Australian Unity
Real Wellbeing

ASX Announcement

26 August 2026

Australian Unity Limited – full year financial report

Please find attached Australian Unity Limited's full year financial report for the year ended 30 June 2026.

FY2026 was a challenging year for the Group financially, reflecting a combination of regulatory headwinds, investments made ahead of benefit realisation, non-cash valuation adjustments and the absence of non-recurring benefits recognised in FY2025. While the result was in line with the trading update provided in April, it is a disappointing outcome.

Despite these challenges, significant actions were undertaken during the year to simplify the Group's portfolio, strengthen the balance sheet, improve operational excellence and position Australian Unity for sustained future performance.

Importantly, Australian Unity continued to support its members and customers throughout the year, with positive customer experiences maintained across key businesses. The Group also remained committed to delivering value for members, customers and the broader community, contributing towards an estimated $9.3 billion of total value in FY2026. This includes $2.3 billion in direct customer and member value, and $7.0 billion of community and social value, the latter an increase of $0.8 billion on FY2025. More information will be made available upon release of Australian Unity's *Impact Report* 2026.

Australian Unity operates in markets supported by attractive long-term structural drivers, including population ageing, growing demand for home and community-based care, rising retirement savings, and supportive tax and policy settings. Going forward, the focus is to ensure Australian Unity is positioned to meet this growing demand while continuing to provide the trusted health, wealth and care services that members and customers rely on every day.

Further detail of the full year results is provided in the Operating and Financial Review.

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This announcement has been authorised for release by: The board of Australian Unity Limited.

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Australian Unity Limited

ABN 23 087 648 888

Annual financial report and directors' report for the year ended 30 June 2026

Australian Unity Limited
ABN 23 087 648 888
Annual financial report and directors' report - 30 June 2026

Directors' report

The directors present their report on the consolidated entity (referred to hereafter as Australian Unity or the Group) consisting of Australian Unity Limited (Parent entity or Company) and the entities it controlled at the end of, or during, the year ended 30 June 2026 and the report of the Group's auditor.

Directors
The following persons were directors of Australian Unity Limited during the financial year and up to the date of this report (unless otherwise stated):

Lisa Chung AM, Chair
Melinda Cilento, Deputy Chair
Kelly Bayer Rosmarin, Group Managing Director & CEO (appointed on 15 December 2025)
Gordon Ballantyne, Non-executive Director (appointed on 28 August 2025)
Lucinda Brogden AM, Non-executive Director
Kim Cheater, Non-executive Director
Dr Helen Nott, Non-executive Director
Adj. Professor Patricia O'Rourke, Non-executive Director (appointed on 28 August 2025)
Julien Playoust, Non-executive Director
Rohan Mead, Group Managing Director & CEO (retired on 15 December 2025)

Company secretaries
Melinda Honig and Catherine Visentin were company secretaries of Australian Unity Limited at 30 June 2026.

Principal activities
During the year, the Group's principal continuing activities comprised the provision of a range of products and services to support the health, wealth and care needs of its members and customers. These activities included health and life insurance, investments, estate administration, home care and health services, as well as residential aged care and retirement living. During the financial year, the Group completed the sale of its banking operations to Bank Australia Limited. Accordingly, banking and loan facilities are no longer part of the Group's principal continuing activities. The Group remains focused on delivering its products and services in a sustainable manner to meet the needs of its members, customers and the broader community.

Dividends
Dividends paid to the holders of Australian Unity Mutual Capital Instruments (MCI) during the financial year were as follows:

	2026 $'000	**2025 $'000**
Dividend for the 2026 financial year of $2.4932 per MCI paid on 15 April 2026	**19,182**	-
Dividend for the 2026 financial year of $2.5068 per MCI paid on 15 October 2025	**12,712**	-
Dividend for the 2025 financial year of $2.4932 per MCI paid on 15 April 2025	**-**	12,643
Dividend for the 2025 financial year of $2.5068 per MCI paid on 15 October 2024	**-**	12,712
	31,894	25,355

Operating and financial review 2026
FY2026 was a challenging year for Australian Unity financially, reflecting a combination of regulatory headwinds, investments made ahead of benefit realisation, non-cash valuation adjustments and the absence of non-recurring benefits recognised in FY2025. While performance was impacted by these factors, significant actions were undertaken during the year to simplify the Group, strengthen the balance sheet, improve operational excellence and position Australian Unity for optimal future performance.

The Group reported a statutory loss after tax of $155.2 million, and Adjusted EBITDA[1] from continuing operations of $7.8 million.

Operating and financial review 2026 (continued)

Summary of financial performance - Australian Unity Group (excluding benefit funds)

	Year to 30 June 2026 $million	Year to 30 June 2025 $million	Variance $million
Revenue and other income from continuing operations	**2,244.0**	2,210.5	33.5
Expenses from continuing operations, excluding finance costs	**(2,371.7)**	(2,116.9)	(254.8)
Adjusted EBITDA from continuing operations	**7.8**	136.2	(128.4)
Operating profit from continuing operations	**(127.8)**	92.9	(220.8)
Net profit/(loss) from continuing operations, after income tax	**(155.0)**	29.3	(184.3)
Net profit/(loss) after income tax	**(155.2)**	26.6	(181.7)

Factors impacting FY2026 earnings

Substantial regulatory change and sector disruption

FY2026 was impacted by significant regulatory change and funding uncertainty across a number of sectors in which Australian Unity operates.

The most significant external influence on Group earnings was the implementation of the Aged Care Act 2024, together with the delayed rollout of the Government's Support at Home program. While these reforms were intended to improve outcomes for older Australians, delays and uncertainty regarding the timing and volume of Support at Home package releases, together with interim funding arrangements created operational disruption across the sector. Delayed and uneven package releases adversely affected customer access, service volumes and workforce utilisation within Home Health during the year. Customer behaviour in response to customer co-contribution arrangements also affected demand patterns during the year.

Within Residential Aged Care, Fair Work Commission wage increases and broader labour cost inflation exceeded the growth in government funding, adversely affecting earnings.

Investment ahead of benefit realisation

During FY2026, the Group continued to invest in transformation, technology and integration initiatives to support future growth, simplify operations and improve efficiency. As these programs progressed, they proved more complex, time-consuming and costly than initially anticipated, resulting in longer delivery timeframes, higher implementation costs and a deferral of expected benefits. In response, governance, oversight and assurance across the transformation portfolio have been strengthened. Over time, these initiatives are expected to support greater operational scale, resilience and efficiency.

Home Health invested in workforce capacity, technology and operational readiness in anticipation of reform-driven growth. However, delays to the rollout of Support at Home resulted in additional capacity being carried ahead of demand, reducing operating leverage and contributing to margin pressure.

During the year, the Group also undertook cost-base restructuring initiatives to improve efficiency and reduce its ongoing cost run-rate. While these actions involved upfront implementation costs in FY2026, they are expected to support improved earnings and operational performance from FY2027.

Non-cash asset valuation adjustments

During the second half of FY2026, Australian Unity recognised $107.1 million (after-tax) in material non-cash asset valuation adjustments following a reassessment of asset carrying values. The reassessment reflected revised future earnings expectations, prevailing market conditions and portfolio simplification activities.

The most significant post-tax carrying value adjustments included:

- Wealth & Capital Markets businesses and intangibles of approximately $61.6 million, principally relating to Platypus Asset Management, reflecting a reassessment of earnings expectations for several businesses, as well as the derecognition of goodwill following an asset sale.

Operating and financial review 2026 (continued)

- Specific components of Herston Quarter totaling approximately $20.5 million, reflecting updated project assumptions, including lower expected development margins and write down of asset values and reflecting prevailing market conditions; and
- Capitalised software and related technology assets of approximately $15.1 million, reflecting a reassessment of useful lives, expected benefits and recoverable values.

Absence of prior year non-recurring benefits

FY2025 benefited from a number of non-recurring items of approximately $47.4 million (after-tax), including transaction-related activity and valuation gains in Wealth & Capital Markets, together with valuation gains in Residential Aged Care, and a favourable claims result in Health Insurance as claims normalised which were not repeated in FY2026. The absence of these benefits adversely affected the year-on-year earnings comparison.

Improved financial flexibility and progression of strategic initiatives

Notwithstanding the challenging operating environment during FY2026, the Group made significant strategic progress in simplifying its portfolio, strengthening its balance sheet and positioning the organisation for improved performance over the long-term.

Balance sheet strengthened

During FY2026, the balance sheet and liquidity position was strengthened by the following:

- **Strengthening capital and funding position:** Australian Unity issued approximately $209.8 million of Mutual Capital Instruments, supporting the acquisition of Plena Healthcare, reducing drawn bank debt and strengthening the Group’s capital position. In addition, following balance date, Australian Unity completed a $200 million private placement of medium-term notes, substantially pre-funding the Group’s next material debt maturity and resulting in no material refinancing requirements until FY2029.

- **Simplified the portfolio:** The transfer of the banking business to Bank Australia released approximately $94.5 million of capital and simplified the Group’s structure. The Group also continued broader portfolio simplification activities during the year, including actions to rationalise non-core assets, streamline operations and improve capital allocation discipline across the portfolio.

Strategic initiatives progress

Key strategic initiatives completed during FY2026 included:

- **Expanded Home Health services and capabilities:** The acquisition of Plena Healthcare added approximately 800 clinicians to the Home Health network and broadened the allied health offering across residential aged care, community health and home-based care.

- **Aligned capital allocation within Wealth & Capital Markets:** Wealth & Capital Markets continued to align capital and management focus to businesses with stronger long-term growth prospects, including healthcare property, specialist disability accommodation, retirement communities and investment bonds. Portfolio simplification initiatives also continued during the year, including actions to divest selected non-core assets.

- **Improved efficiency**: A comprehensive review of the portfolio, operating models and cost base progressed, with initiatives implemented to simplify operations and reduce costs, while maintaining and enhancing customer outcomes and service quality.

These initiatives have strengthened the Group’s capital position and financial flexibility, simplified the portfolio and improved operational focus.

A stronger foundation for future growth

While there is significant work ahead, Australian Unity has a trusted brand and a diversified portfolio aligned with attractive long-term growth markets. The actions undertaken in FY2026 have established a stronger platform for sustainable growth and supporting improved cash generation. Focus in FY2027 is on organisational simplification, operational excellence, improving cash profit, and delivering value for members and customers.

Platform performance

Performance insights from each of the four platforms are provided below.

Operating and financial review 2026 (continued)

Home Health

The Home Health platform provides a range of in-home health services designed to meet the ongoing needs of our customers to support them to live independently and to age well at home.

Financial performance

	Year to 30 June 2026 $million	Year to 30 June 2025 $million	Variance $million
Total segment revenue	**1,059.0**	954.1	104.9
Operating expenses	**(1,001.7)**	(898.3)	(103.4)
Adjusted EBITDA	**57.3**	55.8	1.5

Home Health experienced a challenging year as implementation of the Aged Care Act 2024 and delays to the Government's Support at Home program created significant sector disruption. Delayed and unpredictable package releases, interim funding arrangements and changes to customer co-contribution settings affected customer growth, service volumes and workforce utilisation, despite continued demand for in-home care.

The lower than expected post-reform earnings run-rate was driven by transitional policy impacts, including pricing reform, reduced care management fees, and interim funding arrangements for new customers that resulted in lower average hours of care. These changes occurred at a time when the effort required to support and transition customers increased materially, while service volatility and changing customer behaviours placed further pressure on workforce utilisation.

During the year, Home Health onboarded customers from providers exiting the home care market, helping to maintain continuity of care as the sector consolidated. This reinforces the importance of scale, operational capability and financial resilience for providers seeking to operate sustainably under the new policy settings.

The revenue increase was primarily due to the acquisition of Plena Healthcare (contributed $65.9 million during the period). However, workforce and operational readiness investments made ahead of anticipated growth, together with lower service volumes and ongoing transformation and integration activities, largely offset this growth.

Adjusted EBITDA increased modestly compared to the prior corresponding period and included $36.8 million of transformation and integration expenditure (30 June 2025: $47.1 million). This included Plena Healthcare integration costs and ongoing operating model and technology transformation activities. While expenditure was lower than the prior corresponding period, program delivery remained more complex than anticipated and the realisation of associated benefits has been slower than expected. Notwithstanding these challenges, transformation and integration activities progressed during the year, establishing foundations for future growth, operational efficiency and service delivery improvements.

Despite the challenging operating environment, customer outcomes remained strong. The number of customers receiving Support at Home funding increased by 7.0 per cent during the year and the platform achieved a Net Promoter Score of +37[2], reflecting the continued commitment of employees and clinicians to delivering high-quality care.

Insurances

The Insurances platform brings together Australian Unity's private health insurance (PHI) business and the distribution of general insurance products.

Financial performance

	Year to 30 June 2026 $million	Year to 30 June 2025 $million	Variance $million
Total segment revenue	**723.5**	712.9	10.6
Operating expenses	**(681.4)**	(662.6)	(18.8)
Adjusted EBITDA *	**42.1**	50.3	(8.2)

* Including $1.1 million from the distribution of general insurance products (30 June 2025: $1.8 million).

Operating and financial review 2026 (continued)
Insurances (continued)

The Insurances platform operated in a challenging PHI environment during FY2026. Revenue increased modestly during the year, supported by premium increases, while Adjusted EBITDA declined as claims growth exceeded premium indexation. This reflects both regulatory settings and a focus on maintaining affordability for members.

Gross underwriting profit in FY2026 was lower than the prior year. This outcome reflects continued efforts to improve competitiveness and deliver value for members, with profitability becoming more closely aligned to broader industry levels. The prior year also benefited from favourable claims experience as claims patterns continued to normalise following the COVID-19 period.

Compared with the prior corresponding period, operating expenses increased. This primarily reflected increased claim costs resulting from higher hospital claims costs, driven by provider cost escalation and increased utilisation, together with a return to more normalised claims experience.

In a highly competitive market, PHI policyholder numbers declined modestly to ~160,000, contributing to lower earnings and margins, while the Company maintained a disciplined approach to premium pricing and customer acquisition.

In response to these market dynamics, the business continued to invest in initiatives designed to strengthen long term competitiveness and growth, including the development of a new product suite for the over 50's market and a greater focus on direct acquisition channels to improve customer economics and reduce reliance on aggregators.

Member outcomes remained strong during the year, with Australian Unity named Roy Morgan Health Insurer of the Year (Retail) for the third consecutive year, in addition to maintaining a strong underlying Net Promotor Score of +47[3], underlining its strong customer proposition and consistently high member satisfaction.

Residential Aged Care
The Residential Aged Care platform owns, operates and develops aged care facilities, delivering comprehensive 24/7 care and accommodation services across 12 facilities in New South Wales, Victoria and Queensland.

