	Foreign Currency Reserve \$'000	Members of Capricorn Society	Members of Capricorn Mutual	
Balance as previously stated	207,812	120,498	2,183	330,493	-	330,493
Amount of restatement (Note 1(e))	-	-	-	-	26,640	26,640
Restated Balance at 1 July 2023 (Note 1(e))	207,812	120,498	2,183	330,493	26,640	357,133
Profit for the period	-	16,183	-	16,183	8,279	24,462
Other comprehensive income	-	-	403	403	-	403
Total comprehensive income	-	16,183	403	16,586	8,279	25,865
Shares issued during the year	18,923	-	-	18,923	-	18,923
Shares bought back during the year	(9,783)	-	-	(9,783)	-	(9,783)
Dividends paid during the year	-	(14,645)	-	(14,645)	-	(14,645)
Balance at 31 December 2023	216,952	122,036	2,586	341,574	34,919	376,493

The accompanying notes form part of these financial statements

Consolidated Statement of Cash Flows

For the Half Year Ended 31 December 2024

	December 2024	December Restated 2023 (Note 2(e))
Note	\$'000	\$'000
Cash flows from operating activities:		
Receipts from Members	1,891,397	1,778,129
Reinsurance expenses paid	(7,767)	(4,925)
Payments to suppliers and employees	(1,868,518)	(1,766,637)
Other income received	4,598	2,962
Interest paid	(553)	(110)
Taxes paid	(10,617)	(10,469)
Net cash provided by / (used in) operating activities	8,540	(1,050)
Cash flows from investing activities:		
Interest received	3,423	1,820
Investment income received	6,927	3,841
Purchase of property plant and equipment	(73)	(2,154)
Purchase of term deposits	(12,000)	(21,000)
Proceeds from matured term deposits	44,048	20,099
Purchase of financial asset investments	(42,549)	(20,745)
Proceeds from assets held for sale	10,180	-
Proceeds from disposal of investments	18,575	4,935
Net cash provided by / (used in) investing activities	28,531	(13,204)
Cash flows from financing activities:		
Proceeds from issue of shares	6,313	5,169
Buy-back of shares	(9,627)	(9,808)
Dividends paid by parent entity	(1,078)	(883)
Repayment of lease liabilities	(917)	(1,000)
Net cash used in financing activities	(5,309)	(6,522)
Net increase / (decrease) in cash held	31,762	(20,776)
Cash at beginning of financial year	107,302	122,746
Effect of exchange rates changes on the balance of cash held in foreign currencies	(93)	95
Cash at end of financial period	138,971	102,065
6		

The accompanying notes form part of these financial statements

Notes to the Financial Statements

For the Half Year Ended 31 December 2024

1 Material accounting policies

(a) Corporate information

The interim consolidated financial statements of the Group incorporating Capricorn Society Limited (the “Parent”) and its subsidiaries and Capricorn Mutual Limited and its subsidiaries (collectively, the “Consolidated Entity” or “Group”) for the six months ended 31 December 2024 were authorised for issue in accordance with a resolution of the directors on 19th February 2024.

The Parent is a non-listed public company, incorporated in Australia and operating in Australia and New Zealand. The principal activity of the Group during the financial year was the operation of an automotive parts and accessories buying company operating along cooperative principles. The Group provides trade account credit to Members who operate within the Automotive aftermarket industry. Other entities provide mutual financial risk products to Members of Capricorn to protect those Members from financial loss, business risk services including the management of the Mutual, travel and financial services.

2 Basis of preparation and changes to Group’s accounting policies

(a) Basis of preparation

The Interim consolidated financial statements for the half year ended 31 December 2024 are condensed general purpose financial statements prepared in accordance with the Corporations Act 2001 and Australian Accounting Standard AASB 134 *Interim Financial Reporting*.

The interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual financial statements as at 30 June 2024.

The Group has determined for the purposes of preparing the financial statements it is a for-profit entity.

(b) Principles of consolidation

The consolidated financial statements comprise the financial statements of Capricorn Society Limited and its subsidiaries and Capricorn Mutual Limited and its subsidiaries as at 31 December each year.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit or losses resulting from intragroup transactions have been eliminated in full.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the subsidiaries and has the ability to affect those returns through its power over the subsidiaries. Specifically, the Group controls a subsidiary if and only if the Group has:

- power over the subsidiary (i.e. existing rights that give it the current ability to direct the relevant activities of the subsidiary),
- exposure, or rights, to variable returns from its involvement with the subsidiary, and
- the ability to use its power over the subsidiary to affect its returns.

Notes to the Financial Statements

For the Half Year Ended 31 December 2024

1 Material accounting policies (continued)

(b) Principles of consolidation (continued)

When the Group has less than a majority of the voting or similar rights of a subsidiary, the Group considers all relevant facts and circumstances in assessing whether it has power over a subsidiary, including:

- the contractual arrangement with the other vote holders of the investee,
- rights arising from other contractual arrangements, and
- the Group's voting rights and potential voting rights.

The Parent re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the Consolidated Statement of Financial Position and the Consolidated Statement of Profit or Loss from the date the Group gains control until the date the Group ceases to control the subsidiary.

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in the Consolidated Statement of Profit or Loss, Consolidated Statement of Other Comprehensive Income and within equity in the Consolidated Statement of Financial Position. Losses are attributed to the noncontrolling interests even if that results in a deficit balance. Profit or loss and net assets allocated to Members of the Mutual represent non-controlling interests, which excludes Capricorn Society's share being one of approximately 12,000 Members.

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity attributable to owners of the parent entity.

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(c) Functional and presentation currency

The functional currency of each of the Group's entities is determined using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional currency.

Transactions and balances

Foreign currency transactions are translated into functional currency using the spot rate at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate.

Notes to the Financial Statements

For the Half Year Ended 31 December 2024

1 Material accounting policies (continued)

(c) Functional and presentation currency (continued)

Transactions and balances (continued)

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item.

Group companies

On consolidation, the assets and liabilities of foreign operations are translated into Australian dollars at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated using the average exchange rates prevailing during the period. The exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

(d) Changes in accounting policies and disclosures

New and amended standards and interpretations

Since 1 July 2024, the Group has adopted all Accounting Standards and Interpretations effective from 1 July 2024. The accounting policies adopted are consistent with those of the previous financial year. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Several new and amended Accounting Standards and Interpretations applied for the first time from 1 July 2024, but did not have a significant impact on the consolidated financial statements of the Group and, hence, have not been disclosed.

(e) Consolidation of Capricorn Mutual Limited

As outlined in the 30 June 2024 annual report of the CSL Group, the Group restated its consolidated financial statements to consolidate Capricorn Mutual Limited ("CML") retrospectively. CML provides mutual financial risk products to Members of Capricorn to protect those Members from financial loss. As a result, the opening balances of assets, liabilities and equity were restated for the comparative periods (i.e. from 1 July 2022). The full impact of the Consolidation of CML was outlined in detail in the 30 June 2024 annual financial statements for the CSL Group in Note 1(f) and has not been replicated in full below. The information presented below should be read in conjunction with Note 1(f) in the 30 June 2024 annual financial statements of the CSL Group.

The table below presents the amount of restatement for each financial statement line item affected for the prior period presented being the period ended 31 December 2023. (CML applied AASB 17 from 1 July 2023, with retrospective application as if AASB 17 had always been in effect i.e. from 1 July 2022):

Impact on equity (increase/(decrease) in equity)

	30 June 2023
	\$'000
Total Equity 30 June 2023 – CSL Group:	330,493
Net assets of CML 30 June 2023 (refer Note 1(f) in the 30 June 2024 annual financial statements of CSL Group for details)	34,919
Restated Equity as at 1 July 2023	365,412

Notes to the Financial Statements

For the Half Year Ended 31 December 2024

1 Material accounting policies (continued)

(e) Consolidation of Capricorn Mutual Limited (continued)

Impact on statement of profit or loss (increase/(decrease) in profit)