Financial performance

	Year to 30 June 2026 $million	Year to 30 June 2025 $million	Variance $million
Total segment revenue	**246.7**	253.3	(6.6)
Operating expenses	**(213.8)**	(198.5)	(15.3)
Adjusted EBITDA	**32.9**	54.8	(21.9)

Residential Aged Care revenue declined slightly compared to the previous corresponding period, primarily due to the absence of $18.3 million in non-recurring valuation gains recognised in FY2025, largely relating to The Alba expansion.

Excluding these non-recurring valuation gains, underlying revenue increased by $11.7 million, supported by strong occupancy, government funding indexation and expansion of residential aged care beds at The Alba.

Operating expenses increased by $15.3 million, primarily due to Fair Work Commission wage increases and broader labour cost inflation, which were not fully offset by government funding and associated indexation.

Despite these industry wide challenges, the platform delivered strong operational outcomes, with average occupancy across the platform's mature homes reaching 96.3 percent at 30 June 2026[4], exceeding the sector average of 95.2 percent[5]. The platform remained focused on optimising occupancy, resident experience and maintaining strong care quality and compliance outcomes through a period of significant sector reform.

At 30 June 2026, the platform supported 1,194 residents across the 12 aged care facilities through a workforce of 2,134. The platform achieved a Net Promoter Score of +42 in FY2026, up from +36 in FY2025.[6]

Operating and financial review 2026 (continued)
Wealth & Capital Markets (W&CM)
The W&CM platform comprises investment funds, investment bonds, retirement communities, social infrastructure and trustees businesses.

Financial performance

	Year to 30 June 2026 $million	Year to 30 June 2025 $million	Variance $million
Total segment revenue	**186.2**	250.4	(64.2)
Other income	**-**	5.0	(5.0)
Operating expenses	**(184.7)**	(188.5)	3.8
Adjusted EBITDA	**1.5**	66.9	(65.4)

Wealth & Capital Markets revenue declined compared with the prior corresponding period, reflecting lower management fee income in the investment funds business driven by portfolio simplification through divestments, investor outflows and adverse market conditions. Revenue was also impacted by a valuation adjustment recognised within the Herston Quarter development business as updated assumptions saw the write down of asset values on the balance sheet, coupled with lower than expected development margins from future stages driven by prevailing market conditions. These impacts were partly offset by stronger Retirement Communities operating performance, supported by higher resale settlement activity, together with revenue growth in Investment Bonds business and Trustee Services.

In addition, FY2025 benefited from a number of non-recurring items of approximately $38.9m, including higher valuation gains recognised within the Retirement Communities portfolio following the adoption of a new valuation methodology, together with valuation gains recognised within the Herston Quarter development portfolio and the divestment of management rights in Altius Asset Management.

Operating expenses decreased, reflecting lower rebates and investment management fees consistent with lower funds under management, administration and advice. These reductions were partly offset by higher refurbishment expenditure across the Retirement Communities portfolio and increased operating costs within Investment Bonds business associated with continuing integration of the IOOF portfolio and ongoing technology investment.

The Retirement Communities portfolio continued to perform strongly, delivering 187 resale settlements during the year compared with 157 in FY2025, while occupancy remained robust at 93.4% across the portfolio.

Funds under management, administration and advice (FUMAA)

	Year to 30 June 2026 $million	Year to 30 June 2025 $million	Variance %
Investment funds	**2,850.0**	4,259.0	(33.1)
Social infrastructure	**3,693.2**	3,902.4	(5.4)
Investment bonds	**4,165.8**	4,050.8	2.8
Trustees	**717.2**	795.3	(9.8)
TOTAL FUMAA	**11,426.2**	13,007.5	(12.2)

FUMAA decreased during the half principally reflecting portfolio simplification initiatives together with investor outflows and adverse market conditions within investment funds. These factors were partially offset by moderate net growth in Investment Bonds, consistent with the platform's strategic focus on expanding its core growth businesses.

[1] In assessing the performance of its operating business segments, the Group uses a measure of adjusted earnings before interest, tax, depreciation and amortisation (Adjusted EBITDA). As the name indicates, this measure excludes the effects of tax, depreciation and amortisation, interest on external borrowings and investment income. It also excludes the impact of discontinued operations, Group overheads and other material non-recurring revenue and expenditure. A reconciliation between Adjusted EBITDA and profit/(loss) before income tax from continuing operations is set out in Note 1(c) to the consolidated financial statements. For the purposes of the financial performance in the Operating and Financial Review, the Group Adjusted EBITDA is the sum of the platform Adjusted EBITDA plus the Corporate Functions.

Operating and financial review 2026 (continued)
Wealth & Capital Markets (W&CM) (continued)

[2] Net Promoter Score represents all service lines as at June 2026.

[3] Reflects FY2026 full year actual Net Promoter Score across Health Insurance.

[4] Meaning residential aged care homes trading at stabilised occupancy, excluding opened or materially expanded/refurbished in the preceding 24 months.

[5] StewartBrown Aged Care Financial Performance Survey Analysis Report (March 2026).

[6] Net Promoter Score represents average across the relevant financial year.

Our material risks

Australian Unity recognises that effective enterprise risk management, supported by a clear risk appetite statement and a positive risk culture, is central to the Group's resilience, performance and long-term success for its customers and members.

We apply a ‘three lines of accountability’ model across the Group. This includes regularly reviewing risk profiles, clarifying risk and control accountabilities, and encouraging open and timely incident reporting. Together, these practices support strategic delivery in a dynamic risk environment.

The Group's material risks and key responses are summarised below.

Risk	Risk description	What we do to respond
Cyber security threats	Our operations rely on technology and the handling of personal and sensitive data of our customers and members. Increasingly frequent and sophisticated cyber threats may affect data security and service continuity.	• Strengthen cyber controls, monitor threats and maintain detection and response capability. • Maintain oversight of our third party vendors. • Continue to review and upgrade our technology as part of our transformation agenda. • Educate our people on cyber safety and secure practices.
Data and privacy requirements	We are required to collect and manage personal information as part of the services and products we offer. Keeping data secure and protecting privacy is critical to maintaining trust and meeting regulatory obligations.	•Manage personal information under our Privacy Policy and Australian privacy law. • Provide annual staff training and manage information under our Records Retention Policy and data destruction plans.
Providing quality clinical and care services	Poor outcomes in high-trust health and aged care services for our customers may lead to serious harm, regulatory action and reputational damage.	• Design services to meet high safety and quality standards. • Use our Clinical and Care Governance Framework, audits and care plans to manage clinical risk, guide continuous improvement and meet regulatory requirements. • Maintain a high quality and well trained clinical and care workforce.
Regulatory complexity and change	Complex and evolving regulation across the sectors we operate in may affect business activity, require changes to models, products, services or resourcing, and create compliance, enforcement and reputational risks.	• Monitor regulatory change, participate in industry bodies and maintain open and transparent regulator relationships under our Regulatory Engagement Policy. • Assess impacts, update systems and processes, monitor key controls, and report, investigate and remediate incidents and breaches promptly.

Our material risks (continued)

Risk	Risk description	What we do to respond
Financial risks	Financial underperformance may reduce resilience, constrain liquidity, affect debt servicing and limit investment in strategic initiatives.	• Monitor forecasting, strategic plan execution, funding and liquidity. • Maintain prudent capital buffers, scenario planning, access to capital (including the issuance of MCIs) and external debt markets, and robust APRA capital adequacy processes.
Deteriorating external economic conditions	Market volatility, inflation, lower real wages, rising unemployment and household debt may reduce demand and increase operating and financing costs, or impact our investment returns.	• Use budgeting, forecasting and stress testing to manage financial impacts. • Review pricing to support product and service sustainability. • Monitor market conditions and review our investment portfolio strategies.
Changes to government policy	Many of our businesses rely on government funding. Adverse or unexpected policy change, or political uncertainty, may affect viability and profitability.	• Maintain proactive relationships with government and regulators. • Monitor regulatory developments and engage in industry forums.
Availability of a skilled and experienced workforce	Workforce shortages, particularly in care roles, may affect service quality, growth and financial performance, and are influenced by competition for talent, sector dynamics and funding models.	• Offer a strong employee value proposition and supportive workplace. • Invest in leadership, skills development and recruitment capability.
Workplace injuries or conditions	Physical and mental health risks particularly in care work and varied operating environments may lead to workplace injuries and affect customer service, employee retention and costs.	• Promote safe work and employee wellbeing through frameworks, policies, procedures and tools. • Provide training, supervision and support for injury prevention and recovery.
Convergence of major change	Concurrent major change projects, including operating model changes, acquisitions and technology rollouts, may affect benefit realisation and organisational resilience if not managed well.	• Manage transformation through dedicated projects, executive oversight and financial discipline. • Monitor employee wellbeing, customer service, complaints and incidents during change.
Adapting products, services and technology	Keeping pace with customer and member expectations and digital trends is critical to maintaining relevance and competitiveness.	• Invest in customer insights, digital capability, innovation and service improvement.
Reliance on third parties	External service providers may not meet expected performance standards or align sufficiently with our purpose.	• Conduct due diligence and monitor performance under our Vendor Management Framework. • Use technology to manage third-party risks effectively.
Exposure to external events	Geopolitical instability, natural disasters, extreme weather events, pandemics or other significant external events may disrupt operations, affect asset values and impede strategy execution.	• Assess external risks through planning and scenario analysis. • Maintain financial resilience, advocate for sustainable sector policies, and test business resilience and crisis plans.

Matters subsequent to the end of the financial year
MCI dividend
On 26 August 2026, the board has determined a final fully franked dividend of $2.5068 per Australian Unity Mutual Capital Instrument (MCI) to be paid on 15 October 2026.

Matters subsequent to the end of the financial year (continued)
Notes issuance
On 9 July 2026, Australian Unity issued $200 million (maturing 9 July 2031) of Notes under its Australian Dollar Note Issuance Programme. A portion of the proceeds of the issuance were used to buy back $51.5 million of Series D Bonds on 10 July 2026.

The board is not aware of any other matter or circumstance arising since 30 June 2026 which has significantly affected or may significantly affect the financial status or results of the Group and which has not been separately disclosed in this report.

Likely developments and expected results of operations
The board is not aware of any developments which may affect the Group's operations and expected results of operations which can be disclosed without prejudicing unreasonably their likelihood of success or violating commercial confidences.

Many of the Group’s businesses operate in regulated markets where Government policy, funding and legislative settings influence industry outcomes alongside normal competitive market dynamics. As a result, business performance can be affected by regulatory and policy decisions as well as by traditional factors such as customer demand, pricing and operational execution.

The Group is subject to a variety of market risks, particularly financial markets and property markets. Note 27 contains an explanation of the Group's approach to market risk management.

Climate-related disclosures
AASB S2 Climate-related Disclosures, issued under the Australian Sustainability Reporting Standards (ASRS), is effective for the Group for the year ended 30 June 2026. Climate-related disclosures have been prepared in accordance with AASB S2 and are presented in a dedicated Sustainability Report accompanying this annual financial report.

Property operations within the Residential Aged Care business, as well as investment syndicates and trusts for which a controlled entity acts as Responsible Entity or Manager, are subject to environmental regulations under Australian law. There have been no known reportable breaches of these regulations during the year.

Information on directors

LISA CHUNG AM LLB, FIML, FAICD
Chair
Ms Chung was appointed to the board of Australian Unity Limited on 30 June 2017 and appointed Chair on 26 October 2022. She is a director of a number of Australian Unity Limited subsidiaries and a member of the Audit Committee, Investment Committee, People, Culture & Remuneration Committee and Risk & Compliance Committee. Ms Chung is currently chair of The Front Project and Artspace/Visual Arts Centre, a director of Sydney Community Foundation and the Committee for Sydney Limited, a governance board member of PwC Australia and a trustee of the Art Gallery of NSW Foundation. Prior to this, Ms Chung was a partner specialising in commercial property and infrastructure at Maddocks Lawyers and at Blake Dawson (now Ashurst Perkins Coie) where she also held various senior management roles and was an elected member of the firm’s board. Ms Chung completed the Advanced Management Program at INSEAD in France in 2004. She was previously chairman of The Benevolent Society and Urbis and a non-executive director of APN Outdoor Limited, AVJennings Limited and Warren and Mahoney Limited. Ms Chung has not held any directorships of listed entities in addition to those set out above during the last three years.

MELINDA CILENTO BA, BEc (Hons), MEc, GAICD
Deputy Chair
Ms Cilento was appointed to the board of Australian Unity Limited on 1 May 2014 and appointed Deputy Chair on 26 October 2022. She is a director of a number of Australian Unity Limited subsidiaries, Chair of the People, Culture & Remuneration Committee and a member of the Investment Committee and Risk & Compliance Committee. Ms Cilento was appointed Chair Federal Government’s Expert Advisory Council on University Governance in January 2025. She was co-chair of Reconciliation Australia until November 2024 and until 1 May 2019 was a director of Woodside Petroleum. In addition to her directorships, Ms Cilento is the CEO of the Committee for Economic Development of Australia. She is a member of the Federal Government's Economic Inclusion Advisory Committee, and the Ministerial Advisory Committee on Skilled Migration. She has previously been a commissioner with the Productivity Commission and worked for eight years with Australia’s leading CEOs at the Business Council of Australia, including four years as deputy chief executive. Prior to joining the Business Council of Australia, Ms Cilento was Head of Economics at Invesco Australia. Ms Cilento has also worked with the Federal Treasury and International Monetary Fund in Washington DC. She was a director of Wesfarmers General Insurance until June 2014. Ms Cilento has not held any directorships of listed entities in addition to those set out above during the last three years.

Information on directors (continued)

KELLY BAYER ROSMARIN BEng, MSc (MgmtSc & IndEng), FTSE
Group Managing Director & CEO
Ms Bayer Rosmarin was appointed Group Managing Director & Chief Executive Officer of Australian Unity Limited on 15 December 2025, she is member of several subsidiary boards and committees. Ms Bayer Rosmarin was previously the CEO of Optus, a Group Executive at Commonwealth Bank of Australia, a management consultant at Boston Consulting Group, and held various roles in enterprise software and at a venture-backed high-growth software start-up. She currently serves on the Board of the REA Group. She has previously served on many boards and advisory committees including Airtel Africa, Football Federation of Australia, the Australian Financial Markets Association, Australian Federal Government's Fintech Advisory, NSW Government's Digital Advisory, and University of NSW Engineering Faculty Advisory. Ms Bayer Rosmarin is a Stanford University Engineering graduate and was appointed as a Fellow to the Australian Academy of Technology, Science and Engineering (ATSE). She has also been named amongst the Top 25 Women in Asia Pacific Finance, the Top 10 Businesswomen in Australia, the 50 Most Powerful Women in Australian Business, Top 10 Global 5G Leaders, and Top 3 Tech CEOs in Australia 2021.