	31 December 2023
	\$'000
Other interest revenue	1,275
Other income	70
Mutual protection service result	9,710
Total Revenue	11,055
Employee benefit expense	(246)
Other expenses	(1,653)
Total Expenses	(1,899)
Net finance result from reinsurance contracts	(611)
Profit before tax	8,545
Income tax expense	(266)
Net impact on profit after tax for the year	8,279

Impact on statement of cash flow (increase/(decrease) in cash)

	31 December 2023
	\$'000
Cashflow from operating activities:	
Receipts from Members	59,697
Payments to suppliers and employees	(52,240)
Reinsurance expenses paid	(7,515)
Management fees received	(17,940)
Other income received	242
Reinsurance & other recoveries received	2,591
Taxes paid	(25)
Net impact on cashflows from operating activities	(15,190)
Cashflow from investing activities:	
Purchase of term deposits	(21,000)
Redemption of term deposits	20,099
Net impact on cashflows from investing activities	(901)

Notes to the Financial Statements

For the Half Year Ended 31 December 2024

3 Revenue and expenses

a) Revenue from contracts with customers

Set out below is the disaggregation of the Group's revenue from contracts with customers:

For the 6 months ended 31 December 2024

	Commission income \$000's	Advertising income \$000's	Merchandise income \$000's	Total \$000's
Geographical markets				
Australia	1,967	1,789	10,101	13,857
New Zealand	149	26	1,893	2,068
Total revenue from contracts with customers	2,116	1,815	11,994	15,925
Timing of revenue recognition				
Revenue earned at a point in time	2,116	1,815	11,994	15,925
Total revenue from contracts with customers	2,116	1,815	11,994	15,925

For the 6 months ended 31 December 2023

	Commission income \$000's	Advertising income \$000's	Merchandise income \$000's	Total \$000's
Geographical markets				
Australia	1,620	1,723	8,356	11,699
New Zealand	174	36	1,432	1,642
Total revenue from contracts with customers	1,794	1,759	9,788	13,341
Timing of revenue recognition				
Revenue earned at a point in time	1,794	1,759	9,788	13,341
Total revenue from contracts with customers	1,794	1,759	9,788	13,341

Notes to the Financial Statements

For the Half Year Ended 31 December 2024

3 Revenue and expenses (continued)

b) Mutual net protection financial result

	December 2024 \$'000	December Restated 2023 \$'000
Protection revenue	75,213	63,081
Protection service expenses	(56,967)	(45,860)
Net expenses from reinsurance contracts held	(8,543)	(7,511)
Protection service result	9,703	9,710
Finance expense from protection contracts issued	186	266
Finance income from reinsurance contracts held	(937)	(877)
Net protection finance expense	(751)	(611)
Protection net result	8,952	9,099

c) Interest and Other income

	December 2024 \$'000	December Restated 2023 \$'000
Interest on financial assets at amortised cost	11,209	9,528
Other Interest revenue	11,209	9,528
Other income	2,023	1,264
Total - Other income	2,023	1,264

d) Other operating income

	December 2024 \$'000	December Restated 2023 \$'000
Remeasurement gain on financial assets at fair value through profit or loss	3,054	3,560
Foreign exchange gain realised	-	26
Investment income received	4,440	3,841
Profit from sale of plant & equipment	-	209
Repairify Recharge	36	-
	7,530	7,636

Notes to the Financial Statements

For the Half Year Ended 31 December 2024

e) Other expenses

	December 2024 \$'000	December Restated 2023 \$'000
Provision for expected credit losses	1,223	872
Travel expenses	1,933	1,066
Information technology and communication expenses	5,482	5,151
Lease rental expenses	685	220
Remeasurement loss on financial assets at fair value through profit or loss	2	-
Loss from sale of financial assets	8	28
Impairment of financial assets	-	244
Consulting expenses	3,714	1,771
Trade commissions	1,154	1,258
Insurance, legal & accounting fees	1,672	1,767
Reward merchandise expense	11,602	9,729
Other operating expenses	5,534	3,277
	33,009	25,383