GORDON BALLANTYNE BSc(Hons)
Mr Ballantyne was appointed to the board of Australian Unity Limited on 28 August 2025. He is a member of the Audit Committee, Investment Committee and Risk & Compliance Committee. He has over 25 years' global executive experience in the health, telecommunications and technology sectors. Mr Ballantyne was a previous Chief Executive Officer and Managing Director of Healthscope Limited. Prior to this, he was the Group Executive and Group Managing Director of Telstra Corporation, Vice President UK and Ireland of Hewlett Packard, UK Director of T-Mobile and Founder and Managing Director of dell.com, in Europe. Mr Ballantyne is a graduate of the Oxford University Strategic Leadership Program and holds a Bachelor of Science with Honours in Electrical and Electronic Engineering. Mr Ballantyne has not held any directorships of listed entities in addition to those set out above during the last three years.

LUCINDA BROGDEN, AM, BCom, MOrgPsych, Hon.DBus, MAICD
Ms Brogden was appointed to the board of Australian Unity Limited effective from 8 September 2022. She is a member of the Audit Committee, and Risk & Compliance Committee. Ms Brogden served as a commissioner and chair of the National Mental Health Commission from 2014-2022. She is currently the chair of the Diabetes Research Foundation, a director of Sydney Community Foundation Good to Give, Corporate Mental Health Alliance Australia and the Deputy Chair of the National Film and Sound Archive. Ms Brogden is a founder and Patron of the Sydney Women's Fund. Ms Brogden is an Alumni Leader of the University of New South Wales Business School. Ms Brogden Chairs the Advisory Boards of Macquarie University's Lifespan Health & Wellbeing Centre and Smart Green Cities Research Centre. Ms Brogden has not held any other directorships of listed entities in addition to those set out above during the last three years.

KIM CHEATER BEc, FCA, FAICD
Kim Cheater was appointed to the board of Australian Unity Limited effective from 1 March 2024. He is a director of a number of Australian Unity Limited subsidiaries and Chair of the Risk & Compliance Committee and a member of the People, Culture & Remuneration Committee and the Audit Committee. Mr Cheater is an experienced non-executive director. He is currently a non-executive director of the RAA Group and ReturnToWorkSA and Chair of Alwyndor Aged Care. He is also a member of the Advisory Board for Sarah Group Holdings and the Independent Chair of the Audit, Risk & Investment Committee for Minda Inc. Mr Cheater is a Fellow of the Australian Institute of Company Directors and a Fellow of Chartered Accountants Australia and New Zealand. Mr Cheater was a partner at PwC for nearly 20 years and former managing partner of the Adelaide Office. He led the Governance, Risk and Cyber Security business of PwC in Adelaide as well as the Financial Services practice. Mr Cheater also led PwC's national Reconciliation Action Plan initiatives. He was appointed by the South Australian Governor as an Ambassador for Aboriginal Employment and recognised as a Distinguished Alumnus by Flinders University for his contribution to business and reconciliation. Mr Cheater has not held any other directorships of listed entities in addition to those set out above during the last three years.

Information on directors (continued)

Dr HELEN NOTT, BSc (Hons), PhD, FAICD
Dr Nott was appointed to the board of Australian Unity Limited effective from 8 September 2022. She is a director of a number of Australian Unity Limited subsidiaries, Chair of the Audit Committee and a member of the Risk & Compliance Committee. Dr Nott is currently a director of Commonwealth Games Australia Ltd and Australia Commonwealth Games Foundation (ACGF) Board, and a board member of the New Zealand Accident Compensation Corporation (ACC). She was previously a director of the QBE Australia Pacific portfolio of entities including QBE Insurance (Australia) Limited, QBE Lenders' Mortgage Insurance Limited and QBE Insurance (International) Pty Limited, vice president and director of Paralympics Australia Pty Ltd, a director of QBE Life (Australia) Limited and Healthdirect Australia. Dr Nott has extensive experience within the insurance industry, holding a number of senior roles with Insurance Australia Group and QBE Australia and New Zealand. Prior to this, Dr Nott held roles with Booz Allen Hamilton (now PwC Strategy&), PwC Corporate Finance and Recovery and with CSIRO Mathematics and Information Sciences (now Data 61). She specialises in supporting executives and boards with corporate operational strategy and financial governance. Dr Nott has not held any directorships of listed entities in addition to those set out above during the last three years.

ADJ PROFESSOR PATRICIA O'ROURKE, *BNursing, GAICD*
Adj Professor O'Rourke was appointed to the board of Australian Unity Limited on 28 August 2025. She is a director of a number of Australian Unity Limited subsidiaries and a member of the Risk & Compliance Committee and People, Culture & Remuneration Committee. Adj Professor O'Rourke was most recently Chief Executive Officer of St Vincent's Health Australia Private Hospitals Division and has more than 35 years' executive, senior management, operations and clinical experience in the public and private healthcare and medical research sectors. Adj Professor O'Rourke is a Non-Executive Director with Epiminder and was previously a Non-Executive Director with Garvan Institute of Medical Research, Victorian Endowment for Science Knowledge and Innovation (VESKI) and Monash Health. She was also previously an Executive Director of Aikenhead Centre for Medical Discovery (ACMD) and St Vincent's Institute of Medical Research (SVI). Adj Professor O'Rourke is a graduate of the Harvard Leadership Program. Adj Professor O'Rourke has not held any directorships of listed entities in addition to those set out above during the last three years.

JULIEN PLAYOUST, BSc (Arch), BArch (Hons), MBA, FAICD
Mr Playoust was appointed to the board of Australian Unity Limited on 1 February 2020. He is Chair of the Investment Committee and member of the Audit and Risk & Compliance Committees. He is a Director of AEH Group; Member of the Advisory Board and Chairman of the Investment Committee of The Nature Conservancy; Trustee of the Sir William Dobell Art Foundation and Chairman of the Investment Committee and; member of the Alumni Leaders Group of the UNSW Business School. Past appointments include: Non-Executive Director of ASX-listed Tatts Group Limited, MCM Entertainment Group Limited, and Australian Renewable Fuels Limited; Director of TimeOut Group Australia and Venutra Health; Trustee and Deputy Chair of the Art Gallery NSW Foundation and Chair of the Investment Committee; and Member of the UNSW Art & Advisory Board and the National Gallery of Australia Foundation Board. Mr Playoust is a Fellow of the Australian Institute of Company Directors. He holds a Master of Business Administration from UNSW (AGSM), Bachelor of Architecture (First Class Honours) and Bachelor of Science from Sydney University, and Company Director Course Diploma from the Australian Institute of Company Directors. Mr Playoust has not held any directorships of listed entities in addition to those set out above during the last three years.

ROHAN MEAD
Mr Rohan Mead was appointed as a Group Managing Director of Australian Unity Limited on 1 July 2004 and retired 15 December 2025.

Company secretaries
MELINDA HONIG, BEcon, LLB, GAICD, Group Executive - Governance, General Counsel, Company Secretary and Chief Risk Officer
Ms Honig joined Australian Unity in February 2016. In her role as Group Executive- Governance, Ms Honig is responsible for managing the Group's legal, compliance, risk, and secretariat function. She is also secretary for all Group subsidiary boards. Prior to joining Australian Unity, Ms Honig worked for GE for 15 years, five of those years with GE Capital in the role of general counsel, overseeing the provision of legal services to GE Capital's commercial finance, consumer finance and insurance businesses in Australia and New Zealand. Ms Honig brings to Australian Unity her executive experience in legal, compliance and company secretary functions and has worked abroad as Counsel for GE Indonesia, in operations which included transportation, energy and GE Capital. Prior to joining GE, Ms Honig was at KPMG for five years and undertook her legal training in tax at KPMG.

Company secretaries (continued)
CATHERINE VISENTIN, GIA (Affiliated), Assistant Company Secretary
Ms Visentin joined Australian Unity in 1988. She was appointed Assistant Company Secretary of various Australian Unity Group Companies in 2004. She has over 25 years of involvement with the Australian Unity Limited company secretarial function.

Meetings of directors
The numbers of meetings of the Company's board of directors and of each board committee held during the year ended 30 June 2026, and the number of meetings attended by each director were:

	Board		Audit Committee		Risk & Compliance Committee		Investment Committee		People, Culture & Remuneration Committee	
	A	B	A	B	A	B	A	B	A	B
Lisa Chung AM	11	11	5	5	5	5	2	3	4	4
Gordon Ballantyne	8	8	4	4	3	3	1	1		
Kelly Bayer Rosmarin	5	5	2	2	2	2	1	1	1	1
Lucinda Brogden AM	11	11	5	5	4	5			2	2
Kim Cheater	11	11	5	5	5	5			4	4
Melinda Cilento	11	11			5	5	3	3	4	4
Rohan Mead	6	6	3	3	3	3	2	3	3	3
Dr Helen Nott	11	11	5	5	5	5				
Adj Professor Patricia O'Rourke	8	8			3	3			2	2
Julien Playoust	11	11	5	5	5	5	3	3		

A = Number of meetings attended
B = Number of meetings held during the time the director held office or was a member of the committee during the year.

Leave of absence had been granted in all cases where the directors were unable to attend meetings.
Lisa Chung is Chair of the Company and is a member of all board committees.
Melinda Cilento is Deputy Chair and Chair of People, Culture & Remuneration Committee.
Dr Helen Nott is Chair of the Audit Committee.
Kim Cheater is Chair of the Risk & Compliance Committee.
Julian Playoust is Chair of the Investment Committee.
Rohan Mead retired with effect from 15 December 2025.
Kelly Bayer Rosmarin appointed GMD with effect from 15 December 2025.
Gordon Ballantyne and Patricia O'Rourke appointed directors with effect from 28 August 2025.
Gordon Ballantyne appointed member of Risk & Compliance, Investment and Audit Committees with effect from 28 August 2025.
Patricia O'Rourke appointed member of Risk & Compliance and People, Culture & Remuneration Committees with effect from 28 August 2025.
Kelly Bayer Rosmarin and Rohan Mead are not members of the Audit, Risk & Compliance or People, Culture & Remuneration Committees but attended (in whole or part) the meetings of each committee as indicated.

Remuneration report 2026

Dear Member,

On behalf of the board, outlined within is Australian Unity's Remuneration report for the financial year ended 30 June 2026.

FY2026 performance and compensation outcomes

The board remains committed to ensuring our remuneration framework supports Australian Unity's purpose, strategy and values, while promoting prudent risk management and sustainable long-term performance. We believe remuneration should be fair, market competitive, and clearly linked to the outcomes we deliver for our members, customers, and other stakeholders.

FY2026 was a challenging year for Australian Unity. The Group did not achieve both financial and non-financial outcomes necessary to support broad variable compensation funding. Consistent with the design of our remuneration framework, this outcome had a direct impact on remuneration decisions for the year.

Following careful consideration of the Group's overall performance against its financial and non-financial objectives, the board determined that no current year short-term variable compensation would be awarded to Executive Key Management Personnel. While this was a difficult decision, it reflects an important principle of our remuneration framework: reward outcomes must be aligned to organisational performance and financial sustainability.

The board approved targeted retention awards earlier in the year for a limited number of executives to sustain continuity during the transition of the Group Managing Director.

The People, Culture & Remuneration Committee (PC&R Committee) believes the remuneration outcomes disclosed in this report appropriately reflect the Group's performance during FY2026 and demonstrates our ongoing commitment to strong governance, accountability, and transparency.

Looking ahead

As the external environment, regulatory expectations and workforce needs continue to evolve, it is important that our performance and reward framework evolves as well.

During FY2027, the PC&R Committee will undertake a comprehensive review of Australian Unity's performance and reward framework. This review will consider whether our current arrangements continue to effectively support the behaviours, accountability and outcomes required to deliver our strategy, while maintaining a strong link between performance and reward.

Our objective is to ensure our framework remains clear, fair and fit for purpose, supports sustainable long-term performance, and enables Australian Unity to attract, retain and motivate our people and critical capabilities required for future success.

We recognise the dedication and resilience shown by our people throughout the year and thank them for their continued commitment to serving our members and customers.

Yours faithfully

Melinda Cilento
Chair - People, Culture & Remuneration Committee

Remuneration report 2026 (continued)

Section 1 - Key Management Personnel

This Remuneration Report outlines the compensation arrangements in place and outcomes achieved for Australian Unity's Key Management Personnel (KMP) during FY2026.

Australian Unity's KMP are those people who have responsibility for planning, directing, and controlling the activities of Australian Unity Limited and the Group, either collectively (in the case of the board) or as individuals acting under delegated authorities (in the case of the Group Managing Director and certain Group Executives).

References to 'senior executive' in this report means the Group Managing Director and all executives who report to the Group Managing Director. All KMP, other than non-executive directors, are senior executives.

The following table includes names and positions of the individuals who were KMP during FY2026.

Non-executive Directors	Position	Term
Lisa Chung AM	Chair	Full year
Melinda Cilento	Deputy Chair	Full year
Gordon Ballantyne[1]	Non-executive Director	Part year
Lucinda Brogden AM	Non-executive Director	Full year
Kim Cheater	Non-executive Director	Full year
Dr Helen Nott	Non-executive Director	Full year
Adj. Professor Patricia O'Rourke[2]	Non-executive Director	Part year
Julien Playoust	Non-executive Director	Full year

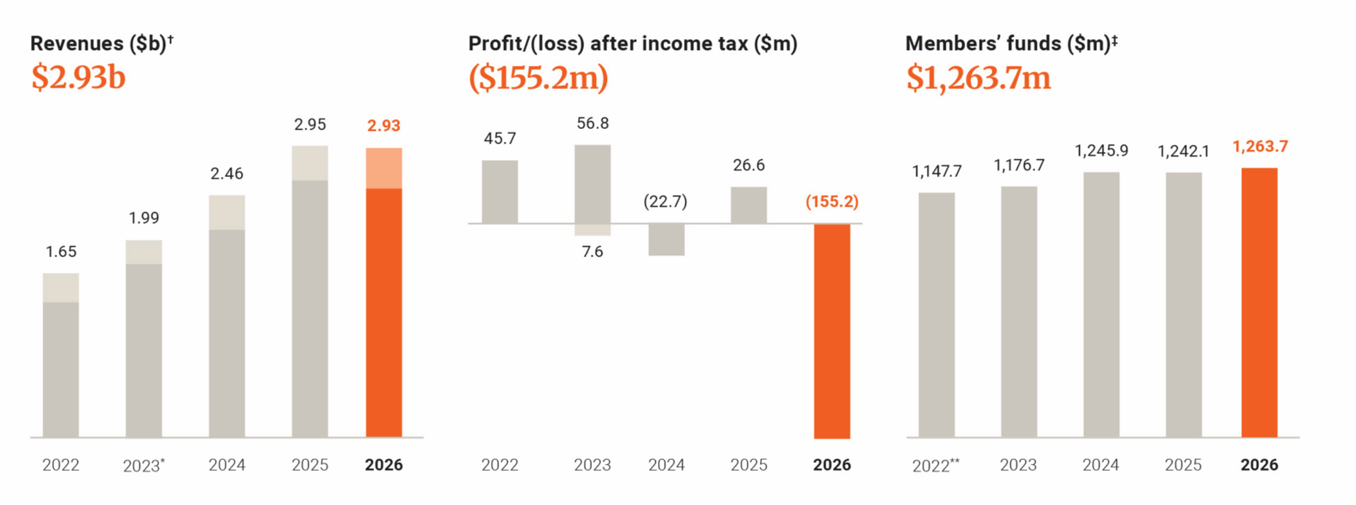
Key Management Personnel	Position	Term
Kelly Bayer Rosmarin[3]	Group Managing Director & CEO	Part year
Rohan Mead[4]	Group Managing Director & CEO	Part year
Prudence Bowden	Group Executive - Home Health	Full year
Rebecca Harwood	Group Executive - Health Insurance	Full year
Melinda Honig	Group Executive - Governance, General Counsel, Company Secretary and Chief Risk Officer	Full year
Esther Kerr[5]	Group Executive - Wealth & Capital Markets	Part year
Darren Mann	Group Executive - Finance & Strategy	Full year
Adam Vise[6]	Acting CEO - Wealth & Capital Markets	Part year

1. Gordon Ballantyne appointed as Non-executive Director on 28 August 2025
2. Adj. Professor Patricia O'Rourke appointed as Non-executive Director on 28 August 2025
3. Kelly Bayer Rosmarin appointed as Group Managing Director & CEO on 15 December 2025
4. Rohan Mead retired on 15 December 2025
5. Esther Kerr ceased employment as Group Executive - Wealth & Capital Markets on 29 August 2025
6. Adam Vise appointed as Acting CEO - Wealth & Capital Markets on 1 September 2025

Remuneration report 2026 (continued)

Section 2 - Five year Performance

The graphic below outlines Australian Unity's performance over the last five years against key metrics.



† Revenues: the bottom section of the bar chart comprises of revenue attributable to members of $2,244.0 million (2025: $2,210.5 million) and revenue from benefit funds of $276.4 million (2025: $391.9 million) and the top section of the bar chart comprises of premiums recognised as a change in contract liabilities of $408.1 million (2025: $345.3 million). These premiums are recorded as movements in benefit fund policy liabilities in the balance sheet and not through the statement of comprehensive income.
‡ Members' funds: net assets of the Group attributable to members.
* 2023 has been restated in accordance with the implementation requirements of AASB 17 Insurance Contracts to be on the same basis as 2024. This has resulted in 2023 profit after income tax reducing to $7.6 million on a restated basis rather than $56.8 million as reported in 2023. The movement was mainly an increased adjustment to opening 2023 retained earnings.
** 2022 Members' funds as reported in 2022.

Remuneration report 2026 (continued)

Section 2 - Compensation Framework Overview

2.1 Guiding Principles

Our senior executive compensation framework is designed to:

Align with member and customer value creation

Attract, motivate, and retain senior executive talent as a key component of our broader employee value proposition

Focus on the achievement of a balance of financial and non-financial outcomes aligned to our strategic direction

Support prudent risk management and conduct

2.2 Compensation Structure

Our senior executive compensation structure comprises both fixed and variable components, including short and long term variable compensation. The structure seeks to ensure a balance between individual compensation and the long-term sustainability of the Group while also supporting applicable regulatory expectations.

Australian Unity also makes available certain other non-monetary benefits through salary packaging, wellbeing, and community related benefits. All benefits are structured in accordance with the appropriate legislation, including taxation legislation. Details of any such benefits to KMP during the year under review are set out in section 4.2.

The following sections 2.3 to 2.5 set out additional information related to fixed and variable compensation.

2.3 Fixed Compensation

The following table outlines details relating to senior executive fixed compensation.

Feature	Description
Purpose	• Provides market competitive compensation to attract and retain talent while reflecting role scope and accountabilities.
What	• Comprised of base salary and benefits including superannuation. • Paid regularly during performance year.
How	• Set on commencement in role at a market competitive level for role scope, accountabilities and individual experience. • Reviewed annually.

Remuneration report 2026 (continued)

2.4 Short Term Variable Compensation Key Features

The following table outlines key features of the 2026 financial year short term variable compensation award (referred to as the Senior Leader Variable Compensation Program) for senior executives.

Feature	Description
Purpose	• Recognise achievement of a balance of financial and non-financial performance goals on an annual basis.
Participants	• Group Managing Director and Senior Executives.
Percentage Opportunity	• In the year under review, Senior Executive opportunity ranged from 56.5% to 75.0% of fixed compensation consistent with individual contracts of employment.
Performance Assessment	• Assessment of achievement of individual performance goals and given a rating of either 'not delivering', 'delivering', 'exceeding' or 'inspiring'.
Values Assessment	• Assessment of demonstration of behaviours aligned to Australian Unity's values.
Risk and Conduct Assessment	• Assessment of whether individual has 'met expectations,' 'partially met expectations' or 'not met expectations' of the risk and conduct requirements for their role. • A risk assessment outcome less than 'met expectations' may result in variable compensation being reduced to zero.
Funding	• Each year the board determines available short-term variable compensation funding for the financial year based on Group performance assessed equally on financial and non-financial indicators of performance set annually by the board. • Performance indicators are not formulaic in determination of Group performance and short-term variable compensation funding but inform the judgement of the board. • Financial affordability checks apply to ensure minimum financial performance requirements are met prior to any funding being made available to ensure Australian Unity's long term financial soundness and consistent with attainment of risk appetite.
Calculation of Outcome	• Fixed Compensation X Percentage Opportunity X Individual Performance Multiple X Group Performance Multiple.
Deferral	• Short-term variable compensation deferral takes into consideration any long-term variable compensation awarded ensuring the total amount of variable compensation deferred meets applicable regulatory requirements.
Cessation of Employment	• In general, unless otherwise determined by the board, a senior executive who ceases employment due to: - Resignation or termination of employment for cause by Australian Unity, will forfeit eligibility to short-term variable compensation for the current financial year and forfeit any deferred variable compensation amounts from prior years. - Redundancy or retirement will remain eligible to receive short-term variable compensation for the current financial year. Any deferred variable compensation amounts from prior years, that have not yet met the applicable deferral end date will remain payable subject to those existing restrictions (including deferral dates timings).

Remuneration report 2026 (continued)

2.5 Long Term Variable Compensation Key Features

The following table outlines key features of the 2026 financial year long term variable compensation award for senior executives.

Feature	**Description**
Purpose	• Drives collective focus on achievement of long-term strategic objectives aligned with member and customer value creation.
Participants	• Group Managing Director and Senior Executives, as determined at each grant by the board.
Opportunity	• A Senior Executive's long-term variable compensation quantum is determined at the discretion of the board on an annual basis and does not form part of individual contractual arrangements.
Instrument	• Rights to Mutual Capital Instruments (Rights to MCIs) which convert to Mutual Capital Instruments (unless determined otherwise by the board) upon satisfaction of the Vesting Conditions at the Vesting Date.
Vesting Period	• The Vesting Date is four years from the date the grant of the Right to an MCI as approved by the board (or such other period prescribed by law or regulatory authority).
Vesting Conditions	• Unless otherwise determined by the board at its discretion or forfeited in accordance with the terms and conditions of the program, a Right to an MCI will vest and convert into an MCI subject to the continued employment (or following redundancy or retirement) of the senior executive at the vesting date.
Dividend Entitlement	• Rights to MCIs do not carry any rights to receive dividends prior to the vesting date. • Unless otherwise determined by the board, on the vesting date, the participant will be entitled to receive a cash payment of an amount equivalent to the dividends paid during the vesting period based on the number of MCIs that vest. • The Dividend Equivalent Payment (DEP) will be calculated by reference to the actual dividends paid on MCIs from the date of the issue of the relevant Right to MCIs to the vesting date.
Cessation of Employment	• In general, unless otherwise determined by the board, a senior executive who ceases employment due to: - Termination of employment for cause by Australian Unity, will forfeit eligibility to any Rights to MCIs and any DEP that have not met relevant vesting conditions. - Voluntary resignation, redundancy or retirement will remain eligible to receive Rights to MCIs and any DEP that have not met relevant Vesting Conditions subject to the terms and conditions of the Program (including Vesting Dates, and clawback / malus provisions).

Remuneration report 2026 (continued)

Section 3 – Compensation Governance and Risk

3.1 Governance

The Australian Unity board is responsible for our compensation framework and its effective application. The board is also responsible for making decisions on the compensation of senior executives and does so with the assistance and advice of the People, Culture & Remuneration Committee (PC&R Committee).

The PC&R Committee is a committee of the board of Australian Unity Limited and oversees the performance management framework and overall compensation arrangements for Australian Unity in accordance with the Australian Unity Remuneration Policy and the PC&R Committee Charter which sets out the committee's responsibilities and processes.

3.2 External Advisors

The PC&R Committee may obtain independent advice from time to time regarding the appropriateness of remuneration practices of the Group.

During FY2026, an independent remuneration consultant was engaged to benchmark senior executive compensation arrangements to assess if they remain competitive to attract, motivate, and retain senior executive talent as a key component of our broader employee value proposition.

Additionally, Mercer were engaged to review the appropriateness of KMPs' FY2026 remuneration, and their supporting letter is attached to this report.

While the PC&R Committee obtained this independent advice from remuneration consultants during FY2026, no remuneration recommendations (as defined in the *Corporations Act 2001*) were provided.

3.3 Compensation and Risk

We seek to implement and govern effective compensation practices that compensate performance in a manner that is appropriate and consistent with member, customer, and regulatory expectations, including the requirements under Australian Prudential Regulation Authority (APRA) Prudential Standard CPS 511 Remuneration and the Financial Accountability Regime (FAR).

We manage risks associated with delivering, assessing, and rewarding short-term and long-term performance by:

- Allowing the board to adjust variable compensation outcomes downwards, to zero if appropriate, if such adjustments are necessary to protect the financial soundness of Australian Unity, to respond to significant unexpected or unintended consequences that were not foreseen, or in response to instances of systemic risk and conduct failures leading to reputational or financial damage.
- The PC&R Committee meeting jointly with the Risk & Compliance Committee at least once per calendar year to discuss risk and compliance matters including, but not limited to, risk culture, consequence management issues, and effective management of financial and non-financial risks that could materially impact Australian Unity's risk profile, performance, and long-term soundness. The board will make appropriate adjustment to variable compensation outcomes commensurate with the management of those risks.
- Ensuring that all senior executives have a stand-alone risk and conduct assessment included in their overall performance assessment (referred to as Risk and Conduct Gateway). Assessment indicates whether the individual has 'met expectations,' 'partially met expectations' or 'not met expectations' of the risk and conduct requirements for their role. A risk assessment outcome less than 'met expectations' results in variable compensation being reduced (including to zero).
- The deferral of an appropriate portion of the variable compensation of individuals with senior executive responsibility for functions which may affect the financial soundness or reputation of the Group (including those prescribed under FAR) and individuals who may receive a significant proportion of total compensation as variable compensation.
- Allowing the board to reduce (including to zero) deferred variable compensation amounts not yet paid (malus) or recover variable compensation amounts already paid (clawback) subject to applicable legal limitations.

Remuneration report 2026 (continued)

Section 4 –2026 Executive KMP Compensation

4.1 Short-term variable compensation outcomes

The following table shows details of 2026 short-term variable compensation awarded, payable and deferred.

Name	Variable compensation opportunity $	2026 Actual			
		Actual as a percent of opportunity %	Total $	Payable $	Deferred[1] $
Executive director					
Kelly Bayer Rosmarin (appointed on 15 December 2025)[2]	622,107	-%	-	-	-
Other executive KMP					
Prudence Bowden	535,850	-%	-	-	-
Rebecca Harwood	409,500	-%	-	-	-
Melinda Honig	413,015	-%	-	-	-
Darren Mann	520,100	-%	-	-	-
Adam Vise[2]	230,712	-%	-	-	-

[1] Maximum payable subject to ongoing performance.
[2] The variable compensation disclosed for Ms Bayer Rosmarin and Mr Vise is that portion that relates to their activities since being appointed a KMP.

Remuneration report 2026 (continued)

4.2 Senior executive statutory compensation disclosures for the year ended 30 June 2026

		Fixed			Variable					
Name	**Year**	**Cash Salary**[1]	**Non-monetary benefits**[1,4]	**Superannuation contributions**[2]	**Cash payable (current year)**[1]	**Cash payable (prior years deferred)**[3]	**Rights to deferred MCI**[5]	**Termination benefits**	**Total statutory compensation**	**Increase/ (decrease) In Long service leave provision**[3]
		$	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Executive director										
Kelly Bayer Rosmarin (appointed 15 December 2025)[6]	**2026**	**791,538**	-	**15,000**	-	-	-	-	**806,538**	**1,307**
Other executive KMP										
Prudence Bowden	**2026**	**730,712**	**-**	**30,000**	**-**	**-**	**213,661**	**-**	**974,373**	**9,909**
	2025	696,542	-	29,932	494,500	84,760	174,236	-	1,479,970	18,837
Rebecca Harwood	**2026**	**542,152**	**1,000**	**30,000**	**-**	**-**	**146,569**	**-**	**719,721**	**18,048**
	2025	500,205	1,000	29,932	317,000	-	99,841	-	947,978	14,193
Melinda Honig	**2026**	**696,354**	**-**	**30,000**	**-**	**-**	**208,576**	**-**	**934,930**	**9,477**
	2025	671,321	-	29,932	340,747	84,521	173,253	-	1,299,774	15,731
Darren Mann	**2026**	**708,290**	**-**	**30,000**	**-**	**-**	**204,437**	**-**	**942,727**	**9,547**
	2025	674,952	-	29,932	399,717	93,500	168,091	-	1,366,192	23,259
Adam Vise (appointed 1 September 2025)[6]	**2026**	**460,385**	**808**	**22,500**	**-**	**-**	**92,575**	**-**	**576,268**	**20,457**
Executive KMP whose employment ceased in 2026										
Esther Kerr (ceased 29 August 2025)	**2026**	**136,763**	**1,154**	**13,794**	-	-	**712,974**	**963,183**	**1,827,868**	**(87,069)**
	2025	776,554	1,000	29,932	440,100	116,435	217,208	-	1,581,229	16,453
Rohan Mead (retired 15 December 2025)	**2026**	**624,480**	**500**	**15,000**	-	-	**2,256,281**	**648,674**	**3,544,935**	**(404,926)**
	2025	1,329,054	1,000	29,932	870,600	215,739	634,954	1,320,969	4,402,248	36,717
Total	**2026**	**4,690,674**	**3,462**	**186,294**	**-**	**-**	**3,835,073**	**1,611,857**	**10,327,360**	**(423,250)**
	2025	4,648,628	3,000	179,592	2,862,664	594,955	1,467,583	1,320,969	11,077,391	125,190

1. Short-terms benefits.
2. Post-employment benefits.
3. Long-term benefits.
4. Non-monetary benefits refers to salary packaged benefits such as motor vehicles, and some health insurance and car parking deductions.
5. Rights to deferred MCI granted under the executive long-term variable compensation scheme are expensed over the performance period, which includes the year to which the grant relates and the subsequent vesting period of the rights.
6. The compensation disclosed for Ms Bayer Rosmarin and Mr Vise is the portion that relates to their activities since being appointed a KMP.