4 Liability for unredeemed reward points

	December 2024 \$'000	December Restated 2023 \$'000
Reward points		
Opening Balance – Liability for unredeemed Reward points at 1 July	106,156	95,993
Reward points issued	29,698	27,737
Rewards points issued – Member trading rebate	18,177	17,002
Reward points redeemed	(34,960)	(34,576)
Closing Balance – Liability for unredeemed Reward Points	119,071	106,156

A Member trading rebate of \$18,500,000 was approved and declared by the Board in September 2024, \$18,177,000 inclusive of a foreign exchange adjustment was allocated to Members during the half year ended 31 December 2024 in the form of Reward Points on a pro-rata basis based on total Member spend in the 2024 financial year.

5 Income tax expense

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the half year statement of profit or loss are:

	December 2024 \$'000	December Restated 2023 \$'000
Income taxes		
Current income tax expense	8,711	8,358
Deferred income tax expense relating to origination and reversal of temporary differences	(2,689)	(899)
Income tax expense recognised in the statement of profit or loss	6,022	7,459

Notes to the Financial Statements

For the Half Year Ended 31 December 2024

6 Cash and cash equivalents

	December 2024 \$'000	June 2024 \$'000
Cash at bank	125,712	97,229
Short-term deposits	13,259	10,073
	<u>138,971</u>	<u>107,302</u>

a) Cash at bank

Cash at bank earns interest at floating rates based on daily bank deposit rates.

b) Short-term deposits

Short-term deposits are made for varying periods of between one day and 3 months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. Due to the short-term nature of these deposits and the high credit quality of the bank counterparties, the Group determines that they are subject to an insignificant risk of changes in value.

7 Financial assets

a) Investment in hybrid securities

Investments in hybrid securities comprise of income producing preference notes offered by Australian financial institutions, where the underlying portfolio investment consists of fixed interest securities with an option to convert to shares upon maturity. The investment strategy is “balanced growth” yielding both a return of income and capital. The investments in hybrid securities are classified and measured at fair value through profit or loss.

b) Investment in Government bonds

Investments in government and other bonds comprise of income producing bonds offered by Federal and State treasury corporations and other government entities, where the underlying portfolio investment consists of fixed interest securities. The investment strategy is “balanced growth” yielding both a return of income and capital. The investments in government and other bonds are classified and measured at fair value through profit or loss.

c) Investment in fixed interest securities

Investments in fixed interest securities comprise of income producing bonds offered by listed and other private entities, where the underlying portfolio investment consists of fixed interest securities. The investment strategy is “balanced growth” yielding both a return of income and capital. The investments in fixed interest securities are classified and measured at fair value through profit or loss.

d) Investment in listed securities

Investments in listed securities comprise of ordinary shares and options in ASX listed companies. The investment strategy is “capital growth”. The investments in listed securities are classified and measured at fair value through profit or loss.

e) Investments in unit trusts

Investments in unit trusts comprise managed portfolio investments, where the underlying portfolio investment consists of shares traded in active markets. The investment strategy is “balanced growth” yielding both a return of income and capital. The portfolio managers may alter the asset class weighting in accordance with the investment strategy. The investments in unit trusts are classified and measured at fair value through profit or loss.

Notes to the Financial Statements

For the Half Year Ended 31 December 2024

7 Financial assets (continued)

f) Term Deposits

Term deposits are recognised initially at fair value and subsequently measured at amortised cost, less expected credit loss. Term deposits are made with Australian banks for varying periods of between 4 and 12 months, depending on the immediate cash requirements of the Group, and earn interest at the respective term deposit rates. Due to the short-term nature of these deposits, and the credit rating of the counterparties, the Group determines that term deposits are subject to an insignificant risk of changes in value.

8 Other current assets

	December	June
	2024	2024
	\$'000	\$'000
Accrued income	348	2,811
Other assets	7,232	4,926
	<u>7,580</u>	<u>7,737</u>

Other assets are non-interest bearing.