From time to time KMP or their close family members may purchase or subscribe to the various products or securities offered by the Group. These transactions are on the same terms and conditions as those applying to other Group employees or customers and are trivial or domestic in nature.

Remuneration report 2026 (continued)

4.3 Performance related compensation statutory table

The table below provides an analysis of the non-performance related fixed compensation and performance related variable compensation components of the compensation mix of executive KMP as detailed in the statutory compensation table at section 4.2.

Name	Year	Fixed compensation	Performance related compensation			
			Cash short-term variable	Deferred short-term variable	Deferred long-term variable	Total performance related
		%	%	%	%	%
Executive director						
Kelly Bayer Rosmarin[1] (appointed on 15 December 2025)	**2026**	**100**	**-**	**-**	**-**	**-**
Other executive KMP						
Prudence Bowden	**2026**	**78**	-	-	**22**	**22**
	2025	49	33	6	12	51
Rebecca Harwood	**2026**	**80**	**-**	**-**	**20**	**20**
	2025	56	33	-	11	44
Melinda Honig	**2026**	**78**	**-**	**-**	**22**	**22**
	2025	54	26	7	13	46
Darren Mann	**2026**	**78**	**-**	**-**	**22**	**22**
	2025	52	29	7	12	48
Adam Vise[1]	**2026**	**84**	-	-	**16**	**16**
Executive KMP whose employment ceased in 2026						
Esther Kerr	**2026**	**18**	**-**	**-**	**82**	**82**
	2025	51	28	7	14	49
Rohan Mead	**2026**	**22**	-	-	**78**	**78**
	2025	44	28	7	21	56

[1] The performance related compensation disclosed for Ms Bayer Rosmarin and Mr Vise is the portion that relates to their activities since being appointed a KMP.

Remuneration report 2026 (continued)

4.4 Overview of deferred variable short-term and retention award compensation

The table below shows details of deferred variable short-term and retention award compensation that has been awarded but which has yet to vest, including the maximum possible value on vesting.

	Deferred variable short-term compensation				
Name	**Date when deferred variable compensation was awarded**	**Financial year for which the deferred variable compensation will be fully payable**	**Maximum total value of deferred variable compensation $**	**Proportion of deferred variable compensation payable %**	**Proportion of deferred variable compensation not earned %**
Other executive KMP					
Melinda Honig[1]	12 March 2026	2028	182,750	-	-
	12 March 2026	2027	182,750	-	-
	27 August 2025	2029	20,153	-	-
Darren Mann[1]	15 January 2026	2028	185,750	-	-
	15 January 2026	2027	185,750	-	-
	27 August 2025	2029	39,683	-	-

[1] The deferred compensation issued to Ms Honig and Mr Mann in March and January 2026, respectively are retention award amounts.

Remuneration report 2026 (continued)

4.5 Overview of deferred long-term variable compensation - Rights to MCI

The table below shows details of existing Rights to MCI which were granted, vested and forfeited during FY2026.

Name	Grant date	Granted rights No.	Granted value $	Vested No.	Vested %	Forfeited No.	Forfeited %	Financial year for vesting
Other executive KMP								
Prudence Bowden[1]	31 October 2025	3,443	277,162	-	-	-	-	2030
	1 November 2024	2,926	242,419	-	-	-	-	2029
	30 October 2023	2,196	180,731	-	-	-	-	2028
	28 October 2022	2,031	176,677	-	-	-	-	2027
	31 January 2022	386	39,758	386	100	-	-	2026
Rebecca Harwood[2]	31 October 2025	2,467	198,594	-	-	-	-	2030
	1 November 2024	2,261	187,234	-	-	-	-	2029
	30 October 2023	1,446	120,652	-	-	-	-	2028
	28 October 2022	1,241	107,955	-	-	-	-	2027
Melinda Honig[3]	31 October 2025	3,287	264,604	-	-	-	-	2030
	1 November 2024	2,926	242,419	-	-	-	-	2029
	30 October 2023	2,250	185,175	-	-	-	-	2028
	28 October 2022	1,861	161,888	-	-	-	-	2027
	31 January 2022	408	42,050	408	100	-	-	2026
Darren Mann	31 October 2025	3,341	268,951	-	-	-	-	2030
	1 November 2024	2,839	235,211	-	-	-	-	2029
	30 October 2023	2,071	170,443	-	-	-	-	2028
	28 October 2022	1,861	161,888	-	-	-	-	2027
	31 January 2022	408	42,024	408	100	-	-	2026
Adam Vise[4]	31 October 2025	1,675	134,838	-	-	-	-	2030
	1 November 2024	1,504	124,606	-	-	-	-	2029
	30 October 2023	1,392	114,562	-	-	-	-	2028
	28 October 2022	1,000	86,990	-	-	-	-	2027
	31 January 2022	219	22,557	219	100	-	-	2026
Executive KMP whose employment ceased in 2026								
Esther Kerr[5]	31 October 2025	3,781	304,371	-	-	-	-	2030
	1 November 2024	3,465	287,075	-	-	-	-	2029
	30 October 2023	2,750	226,325	-	-	-	-	2028
	28 October 2022	2,470	214,865	-	-	-	-	2027
	31 January 2022	541	55,723	541	100	-	-	2026
Rohan Mead[5]	2 June 2025	8,673	737,235	-	-	-	-	2030
	2 June 2025	4,336	368,560	-	-	-	-	2029
	2 June 2025	4,337	368,645	-	-	-	-	2028
	2 June 2025	4,336	368,560	-	-	-	-	2027
	1 November 2024	5,795	480,116	-	-	-	-	2029
	30 October 2023	4,601	378,662	-	-	-	-	2028
	28 October 2022	4,153	361,269	-	-	-	-	2027
	31 January 2022	911	93,833	911	100	-	-	2026

In September 2025, the terms and conditions of the grants were amended such that Rights to MCI no longer forfeit on resignation. There has been no other alteration to the terms.

1. The rights granted to Ms Bowden in January 2022 were granted prior to her appointment as a KMP.
2. The rights granted to Ms Harwood in October 2022 and October 2023 were granted prior to her appointment as a KMP.
3. The rights granted to Ms Honig in January 2022, October 2022 and October 2023 were granted prior to her appointment as a KMP.
4. The rights granted to Mr Vise in January 2022, October 2022, October 2023 and November 2024 were granted prior to his appointment as a KMP.
5. The rights granted to Ms Kerr and Mr Mead prior to ceasing to be a KMP will be retained until the applicable deferred MCI vesting date.

Remuneration report 2026 (continued)

4.6 MCI holdings

The following table provides details of the number of MCI held (directly and nominally) by each executive KMP of Australian Unity or their related parties (their close family members or any entity they, or their close family members, control or significantly influence).

Name	Balance at the beginning of the year No.	Received during the year on vesting of Rights to MCI[3] No.	Other changes during the year No.	Balance at the end of the year No.
Executive director				
Kelly Bayer Rosmarin (appointed on 15 December 2025)[1]	-	-	-	-
Other executive KMP				
Prudence Bowden	1,158	-	-	1,158
Rebecca Harwood	100	-	-	100
Melinda Honig	3,225	-	-	3,225
Darren Mann	340	-	43	383
Adam Vise[1]	658	-	(658)	-
Executive KMP who ceased in 2026[2]				
Esther Kerr (ceased 29 August 2025)	-	-	-	-
Rohan Mead, Group Managing Director (retired 15 December 2025)	7,233	-	-	7,233

[1] The beginning balances for Ms Bayer Rosmarin and Mr Vise represent balances held at the date of their respective appointments as executive KMP.
[2] The end balance for Ms Kerr and Mr Mead is that held at the date they ceased to be executive KMP.
[3] No MCI were received as the board approved a one-off cash settlement for the Rights to MCI that vested in December 2025.

4.7 Employment arrangements

The following table provides the prescribed details in relation to the relevant executives' contract terms.

Name	Contract type[1]	Employee initiated notice period	Employer initiated notice period[2]	Termination benefits[3]
Kelly Bayer Rosmarin	Permanent	12 months	12 months	none
Prudence Bowden	Permanent	6 months	6 months	none
Rebecca Harwood	Permanent	6 months	6 months	none
Melinda Honig	Permanent	6 months	6 months	none
Darren Mann	Permanent	6 months	6 months	none
Adam Vise	Permanent	3 months	3 months	none

[1] A permanent contract continues until notice is given by either party.
[2] Payment in lieu of notice may be made and the Group's redundancy policies may also apply.
[3] Entitlement to variable remuneration is set out in sections 2.4 and 2.5 above.

Remuneration report 2026 (continued)

Section 5 - Non-Executive Directors' Compensation

5.1 Fee policy and pool

Australian Unity's constitution and board charter require that directors meet a variety of standards to be eligible to remain directors of the board. These include meeting stringent 'fit and proper' standards under legislation and prudential standards. The constitution also provides that non-executive directors are to be paid fees (compensation) for their services as directors, subject to the aggregate fees not exceeding the annual sum last approved at a general meeting.

Non-executive director fees are reviewed annually by the board considering the duties, responsibilities and demands on directors, organisation performance, trends, industry standards and fees paid by comparable organisations. No variable compensation or options are payable to non-executive directors.

Members last approved an increase in the aggregate fees payable to non-executive directors at the 2025 annual general meeting on 29 October 2025. At that meeting, members approved the sum of up to $2.3 million in aggregate fees per financial year. This increase in the sum approved took effect from 1 January 2026.

The total non-executive directors' fees paid during the FY2026 was $1.85 million.

Details of individual non-executive director allowances, payments and entitlements are set out in following tables.

5.2 Non-executive director compensation for the year ended 30 June 2026

Name	Year	Fixed			
		Cash fees[1]	Non-monetary benefits[1,3]	Superannuation contributions[2]	Total compensation
		$	$	$	$
Chair					
Lisa Chung AM	**2026**	**375,608**	**1,000**	**30,000**	**406,608**
	2025	364,868	1,000	29,932	395,800
Other non-executive directors					
Melinda Cilento, Deputy chair[4]	**2026**	**220,734**	-	**25,427**	**246,161**
	2025	177,040	-	20,360	197,400
Gordon Ballantyne (appointed on 28 August 2025)	**2026**	**151,560**	-	**18,187**	**169,747**
Lucinda Brogden AM	**2026**	**181,078**	**-**	**21,729**	**202,807**
	2025	177,040	-	20,360	197,400
Kim Cheater	**2026**	**181,078**	-	**21,729**	**202,807**
	2025	177,040	-	20,360	197,400
Dr Helen Nott	**2026**	**220,080**	**-**	**26,410**	**246,490**
	2025	215,400	-	24,771	240,171
Adj. Professor Patricia O'Rourke (appointed on 28 August 2025)	**2026**	**151,560**	-	**18,187**	**169,747**
Julien Playoust	**2026**	**181,078**	-	**21,729**	**202,807**
	2025	177,040	-	20,360	197,400
Non-executive directors who ceased in 2025					
Paul Kirk (retired 30 June 2025)	2025	177,040	-	20,360	197,400
Su McCluskey (retired 30 October 2024)	2025	58,583	-	6,737	65,320
Total non-executive director remuneration	**2026**	**1,662,776**	**1,000**	**183,398**	**1,847,174**
	2025	1,524,051	1,000	163,240	1,688,291

[1] Short-term benefits.

[2] Post-employment benefits.

[3] Non-monetary benefits refer to salary packaged benefits such as health insurance.

[4] Deputy Chair fee approved by the board in financial year 2026.

Remuneration report 2026 (continued)

5.3 Non-executive director MCI holdings

The following table provides details of the number of MCI held (directly and nominally) by each non-executive director of Australian Unity or their related parties (their close family members or any entity they, or their close family members, control or significantly influence).

Name	Balance at the beginning of the year No.	Other changes during the year No.	Balance at the end of the year No.
Chair			
Lisa Chung AM	1,000	-	1,000
Other non-executive directors			
Melinda Ciliento	-	-	-
Gordon Ballantyne[1]	-	1,250	1,250
Lucinda Brogden AM	-	-	-
Kim Cheater	-	-	-
Dr Helen Nott	-	-	-
Adj. Professor Patricia O'Rourke[1]	-		
Julien Playoust	-	-	-

[1] The beginning balance for Mr Ballantyne and Ms O'Rourke is that held at the date of appointment as a director.

Remuneration report 2026 (continued)

MERCER
A MARSH BUSINESS

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Company Secretary
Australian Unity Limited
271 Spring Street
Melbourne VIC 3000

26 August 2026

Subject: Australian Unity Remuneration Reasonableness Assessment

Dear Company Secretary

Introduction

Mercer is pleased to provide Australian Unity Limited ("Australian Unity" or the "Company") with a reasonableness assessment of Key Management Personnel (KMP) remuneration and non-executive director (NED) fees under section 211 of the Corporations Act 2001 ("Act") at the request of the Company Secretary of Australian Unity. This reasonableness assessment applies to the 2025-2026 financial year (FY2026).

In undertaking the reasonableness assessment Mercer has completed the following three reviews:

- Determine the reasonableness of the overall executive KMP remuneration package, including Total Fixed Remuneration (TFR), Short-Term Incentives (STI), Total Annual Remuneration (TAR), Long-Term Incentives (LTI) and Total Remuneration (TR). In completing this process Mercer did not complete a comprehensive remuneration benchmarking exercise, and instead a high-level review of market data was undertaken.
- Determine the reasonableness of incentive payments made under the STI program and LTI vested to executive KMP within the financial year. In completing this process Mercer has reviewed incentive outcomes against market data.
- Determine the reasonableness of the NED fees, including fees for the Board Chair, Board Members and Chair of the Audit Committee (no other committee membership receives fees). In completing this process Mercer completed a comprehensive benchmarking of fees.

In providing remuneration advice to Australian Unity Limited, Mercer is required to comply with the requirements set out in Chapter 2D, Part 2D.8 relating to the engagement and use of remuneration consultants under the Act. For the purposes of the Act, this document does not contain a remuneration recommendation in relation to any key management personnel of the Company.

Executive KMP remuneration package

Executive KMP remuneration packages were benchmarked against relevant market datasets that include ASX-listed entities of comparable size and operating within similar industries as Australian Unity. As Australian Unity has a mutual organisation heritage, comparing remuneration against a peer group of listed companies has the potential to raise concerns. However, Mercer has considered the complexity of the Company's operating model, as a financial services provider, private health insurer, fund manager,

Remuneration report 2026 (continued)

Page 2
26 August 2026
Company Secretary
Australian Unity Limited

home care provider and an operator in the retirement living and aged care sectors, its regulatory requirements and ASX listings. As such, there is a defensible basis for referencing this peer group.

In our analysis, we noted that Australian Unity's remuneration positioning is more conservative (i.e., below the 50th percentile) against the listed peer group which suggests a considered approach had been adopted when referencing the listed peer companies.

Based on job size all roles are positioned below the 50th percentile for TR, whereas based on position match all roles excluding one are positioned below the 50th percentile. Increases for select roles were greater than what Mercer observed in the market, however as TR positioning remains at or below the 50th percentile for all roles, the executive KMP remuneration package is reasonable.

Executive KMP incentive outcomes

Australian Unity determined not to pay any executive KMP STI in FY2026. The LTI component of executive KMP remuneration is not subject to performance measures at the time of vesting. The LTI remains subject to malus and clawback, and final vesting remains at the discretion of the Board. Mercer notes that the quantum is also positioned below market. The key considerations regarding the reasonableness of vesting are whether there is an incident where the application of discretion, malus or clawback would be necessary. No such incident occurred over the year. Therefore, the STI and LTI outcomes throughout FY2026 were reasonable.

Non-Executive Director fees

The fees payable to NEDs were reviewed against a listed peer group selected with similar methodology to the executive KMP remuneration package analysis. Please note above commentary relating to the appropriateness of the listed peer group.

Australian Unity pays an all-inclusive fee to NEDs, which encompasses service on all relevant subsidiaries and committees, except for the Chair of the Audit Committee, who receives additional fees. Mercer notes this is more conservative than is common in peer companies where NEDs receive fees for being a member or a chair of all committees. When comparing NED fees to those of peer companies, and taking into account the conservative approach of not providing additional remuneration for committee membership, the NED fees paid by Australian Unity are considered reasonable.

Increases to Australian Unity's NED fees were largely conservative and as such, did not impact the general positioning of NED fees against the market or the reasonableness of the fees paid.

Conclusion

Following Mercer's analysis, we have assessed that Australian Unity's executive KMP remuneration and NED fees are reasonable.

Yours sincerely

Kate Whitehead

Kate Whitehead
Principal

Lucas Walsh

Lucas Walsh
Senior Associate

Mercer

Directors' interests and benefits
Since the end of the previous financial year and to the date of signing this report, no director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors or related party transactions shown in the Group's financial statements) by reason of a contract made by the Company with the director or with a firm of which the director is a member, or with a company in which the director has a substantial interest, except as specified in the Remuneration report and the Key management personnel disclosures in Note 38.

Insurance and indemnification of directors and officers
During the financial year, the Group paid a premium for a contract insuring the directors, company secretaries and executive officers of the Group to the extent permitted by the *Corporations Act 2001*. In accordance with common commercial practice the insurance policy prohibits disclosure of the nature of the liabilities covered and the amount of the premium.

In accordance with the constitution of the Company and under a separate deed, the directors and officers are indemnified to the extent permitted by law against any liability incurred by them in connection with the proper discharge of their duties, other than for conduct involving a lack of good faith.

Parent entity
Australian Unity Limited is a company limited by shares and guarantee, however, no shares have been issued. The liability under the guarantee of the members in a winding up is limited to $1 per member while being a current member and within one year afterwards.

Provision of non-audit services by the auditor
The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group are important.

Details of the amounts paid or payable to the auditor, KPMG, for audit and non-audit services provided during the year are set out below.

The board of directors has considered the position and, in accordance with advice received from the Audit Committee, is satisfied that the provision of the non-audit services is compatible with, and did not compromise, the general standard of auditor independence imposed by the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Audit Committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants.*

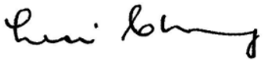
During the year the following fees were paid or payable for non-audit services provided by the auditor of the Parent entity, its related practices and non-related audit firms:

	2026 **$**	2025 $
KPMG		
Tax compliance services	**40,000**	40,000
Other services	**83,500**	350,861
Total remuneration for non-audit services	**123,500**	390,861

Auditor's independence declaration
KPMG is the external auditor for the 2026 financial year. A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 32.

Rounding of amounts
The Company is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors’ Reports) Instrument 2026/183*, issued by the Australian Securities and Investments Commission. Unless otherwise stated, amounts in the Directors' report and Financial statements have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

This report is made in accordance with a resolution of directors.



Lisa Chung AM
Chair

Kelly Bayer Rosmarin
Group Managing Director & CEO

Melbourne
26 August 2026

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Australian Unity Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of the financial report and the review of specified sustainability disclosures in the sustainability report of Australian Unity Limited for the financial year ended 30 June 2026 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Chris Wooden
Partner
Melbourne
26 August 2026

Australian Unity Limited
ABN 23 087 648 888
Financial report - 30 June 2026

The financial statements are consolidated financial statements of the Group consisting of Australian Unity Limited and its subsidiaries. The consolidated financial statements are presented in the Australian currency.

Australian Unity Limited is a company limited by shares and guarantee, however, no shares have been issued. The Company is incorporated and domiciled in Australia and its registered office and principal place of business is:

271 Spring Street
Melbourne VIC 3000

A description of the nature of the consolidated entity's operations and its principal activities is included in the Directors’ report on page 1 which is not part of these consolidated financial statements.

The consolidated financial statements were authorised for issue by the directors on 26 August 2026.

	Notes	**2026** **$'000**	2025 $'000
Insurance revenue			
Insurance revenue	2	**738,643**	728,142
Benefit funds insurance revenue	2	**15,014**	15,511
		753,657	743,653
Insurance expense			
Insurance service expenses	4	**(691,837)**	(671,187)
Insurance finance expense from insurance contracts issued	6	**(124)**	(646)
Benefit funds insurance service expenses	4	**(15,260)**	(16,053)
Benefit funds insurance finance expense from insurance contracts issued	6	**(15,108)**	(35,662)
Net insurance income		**31,328**	20,105
Other revenue and other income	3	**1,505,369**	1,482,349
Benefit funds other income	3	**261,422**	376,416
Other expenses, excluding finance costs	4	**(1,679,872)**	(1,445,722)
Benefit funds other expenses	4	**(185,662)**	(244,985)
Operating (loss)/profit		**(67,415)**	188,163
Finance costs	5	**(82,521)**	(79,367)
Share of net profit of joint ventures		**1,280**	441
(Loss)/profit before income tax		**(148,656)**	109,237
Income tax expense	8	**(6,356)**	(79,953)
(Loss)/profit from continuing operations		**(155,012)**	29,284
Loss from discontinued operation after tax	33	**(154)**	(2,723)
(Loss)/profit for the year		**(155,166)**	26,561
Other comprehensive income			
Items that may be reclassified to profit or loss			
Cash flow hedges	24(a)	**(2,797)**	(11,181)
Income tax relating to this item	24(a)	**839**	3,354
Items that will not be reclassified to profit or loss			
Remeasurements of post-employment benefit obligations	24(a)	**(26)**	19
Other comprehensive income for the year, net of tax		**(1,984)**	(7,808)
Total comprehensive income for the year		**(157,150)**	18,753
(Loss)/profit for the year is attributable to:			
Members of Australian Unity Limited		**(155,166)**	26,561
Total comprehensive income for the year is attributable to:			
Members of Australian Unity Limited		**(157,150)**	18,753
Total comprehensive income for the year attributable to members of Australian Unity Limited arises from:			
Continuing operations		**(156,996)**	21,476
Discontinued operation		**(154)**	(2,723)
		(157,150)	18,753

Two subsidiaries of the Company, Lifeplan Australia Friendly Society Limited (LAFS) and Australian Unity Life Bonds Pty Limited (AULBPL), are friendly societies in accordance with the *Life Insurance Act 1995*. The funds of LAFS and AULBPL and any trusts consolidated by those funds, are treated as benefit funds. These are required to be consolidated for statutory purposes and have a net nil impact on profit and loss attributable to members of AUL.

The above Consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

	Notes	**2026 $'000**	2025 $'000
ASSETS			
Current assets			
Cash and cash equivalents	9	**613,054**	638,586
Trade and other receivables		**190,381**	219,657
Current tax assets		**23,490**	2,346
Financial assets at fair value through profit or loss	10	**4,091,133**	3,994,167
Other financial assets at amortised cost	11	**4,648**	75,415
Other current assets		**18,777**	33,648
Assets held for sale	32	**8,003**	1,654,950
Total current assets		**4,949,486**	6,618,769
Non-current assets			
Loans and advances		**24,106**	32,440
Financial assets at fair value through profit or loss	10	**251,807**	126,533
Investments in associates and joint ventures		**2,870**	2,619
Investment properties	16	**2,442,921**	2,461,348
Property, plant and equipment	17	**597,790**	552,891
Right-of-use assets	18	**58,471**	80,635
Intangible assets	19	**595,843**	612,329
Other non-current assets		**3,648**	14,672
Total non-current assets		**3,977,456**	3,883,467
Total assets		**8,926,942**	10,502,236
LIABILITIES			
Current liabilities			
Trade and other payables		**152,483**	157,835
Borrowings	12	**211,945**	120,656
Lease liabilities	18	**15,435**	20,530
Provisions	20	**107,152**	94,398
Other current liabilities	14	**2,332,108**	2,352,174
Health insurance contract policy liabilities	13(a)	**143,368**	145,650
Benefit fund insurance contract policy liabilities	13(b)	**87,643**	86,709
Benefit fund investment contract policy liabilities	40	**354,902**	313,864
Liabilities directly associated with the assets held for sale	32	**3,842**	1,664,416
Total current liabilities		**3,408,878**	4,956,232
Non-current liabilities			
Borrowings	12	**253,234**	458,500
Lease liabilities	18	**70,592**	74,072
Deferred tax liabilities	21	**253,085**	230,842
Provisions	20	**28,573**	28,723
Benefit fund insurance contract policy liabilities	13(b)	**722,630**	760,160
Benefit fund investment contract policy liabilities	40	**2,926,212**	2,751,566
Total non-current liabilities		**4,254,326**	4,303,863
Total liabilities		**7,663,204**	9,260,095
Net assets		**1,263,738**	1,242,141
EQUITY			
Members' balances		**255,919**	255,919
Mutual Capital Instruments	22	**662,113**	458,085
Reserves	24(a)	**22,921**	18,292
Retained earnings	24(b)	**322,785**	509,845
Equity attributable to members of Australian Unity Limited		**1,263,738**	1,242,141
Total equity		**1,263,738**	1,242,141

The above Consolidated balance sheet should be read in conjunction with the accompanying notes.

	Notes	Members' balances $'000	Mutual Capital Instruments $'000	Reserves $'000	Retained earnings $'000	Total equity $'000
Balance at 1 July 2024		255,919	457,038	24,349	508,639	1,245,945
Mutual Capital Instruments costs		-	1,047	-	-	1,047
Total comprehensive income for the year						
Profit for the year		-	-	-	26,561	26,561
Other comprehensive income						
- Cash flow hedges	24(a)	-	-	(7,827)	-	(7,827)
- Post-employment benefits	24(a)	-	-	19	-	19
Total comprehensive income		-	-	(7,808)	26,561	18,753
Transactions with owners in their capacity as owners:						
Dividends provided for or paid	22	-	-	-	(25,355)	(25,355)
MCI-based payments reserve	24(a)	-	-	1,851	-	1,851
Subsidiary share option payments	24(a)	-	-	(100)	-	(100)
		-	-	1,751	(25,355)	(23,604)
Balance at 30 June 2025		255,919	458,085	18,292	509,845	1,242,141

	Notes	Members' balances $'000	Mutual Capital Instruments $'000	Reserves $'000	Retained earnings $'000	Total equity $'000
Balance as at 1 July 2025		**255,919**	**458,085**	**18,292**	**509,845**	**1,242,141**
Mutual Capital Instruments issued, net of issuance costs		**-**	**204,028**	**-**	**-**	**204,028**
Total comprehensive income for the year						
Loss for the year		**-**	**-**	**-**	**(155,166)**	**(155,166)**
Other comprehensive income						
- Cash flow hedges	24(a)	**-**	**-**	**(1,958)**	**-**	**(1,958)**
- Post-employment benefits	24(a)	**-**	**-**	**(26)**	**-**	**(26)**
Total comprehensive income		**-**	**-**	**(1,984)**	**(155,166)**	**(157,150)**
Transactions with owners in their capacity as owners:						
Dividends provided for or paid	22	**-**	**-**	**-**	**(31,894)**	**(31,894)**
MCI-based payments reserve	24(a)	**-**	**-**	**6,613**	**-**	**6,613**
Subsidiary share option payments	24(a)	**-**	**-**	**-**	**-**	**-**
		-	**-**	**6,613**	**(31,894)**	**(25,281)**
Balance at 30 June 2026		**255,919**	**662,113**	**22,921**	**322,785**	**1,263,738**

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

	Notes	**2026** **$'000**	2025 Restated* $'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)*		**1,615,757**	1,460,102
Payments to suppliers and employees (inclusive of goods and services tax)*		**(1,612,582)**	(1,575,985)
Health insurance premiums received		**731,352**	725,565
Health insurance claims and insurance service expenses paid		**(674,119)**	(647,242)
Benefit fund investment contracts - contributions received		**408,144**	345,234
Benefit fund investment contracts - withdrawals		**(356,525)**	(350,707)
Benefit fund insurance contracts - premiums received		**48,792**	42,405
Benefit fund insurance contracts - claims and insurance service paid		**(90,664)**	(85,656)
Benefit fund other receipts		**134,251**	142,846
Benefit fund other payments		**(31,201)**	(593)
Cash receipts/(payments) from/(to) loan assets		**30,543**	(70,188)
Cash flows from deposits		**(46,201)**	105,926
Interest received		**9,287**	17,970
Dividends and distributions received		**41,820**	18,492
Interest and finance charges paid		**(30,788)**	(29,003)
Income tax refunds/(payments)		**10,714**	7,298
Net cash inflow from operating activities	25	**188,580**	106,464
Cash flows from investing activities			
Payments for business acquisitions		**(73,027)**	(66,106)
Payments for investments		**(1,073,634)**	(1,354,153)
Payments for investment properties		**(102,174)**	(143,473)
Payments for property, plant and equipment		**(18,909)**	(59,695)
Payments for intangible assets		**(22,168)**	(23,885)
Receipts from investments		**990,103**	989,888
Proceeds from disposal of investment property		**6,500**	-
Net cash outflow from investing activities		**(293,309)**	(657,424)
Cash flows from financing activities			
Receipts from MCI issues, net of issuance costs		**204,028**	1,047
Receipts from borrowings		**-**	95,859
Net receipts from refundable lease deposits and resident liabilities		**41,160**	227,786
Payments of borrowings		**(115,556)**	(51,148)
Payments of MCI dividend		**(31,894)**	(25,355)
Payment of lease liabilities		**(18,541)**	(24,211)
Net cash inflow from financing activities		**79,197**	223,978
Net decrease in cash and cash equivalents		**(25,532)**	(326,982)
Cash and cash equivalents at the beginning of the period		**638,586**	965,568
Cash and cash equivalents at the end of the year	9	**613,054**	638,586
Cash flows from discontinued operations		**(2,307)**	18,293

* In the comparative period, certain cash flow amounts have been reclassified to enhance comparability with current year disclosures. Refer to Note 41(aj).