Notes to the Financial Statements

For the Half Year Ended 31 December 2024

9 Mutual Contract assets and liabilities

	Consolidated and Company				Total
	December 2024				
	\$'000				
	Liabilities/(Assets) for remaining coverage		Liabilities for incurred claims		
	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment	
Net protection contract liabilities	(10,608)		41,022	11,889	42,303
Reinsurance contract assets at 31 December 2024	3,451		11,843	1,967	17,261
Net protection contract liabilities/(assets)	(7,157)		52,865	13,856	59,564

	Consolidated and Company				Total
	June 2024				
	\$'000				
	Liabilities/(Assets) for remaining coverage		Liabilities for incurred claims		
	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment	
Net protection contract liabilities	(9,134)	-	43,459	12,611	46,936
Reinsurance contract assets at 30 June 2024	2,191	-	12,939	2,719	17,849
Net protection contract liabilities/(assets)	(6,943)		56,398	15,330	64,785

10 Leases

	Office Premises \$000's	Equipment \$000's	Motor Vehicles \$000's	Total \$000's
Right of Use Assets				
1 July 2024	11,814	157	639	12,610
Additions		-		-
Lease Adjustments	1,075	35	865	1,975
Depreciation for the period	(698)	(43)	(664)	(1,405)
Net Book Value – 31 December 2024	12,191	149	840	13,180
Accumulated Depreciation	(1,914)	(97)	(2,603)	(4,614)

Notes to the Financial Statements

For the Half Year Ended 31 December 2024

10 Leases (continued)

	Office Premises \$000's	Equipment \$000's	Motor Vehicles \$000's	Total \$000's
Right of Use Assets				
1 July 2023	2,064	133	1,794	3,991
Additions	10,986	97	1,421	12,504
Lease Adjustments	-	-	-	-
Depreciation for the period	(1,236)	(73)	(2,576)	(3,885)
Net Book Value – 30 June 2024	<u>11,814</u>	<u>157</u>	<u>639</u>	<u>12,610</u>
Accumulated Depreciation	(1,634)	(137)	(2,193)	(3,964)

Amounts recognised in the Consolidated Statement of Profit or Loss

	December 2024 \$'000	December 2023 \$'000
Depreciation expense on right of use assets	2,160	845
Interest expense on lease liabilities	553	110

The cash outflow for leases during the period amounted to \$1,470,000 (2023: \$1,010,000).

Lease Liabilities

	December 2024 \$'000	June 2024 \$'000
Current	1,372	2,267
Non-Current	12,780	10,685
	<u>14,152</u>	<u>12,952</u>

Maturity analysis of lease liabilities

	December 2024 \$'000	June 2024 \$'000
Undiscounted Cash flows		
Less than and including 1 year	2,357	2,529
Between 1 and 5 years	7,716	16,992
Over 5 years	10,427	-
	<u>20,500</u>	<u>19,521</u>

Notes to the Financial Statements

For the Half Year Ended 31 December 2024

11 Intangibles

There were no intangible assets acquired during the half year ended 31 December 2024 (2023: Nil).

12 Property, plant and equipment

During the half year ended 31 December 2024, the Group acquired plant and equipment with a cost of \$80,000 (2023: \$2,336,000).

There were no property purchases during the half year ended 31 December 2024 (2022: Nil).

During the half year ended 31 December 2024, the Group disposed of assets with a written down value of \$10,500 (2023: Nil).

13 Issued capital

	December 2024 No.	June 2024 No.	December 2024 \$'000	June 2024 \$'000
Ordinary shares issued and fully paid:				
Member shares	232,359,037	221,465,522	227,583	216,872
All region shares	935,860	860,618	938	861
	233,294,897	222,326,140	228,521	217,733

14 Dividends

a) Distributions paid for the half year ended

	December 2024 \$'000	December 2023 \$'000
2024 fully franked ordinary dividend of 7 cents per share declared in September 2024 and paid in the period to 31 December 2024	15,353	-
2021 fully franked ordinary dividend of 7 cents per share declared in September 2023 and paid in the period to 31 December 2023	-	14,645
	15,353	14,645

b) Proposed dividends

The directors have not proposed any dividends for the half year to 31 December 2024.