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

Notes to the consolidated financial statements

How numbers are calculated

This section provides additional information about those individual line items in the financial statements that the directors consider most relevant in the context of the operations of Australian Unity Limited and the entities it controlled (the Group).

1 Segment information

(a) Description of segments

Management has determined the operating segments based on the reports reviewed by the Group Executive Committee that are used to make strategic decisions including the allocation of resources and to assess the performance of an operating segment. For management reporting purposes, the Group is organised into four customer-facing business platforms which are Home Health, Insurances, Residential Aged Care and Wealth & Capital Markets; and the Corporate functions. The table below summarises the reportable operating segments.

Home Health	Provision of home care and health services.
Insurances	Provision of private health insurance and the distribution of general insurance products.
Residential Aged Care	Owns and operates residential aged care facilities.
Wealth & Capital Markets	Management of investment funds in property, mortgages, Australian equities, international equities, fixed interest and bonds, social infrastructure and the provision of trustee services. Owns and operates retirement villages.
Corporate functions	Provision of shared services, fraternal activities, management of properties and other strategic investments and group liquidity.

In assessing the performance of its operating business segments, the Group uses a measure of Adjusted Earnings Before Interest, Tax, Depreciation and Amortisation (Adjusted EBITDA), as defined and reconciled in Note 1(c)(ii).

(b) Segment information

The segment information provided to the Group Executive Committee for the reportable segments for the year ended 30 June 2026 is as follows:

2026	**Home Health $'000**	**Insurances $'000**	**Residential Aged Care $'000**	**Wealth & Capital Markets $'000**	**Corporate Functions* $'000**	**Total $'000**
Continuing operations						
Revenue from external customers	1,054,816	727,178	246,695	186,502	2,934	2,218,125
Inter-segment revenue	4,143	(3,664)	-	(343)	(136)	-
Total segment revenue	1,058,959	723,514	246,695	186,159	2,798	2,218,125
Adjusted EBITDA from continuing operations	57,271	42,097	32,922	1,495	(125,993)	7,792
Depreciation and amortisation						(56,596)
Impairment of assets						(51,625)
Impairment loss on remeasurements of the disposal group						(53,380)
Interest expense						(82,521)
Investment income						30,285
Other expenses						(3,017)
Income tax benefit						54,050
Loss from continuing operations						(155,012)

1 Segment information (continued)

(b) Segment information (continued)

2026	Home Health $'000	Insurances $'000	Residential Aged Care $'000	Wealth & Capital Markets $'000	Corporate Functions* $'000	Total $'000
Share of profit after tax from joint ventures (included in Adjusted EBITDA)						1,280
Total segment assets include:						
Income producing assets	68,893	406,899	26,422	129,053	120,167	751,434
Working capital assets	99,881	3,228	14,545	503,393	4,944	625,991
Non-interest bearing assets	597,603	2,066	503,308	845,845	164,722	2,113,544
Assets held for sale	-	-	-	8,003	-	8,003
Total segment assets	766,377	412,193	544,275	1,486,294	289,833	3,498,972
Total segment liabilities include:						
Borrowings and net inter-segment lending **	399,639	31,812	491,897	296,368	(4,252)	1,215,464
Working capital liabilities	180,287	146,385	58,590	115,171	50,552	550,985
Non-interest bearing liabilities	26,905	19,896	45,789	343,982	28,371	464,943
Liabilities held for Sale	-	-	-	3,842	-	3,842
Total segment liabilities	606,831	198,093	596,276	759,363	74,671	2,235,234

* Corporate functions costs are recorded centrally and then allocated to individual business units through Shared Services. Shared Services costs are excluded from the Adjusted EBITDA at operating business unit level per definition in Note 1(c)(ii).

** Corporate Functions' borrowing balance reflects net inter-segment lending receivables and payables.

A reconciliation of reportable segment profit or loss is as follows:

	2026 $'000
Total loss before income tax for reportable segments	(208,908)
Profit before income tax attributable to benefit funds	60,406
Elimination of discontinued operation	(154)
Loss before income tax	(148,656)

The segment information provided to the Group Executive Committee for the reportable segments for the for the reportable segments for the year ended 30 June 2025 is as follows:

2025	Home Health $'000	Insurances $'000	Residential Aged Care $'000	Wealth & Capital Markets $'000	Corporate Functions* $'000	Total $'000
Continuing operations						
Revenue from external customers	950,058	716,974	253,334	249,778	10,805	2,180,949
Inter-segment revenue	4,046	(4,046)	-	597	(597)	-
Total segment revenue	954,104	712,928	253,334	250,375	10,208	2,180,949
Other income	-	-	-	4,951	-	4,951
Adjusted EBITDA from continuing operations	55,820	50,349	54,786	66,897	(91,666)	136,186

1 Segment information (continued)

(b) Segment information (continued)

2025	Home Health $'000	Insurances $'000	Residential Aged Care $'000	Wealth & Capital Markets $'000	Corporate Functions* $'000	Total $'000
Depreciation and amortisation						(72,916)
Impairment of assets						-
Impairment loss on remeasurements of the disposal group						-
Interest expense						(79,370)
Investment income						27,839
Other expenses						2,271
Income tax benefit						15,274
Profit from continuing operations						29,284
Share of profit after tax from joint ventures (included in Adjusted EBITDA)						441
Total segment assets include:						
Income producing assets	69,838	484,519	24,607	151,679	105,126	835,769
Working capital assets	114,036	2,146	19,489	456,057	16,400	608,128
Non-interest bearing assets	521,045	10,129	516,186	955,003	181,173	2,183,536
Assets held for sale	-	1,654,950	-	-	-	1,654,950
Total segment assets	704,919	2,151,744	560,282	1,562,739	302,699	5,282,383
Total segment liabilities include:						
Borrowings and net inter-segment lending	295,954	20,048	495,068	360,197	193,877	1,365,144
Working capital liabilities	189,477	153,029	54,899	152,029	36,551	585,985
Non-interest bearing liabilities	21,120	14,687	36,126	336,148	16,616	424,697
Liabilities held for Sale	-	1,664,416	-	-	-	1,664,416
Total segment liabilities	506,551	1,852,180	586,093	848,374	247,044	4,040,242

* Corporate functions costs are recorded centrally and then allocated to individual business units through Shared Services. Shared Services costs are excluded from the Adjusted EBITDA per the definition in Note 1(c)(ii).

A reconciliation of reportable segment profit or loss is as follows:

	2025 $'000
Total profit before income tax for reportable segments	16,733
Profit before income tax attributable to benefit funds	95,227
Elimination of discontinued operation	(2,723)
Profit before income tax	109,237

(c) Other segment information

Management monthly reports exclude information relating to the benefit funds that are managed by the Group, as the revenues, expenses, assets and liabilities of benefit funds are not attributable to the members of the Group. In accordance with AASB 10 *Consolidated Financial Statements* the revenues, expenses, assets and liabilities of benefit funds managed by the Group are included in the consolidated financial statements.

Management monthly reports present investment property on a net basis with resident liabilities and refundable accommodation deposits of the Aged Care residents. In accordance with AASB 101 *Presentation of Financial Statements,* these items are disclosed on a gross basis within the consolidated financial statements.

(i) Segment revenue

Revenue transactions between segments are carried out at arm's length and eliminated on consolidation. The revenue from external parties reported to management is measured in a manner consistent with that in the profit or loss, except for dividends and distributions and other net investment gains/(losses) which are presented below the Adjusted EBITDA line.

1 Segment information (continued)

(c) Other segment information (continued)

Segment revenue reconciles to total revenue as follows:

	2026 $'000	2025 $'000
Total segment revenue	**2,218,125**	2,180,949
Dividends and distributions (Note 3)	**22,855**	24,981
Loss on investments in financial instruments (Note 3)	**(4,181)**	(13,113)
Other interest income (Note 3)	**11,611**	17,970
Gain on sale of business component	**665**	4,951
Management fee rebate reclassification	**(5,506)**	(6,262)
Other	**443**	1,015
Revenue and other income attributable to members of Australian Unity Limited	**2,244,012**	2,210,491
Benefit funds insurance revenue (Note 2)	**15,014**	15,511
Benefit funds other income (Note 3)	**261,422**	376,416
Total revenue and other income	**2,520,448**	2,602,418

(ii) Adjusted EBITDA

Management assesses the performance of the operating segments based on a measure of Adjusted EBITDA. This measurement basis excludes the effects of tax, depreciation and amortisation, interest on external borrowings and investment income. It also excludes benefits funds, discontinued operations, material non-recurring revenue and expenditure and shared services costs.

A reconciliation of Adjusted EBITDA to operating profit before income tax from continuing operations is as follows:

	2026 $'000	2025 $'000
Adjusted EBITDA from continuing operations	**7,792**	136,186
Depreciation and amortisation expense:		
Depreciation and amortisation expense (Note 4)	**(56,596)**	(72,916)
	(56,596)	(72,916)
Interest expense		
Finance costs (Note 5)	**(82,521)**	(79,367)
Other	**-**	(3)
	(82,521)	(79,370)
Investment income/(loss):		
Dividend and distribution income (Note 3)	**22,855**	24,981
Loss on investments in financial instruments (Note 3)	**(4,181)**	(13,113)
Other interest income (Note 3)	**11,611**	17,970
Impairment of joint venture	**-**	(2,000)
Other	**-**	1
	30,285	27,839
Other income/(expenses):		
Impairment of assets (Note 19)	**(51,625)**	-
Impairment loss on remeasurement of the disposal group (Note 4)	**(53,380)**	-
Merger and acquisition expenses	**(2,572)**	(2,480)
Other	**(445)**	4,751
	(108,022)	2,271
Profit/(loss) before income tax and benefit funds from continuing operations attributable to members of Australian Unity Limited	**(209,062)**	14,010
Profit before income tax of benefit funds	**60,406**	95,227
Profit/(loss) before income tax from continuing operations	**(148,656)**	109,237

1 Segment information (continued)

(c) Other segment information (continued)

(iii) Segment assets

Segment assets are split into four categories: income producing, working capital, non-interest bearing assets and discontinued operations. Income producing assets include cash and investments including those held in funds managed by related entities. Working capital assets include trade debtors, reinsurance receivables, and inter entity trading. Non-interest bearing assets include property, plant and equipment, investment property, intangible assets, investments in associates and joint ventures, intercompany investments and other non-current assets.

The total assets reported to management are measured in a manner consistent with the amounts in these financial statements, except for investment property which is presented on a net basis of investment property, resident liabilities and refundable accommodation deposits. All assets are allocated based on the operations of the segment.

Reportable segments' assets are reconciled to total assets as follows:

	2026 $'000	2025 $'000
Segment assets	**3,498,972**	5,282,383
Resident assets	**1,799,385**	1,733,124
Retirement Village Property Fund consolidation	**86,724**	79,465
Netting of eligible deferred tax balances	**(292,410)**	(257,115)
Netting of inter-segment loan balances	**(32,285)**	(372)
Deferred Management Fees reclassified	**(358,924)**	(348,767)
Provision for income tax reclassified	**23,490**	2,346
Other reclassifications between assets and liabilities	**88,492**	67,625
Total assets attributable to members of Australian Unity Limited	**4,813,444**	6,558,689
Benefit fund assets	**4,224,012**	4,035,531
Netting of eligible deferred tax balances	**(110,514)**	(91,984)
Total assets	**8,926,942**	10,502,236

(iv) Segment liabilities

Segment liabilities are split into four categories: borrowings, working capital, non-interest bearing liabilities and discontinued operations. Borrowings include those held externally and also inter entity lending. Working capital liabilities include trade creditors, claims and other payables, current provisions and other liabilities and unearned income. Non-interest bearing liabilities include non-current provisions and resident ingoing fees.

The total liabilities reported to management are measured in a manner consistent with the amounts in these financial statements, except for resident liabilities and refundable lease deposits which are managed on a net basis with investment property and included in segment assets. These liabilities are allocated based on the operations of the segment.

Reportable segments' liabilities are reconciled to total liabilities as follows:

	2026 $'000	2025 $'000
Segment liabilities	**2,235,234**	4,040,242
Resident liabilities and refundable accommodation deposits	**1,799,385**	1,733,124
Retirement Village Property Fund consolidation	**86,724**	79,465
Netting of eligible deferred tax balances	**(292,410)**	(257,115)
Netting of inter-segment loan balances	**(32,285)**	(372)
Deferred Management Fees reclassified	**(358,924)**	(348,767)
Provision for income tax reclassified	**23,490**	2,346
Other reclassifications between assets and liabilities	**88,492**	67,625
Total liabilities attributable to members of Australian Unity Limited	**3,549,706**	5,316,548
Benefit fund policy liabilities (Note 40(a))	**4,091,387**	3,912,299
Benefit fund other liabilities	**132,625**	123,232
Netting of eligible deferred tax balances	**(110,514)**	(91,984)
Total liabilities	**7,663,204**	9,260,095

2 Insurance revenue

The following tables present an analysis of the insurance revenue recognised in the period:

	Health insurance contracts issued $'000	Benefit fund insurance contracts issued $'000	Total $'000
Year ended 30 June 2026			
Contracts not measured under the Premium Allocation Approach (PAA)			
Amounts relating to changes in the Liability for Remaining Coverage (LRC)			
- Expected incurred claims and other insurance service expenses	**-**	**2,544**	**2,544**
- Change in risk adjustment for non-financial risk for risk expired	**-**	**13**	**13**
- Contractual Service Margin (CSM) recognised for services provided	**-**	**12,457**	**12,457**
Sub-total	**-**	**15,014**	**15,014**
Management of benefit funds	**-**	**14,064**	**14,064**
Contracts measured under the PAA	**724,579**	**-**	**724,579**
Total insurance revenue	**724,579**	**29,078**	**753,657**

	Health insurance contracts issued $'000	Benefit fund insurance contracts issued $'000	Total $'000
Year ended 30 June 2025			
Contracts not measured under the PAA			
Amounts relating to changes in the LRC			
- Expected incurred claims and other insurance service expenses	-	2,599	2,599
- Change in risk adjustment for non-financial risk for risk expired	-	13	13
- CSM recognised for services provided	-	12,899	12,899
Sub-total	-	15,511	15,511
Management of benefit funds	-	14,128	14,128
Contracts measured under the PAA	714,014	-	714,014
Total insurance revenue	714,014	29,639	743,653

3 Other revenue and other income

The Group operates in Australia and generates revenue through its business platforms that operate private health insurance, retirement communities, aged care facilities, home care services, health services, investment funds management, trustee services and the distribution of general insurance products. As the Group operates diverse businesses, it adopts different accounting standards for revenue recognition as applicable to each category of revenue.