15 Seasonality of operations

Trade debtors and creditors are lower in December than June as Member transactions are lower during the Christmas period.

This information is provided to allow for a proper appreciation of the results, however management have concluded that this does not constitute "highly seasonal" as considered by AASB 134 *Interim Financial Reporting*.

Notes to the Financial Statements

For the Half Year Ended 31 December 2024

16 Related party disclosure

The interim consolidated financial statements include Capricorn Society Limited and the subsidiaries listed in the following table:

	Type of Entity	Country of incorporation	Australian resident for tax purposes	2024 %	Restated 2023 %
Capricorn Society Limited	Body Corporate	Australia	Australia	Parent	Parent
Capricorn Insurance Services Pty Limited	Body Corporate	Australia	Australia	100	100
Capricorn Travel Australia Pty Limited	Body Corporate	Australia	Australia	100	100
Capricorn Society Financial Services Pty Limited	Body Corporate	Australia	Australia	100	100
Capricorn Risk Services Pty Limited	Body Corporate	Australia	Australia	100	100
Capricorn Mutual Management Pty Limited	Body Corporate	Australia	Australia	100	100
Capricorn 1974 Pty Limited	Body Corporate	Australia	Australia	100	100
Capricorn Mutual Limited	Body Corporate	Australia	Australia	N/A	N/A

During the half year the Group earned fees for providing services to the Mutual of \$20,272,000 (2023: \$16,310,000). All charges are based on recovery of costs ensuring remuneration is on an arm's length basis and reasonable. Additionally, the Mutual also has payments made by it to CSL benchmarked externally to ensure arm's length commercial terms.

The nature of the cost recoveries, lack of ability to pay dividends and the Mutual's objective of constant improvement of services to the Mutual's Members when financially prudent, minimises further returns for the Group.

Directors Mario Pirone, Rachel Thomson, Lydia Stjepanovic and Mark Rowe, were directors of Capricorn Mutual Limited during the half year. The Mutual paid a total of \$279,000 in directors' fees to these directors during the half year ended 31 December 2024 (2023: \$246,000).

All directors of the parent entity, other than independent non-Member directors, are Members of the Group and conduct Member accounts. The terms and conditions of all Member accounts operated by directors are the same as accounts provided to other Members. Reward Points earned by directors for the half year were \$79,000 (2023: \$90,000) and the Reward Point balances owing to Member directors at 31 December 2024 were \$138,000 (2023: \$115,000).

17 Financial instruments

The fair value of the Group's financial assets and liabilities is impacted by movements in interest rates, foreign exchange rates and equity prices.

Notes to the Financial Statements

For the Half Year Ended 31 December 2024

18 Fair value measurement

Set out below is an overview of financial instruments, other than cash, held by the Group at 31 December 2024:

	Financial assets and financial liabilities at amortised cost	Financial assets at fair value through profit or loss
	\$'000	\$'000
Financial assets:		
Investment in hybrid securities	-	2,186
Investment in government bonds	-	26,677
Investment in fixed interest securities	-	44,763
Investment in listed securities	-	13,193
Investments in unit trusts	-	132,876
Unlisted securities	-	11
Restricted deposits	74	-
Equipment and vehicle loans	60,858	-
Loan to Repairify – Joint Venture	1,731	-
Total non-current	62,663	219,706
Trade account advances and equipment and vehicle loans	297,602	-
Term Deposits	16,306	-
Total current	313,908	-
Total	376,571	219,706

	Financial assets and financial liabilities at amortised cost	Financial assets at fair value through profit or loss
	\$'000	\$'000
Financial liabilities:		
Trade and other payables	208,884	-
Reward points liability	119,071	-
Total current	327,955	-
Total	327,955	-

Notes to the Financial Statements

For the Half Year Ended 31 December 2024

18 Fair value measurement (continued)

Set out below is an overview of financial instruments, other than cash, held by the Group at 30 June 2024:

	Financial assets and financial liabilities at amortised cost	Financial assets at fair value through profit or loss
	\$'000	\$'000
Financial assets:		
Investment in hybrid securities	-	2,563
Investment in government bonds	-	15,048
Investment in fixed interest securities	-	22,462
Investment in listed securities	-	9,780
Investments in unit trusts	-	141,582
Unlisted securities	-	11
Restricted deposits	74	-
Equipment and vehicle loans	58,972	-
Loan to Repairify Australia Pty Ltd	2,015	-
Total non-current	61,061	191,446
Trade account advances and equipment and vehicle loans	344,456	-
Term Deposits	48,166	-
Total current	392,622	-
Total	453,683	191,446
Financial liabilities		
Trade and other payables	258,120	-
Reward points liability	106,156	-
Total current	364,276	-
Total	364,366	-

Notes to the Financial Statements

For the Half Year Ended 31 December 2024

18 Fair value measurement (continued)

As at 31 December 2024, the Group held the following classes of financial instruments measured at fair value:

	Total	Level 1	Level 2	Level 3
Assets measured at fair value:	\$'000	\$'000	\$'000	\$'000
Financial assets (Note 7)				
Investment in hybrid securities	2,186	2,186	-	-
Investment in government bonds	39,056	-	39,056	-
Investment in fixed interest securities	23,169	-	23,169	-
Investments in listed securities	19,806	19,806	-	-
Investments in unit trusts	135,478	-	135,478	-
Unlisted securities	11	-	-	11
	219,706	21,992	197,703	11

During the half year ended 31 December 2024, there were no transfers between Level 1 and Level 2 or Level 2 and Level 3 fair value measurements.

The following table provides the fair value measurement hierarchy of the Group's assets at 30 June 2024.

	Total	Level 1	Level 2	Level 3
Assets measured at fair value:	\$'000	\$'000	\$'000	\$'000
Financial assets (Note 7)				
Investment in hybrid securities	2,563	2,563	-	-
Investment in government bonds	15,048	-	15,048	-
Investment in fixed interest securities	22,462	-	22,462	-
Investments in listed securities	9,780	9,780	-	-
Investments in unit trusts	141,582	-	141,582	-
Unlisted securities	11	-	-	11
Assets Held for sale	10,250			10,250
	201,696	12,343	179,092	10,261

During the year ended 30 June 2024, there were no transfers between Level 1 and Level 2 or Level 2 and Level 3 fair value measurements.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of assets by valuation technique:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Notes to the Financial Statements

For the Half Year Ended 31 December 2024

18 Fair value measurement (continued)

For assets that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Valuation techniques

The fair value of the hybrid securities, government bonds and listed securities is based on price quotations in an active market at the reporting date.

The fair value of units in trusts is determined by reference to published bid prices at the close of business on the reporting date, being the redemption price as established by the underlying trust's responsible entity.

Valuation techniques for unlisted securities are based on the directors' assessment of fair value at the reporting date.

19 Commitments

The Group has no commitments for the purchase of property, plant, and equipment at 31 December 2024.

20 Events subsequent to balance date

Since the end of the reporting period, there have been no significant events which may impact on the results for the period ended 31 December 2024.

Director's Declaration

For the Half Year Ended 31 December 2024

In accordance with a resolution of the directors of Capricorn Society Limited, we state that:

In the opinion of the directors:

- 1) In the director's opinion, the financial statements and notes of the consolidated entity for the half year ended 31 December 2024 have been prepared in accordance with the Corporations Act 2001, including that they:
 - a) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2024 and of its 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; and
- 2) There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



.....
Mark Rowe
Director



.....
Mario Pirone
Director

Dated this 19th day of February 2025



**Shape the future
with confidence**

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Independent auditor's review report to the members of Capricorn Society Limited and its controlled entities

Conclusion

We have reviewed the accompanying half-year financial report of Capricorn Society Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated 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*.



**Shape the future
with confidence**

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.

A handwritten signature in cursive script that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in cursive script that reads 'Fiona Drummond'.

Fiona Drummond
Partner
Perth
19 February 2025