3 Other revenue and other income (continued)

The following is other revenue and other income from continuing operations:

	2026 $'000	2025 $'000
Revenue from services		
Residential aged care and home health services, and other fees	**930,363**	790,390
Government grants and subsidies funding aged care, home care services	**313,295**	309,559
Management and performance fees revenue	**73,872**	95,098
Brokerage and commission	**6,639**	6,290
Healthcare services revenue	**52,891**	56,855
	1,377,060	1,258,192
Investment earnings		
Net fair value gains/(losses) on investment property (Note 16)	**(10,645)**	71,904
Dividends and distributions	**22,855**	24,981
Other interest income	**11,611**	17,970
Gain/(loss) on investments in financial instruments	**(4,181)**	(13,113)
	19,640	101,742
Other income		
Imputed income on refundable accommodation deposits	**45,406**	41,777
Deferred management fees	**40,026**	45,439
Gain on sale of business component	**665**	4,951
Others	**22,572**	30,248
	108,669	122,415
Total other revenue and other income	**1,505,369**	1,482,349
Benefit funds other income	**261,422**	376,416

Disaggregation of revenue

Disaggregation of revenue from contracts with customers is prepared based on the customer type and contract type for each of the operating segments, as this is considered to depict how the nature, timing and uncertainty of the Group's revenue and cash flows are affected by economic factors. Most of the Group's other revenue is fee for service and is recognised over the time when the services are rendered.

Disaggregation of revenue from services for each business segment for the year ended 30 June 2026 and reconciliation of other revenue and other income to other revenue from external customers in segment reporting are presented in the below table:

2026	Home Health $'000	Insurances $'000	Residential Aged Care $'000	Wealth & Capital Markets $'000	Corporate Functions $'000	Total $'000
Revenue from services						
Residential aged care and home health services, retirement living and other fees	**815,124**	**-**	**67,709**	**47,530**	**-**	**930,363**
Government grants and subsidies funding aged care, home care services	**181,444**	**-**	**131,851**	**-**	**-**	**313,295**
Management and performance fees revenue	**1,419**	**-**	**-**	**72,453**	**-**	**73,872**
Brokerage and commission	**-**	**2,383**	**-**	**4,256**	**-**	**6,639**
Healthcare services revenue	**52,891**	**-**	**-**	**-**	**-**	**52,891**
	1,050,878	**2,383**	**199,560**	**124,239**	**-**	**1,377,060**

3 Other revenue and other income (continued)

2026	Home Health $'000	Insurances $'000	Residential Aged Care $'000	Wealth & Capital Markets $'000	Corporate Functions $'000	Total $'000
Investment earnings						
Net fair value gains/(losses) on investment property	-	-	-	(10,645)	-	(10,645)
Dividends and distributions	64	13,610	-	5,326	3,855	22,855
Other interest income	1,817	1,423	5,697	1,983	691	11,611
Gain/(loss) on investments in financial instruments	-	5,823	-	(10,135)	131	(4,181)
	1,881	20,856	5,697	(13,471)	4,677	19,640
Benefit funds other income	-	-	-	261,422	-	261,422
Other income						
Imputed income on refundable accommodation deposits	-	-	45,406	-	-	45,406
Deferred management fees	-	-	-	40,026	-	40,026
Gain on sale of business component*	-	-	-	665	-	665
Other	4,133	1,411	1,733	13,609	1,686	22,572
	4,133	1,411	47,139	54,300	1,686	108,669
Other revenue and other income from continuing operations	1,056,892	24,650	252,396	426,490	6,363	1,766,791
Reconciliation to other revenue from external customers in segment reporting						
Items added to/(excluded from) the segment other revenue						
Dividends and distributions	(64)	(13,610)	-	(5,326)	(3,855)	(22,855)
Insurance revenue	-	724,579	-	14,064	-	738,643
Other investment income	(1,817)	(7,246)	(5,697)	8,152	(822)	(7,430)
Benefit funds other income	-	-	-	(261,422)	-	(261,422)
Other items included in Adjusted EBITDA	(195)	(1,195)	(4)	4,544	1,248	4,398
	(2,076)	702,528	(5,701)	(239,988)	(3,429)	451,334
Other revenue from external customers in segment reporting	1,054,816	727,178	246,695	186,502	2,934	2,218,125

* The gain on sale of business component is made up of the following:

• On 15 December 2025, the Group sold a retirement village for $6.5 million. The net assets disposed were $5.6 million (including $14.1 million Investment property assets (Note 16(a)), other net liabilities of $1.9 million primarily accrued deferred management fees and $10.4 million of resident liabilities), resulting in a gain on sale of $0.9 million.

• At 31 December 2025, a retirement village within the Wealth & Capital Markets segment was classified as held for sale following the Group's decision to divest the asset. This comprise assets of $4.9 million and liabilities held for sale $4.8 million, carried at the lower of carrying amount and its fair value less cost to sell. The sale was completed on 30 June 2026, and a loss on disposal of $0.2 million (refer to Note 32).

3 Other revenue and other income (continued)

2025	Home Health $'000	Insurances $'000	Residential Aged Care $'000	Wealth & Capital Markets $'000	Corporate Functions $'000	Total $'000
Revenue from services						
Residential aged care and home health services, retirement living and other fees	715,059	-	52,810	22,521	-	790,390
Government grants and subsidies funding aged care, home care services	175,325	-	134,234	-	-	309,559
Management and performance fees revenue	-	-	-	95,098	-	95,098
Brokerage and commission	-	2,621	-	3,669	-	6,290
Healthcare services revenue	56,855	-	-	-	-	56,855
	947,239	2,621	187,044	121,288	-	1,258,192
Investment earnings						
Fair value gains on investment property	-	-	20,077	51,827	-	71,904
Dividends and distributions	-	17,538	275	4,599	2,569	24,981
Other interest income	2,397	1,559	5,744	2,789	5,481	17,970
Gain/(loss) on investments in financial instruments	-	(881)	(13)	(8,597)	(3,622)	(13,113)
	2,397	18,216	26,083	50,618	4,428	101,742
Benefit funds other income	-	-	-	376,416	-	376,416
Other income						
Imputed income on refundable accommodation deposits	-	-	41,777	-	-	41,777
Deferred management fees	-	-	-	45,440	-	45,440
Gain on sale of business component	-	-	-	4,951	-	4,951
Other	12,400	340	4,161	13,307	39	30,247
	12,400	340	45,938	63,698	39	122,415
Other revenue and other income from continuing operations	962,036	21,177	259,065	612,020	4,467	1,858,765
Reconciliation to other revenue from external customers in segment reporting						
Items added to/(excluded from) the segment other revenue						
Dividends and distributions	-	(17,538)	(275)	(4,599)	(2,569)	(24,981)
Insurance revenue	-	714,014	-	14,128	-	728,142
Other investment income	(2,397)	(678)	(5,731)	5,808	(1,859)	(4,857)
Income - profit on sale of business component	-	-	-	(4,951)	-	(4,951)
Benefit funds other income	-	-	-	(376,416)	-	(376,416)
Other items included in Adjusted EBITDA	(9,581)	(1)	275	3,788	10,766	5,247
	(11,978)	695,797	(5,731)	(362,242)	6,338	322,184
Other revenue from external customers in segment reporting	950,058	716,974	253,334	249,778	10,805	2,180,949

4 Expenses, excluding finance costs

(a) Insurance service expenses and Other expenses, excluding finance costs, from continuing operations classified by nature are as follows:

	2026 $'000	2025 $'000
Client care costs	**440,429**	388,169
Commission expense	**16,972**	14,391
Computer and equipment costs	**95,314**	80,439
Depreciation and amortisation expense	**56,596**	72,916
Employee benefits expense	**878,419**	809,846
Expenses in relation to benefit funds	**200,922**	261,038
Fund manager and administration fees	**14,677**	23,779
Health insurance claims expense	**717,418**	676,519
Health insurance claims recoveries - Net Risk Equalisation Special Account	**(122,983)**	(101,951)
Impairment loss on remeasurement of the disposal group (Note 32)	**53,380**	-
Impairment of assets (Note 18 (b) and 19)	**51,625**	-
Impairment of associates	**-**	2,000
Legal and professional fees	**49,721**	40,882
Marketing expenses	**24,359**	25,781
Net loss on disposal of investment properties	**7,118**	-
Occupancy costs	**45,426**	38,194
Other expenses	**43,238**	45,944
Insurance service expenses and Other expenses, excluding finance costs, from continuing operations	**2,572,631**	2,377,947
Depreciation and amortisation components:		
Depreciation of property, plant and equipment	**21,624**	20,837
Depreciation of right-of-use assets	**14,113**	14,051
Amortisation of intangible assets	**20,859**	38,028
	56,596	72,916

(b) Insurance service expenses and Other expenses, excluding finance costs, from continuing operations identified between Insurance service expenses and Other expenses are as follows:

	2026 $'000	2025 $'000
Insurance service expenses		
- Health insurance	**687,975**	667,894
- Management of benefit funds	**3,862**	3,293
- Benefit funds	**15,260**	16,053
	707,097	687,240
Other expenses, excluding finance costs	**1,679,872**	1,445,722
Benefit funds other expenses	**185,662**	244,985
	1,865,534	1,690,707
Insurance service expenses and Other expenses, excluding finance costs, from continuing operations	**2,572,631**	2,377,947

5 Finance costs

	2026 $'000	2025 $'000
Interest and finance charges on borrowings	**32,367**	30,617
Imputed interest charge on refundable accommodation deposits	**45,395**	41,777
Interest on leases and related accounts	**4,759**	6,973
Total finance costs	**82,521**	79,367

6 Total investment income and insurance finance income/(expenses) from insurance contracts issued

The tables below present analysis of the total investment income and insurance finance income/(expenses) recognised in profit and loss in the period:

	Health insurance contracts issued $'000	**Benefit fund insurance contracts issued $'000**	**Total $'000**
Year ended 30 June 2026			
Insurance finance income/(expenses) from insurance contracts issued recognised in profit and loss:			
Interest accreted	**-**	**(873)**	**(873)**
Effect of changes in interest rates and other financial assumptions	**-**	**761**	**761**
Effect of changes in Fulfillment Cash Flows (FCFs) at current rate when the Contractual Service Margin (CSM) is unlocked at locked-in rate	**-**	**(11)**	**(11)**
Changes in FCFs and CSM of contracts measured applying the Variable Fee Approach (VFA) due to changes in fair value of underlying items	**-**	**(14,985)**	**(14,985)**
	-	**(15,108)**	**(15,108)**
Management of benefit funds	**-**	**(124)**	**(124)**
Total insurance finance expenses from insurance contracts issued (Note 13)	**-**	**(15,232)**	**(15,232)**

	Health insurance contracts issued $'000	**Benefit fund insurance contracts issued $'000**	**Total $'000**
Year ended 30 June 2025			
Insurance finance income/(expenses) from insurance contracts issued recognised in profit and loss:			
Interest accreted	-	(1,085)	(1,085)
Effect of changes in interest rates and other financial assumptions	-	131	131
Effect of changes in FCFs at current rate when the CSM is unlocked at locked-in rate	-	(28)	(28)
Changes in FCFs and CSM of contracts measured applying the VFA due to changes in fair value of underlying items	-	(34,680)	(34,680)
	-	(35,662)	(35,662)
Management of benefit funds	-	(646)	(646)
Total insurance finance expenses from insurance contracts issued (Note 13)	-	(36,308)	(36,308)

7 Contractual Service Margin

The following table shows an analysis of the expected recognition in profit or loss of the Contractual Service Margin (CSM) remaining at the end of the reporting period.

	Less than 1 year $'000	In 1 to 3 years $'000	In 4 to 5 years $'000	> 5 years $'000	Total $'000
30 June 2026					
Insurance contracts issued					
Benefit fund insurance contracts	**154**	**249**	**227**	**2,359**	**2,989**
Total CSM for insurance contracts	**154**	**249**	**227**	**2,359**	**2,989**
30 June 2025					
Insurance contracts issued					
Benefit fund insurance contracts	195	343	254	2,531	3,323
Total CSM for insurance contracts	195	343	254	2,531	3,323

8 Income tax expense

	Year ended 30 June 2026		
	Attributable to members of Australian Unity Limited $'000	Attributable to benefit fund policyholders $'000	Total $'000
Current tax	**63,541**	**(31,151)**	**32,390**
Deferred tax	**(21,016)**	**(18,265)**	**(39,281)**
Adjustments for current tax of prior periods	**12,069**	**(10,997)**	**1,072**
Other	**328**	**7**	**335**
Income tax benefit/(expense)	**54,922**	**(60,406)**	**(5,484)**

	Year ended 30 June 2025		
	Attributable to members of Australian Unity Limited $'000	Attributable to benefit fund policyholders $'000	Total $'000
Current tax	29,268	(24,832)	4,436
Deferred tax	(25,482)	(57,175)	(82,657)
Adjustments for current tax of prior periods	12,299	(13,220)	(921)
Other	355	-	355
Income tax benefit/(expense)	16,440	(95,227)	(78,787)

8 Income tax expense (continued)

	Year ended 30 June 2026		
	Attributable to members of Australian Unity Limited $'000	**Attributable to benefit fund policyholders $'000**	**Total $'000**
Deferred income tax expense included in income tax expense comprises:			
Increase/(decrease) in deferred tax assets	**3,422**	**(294)**	**3,128**
Increase in deferred tax liabilities	**17,594**	**18,559**	**36,153**
Deferred income tax expense	**21,016**	**18,265**	**39,281**
Income tax benefit/(expense) is attributable to:			
Loss from continuing operations	**54,050**	**-**	**54,050**
Profit from benefit funds	**-**	**(60,406)**	**(60,406)**
Income tax expense from continuing operations	**54,050**	**(60,406)**	**(6,356)**
Loss from discontinued operation	**872**	**-**	**872**
Income tax benefit/(expense)	**54,922**	**(60,406)**	**(5,484)**

	Year ended 30 June 2025		
	Attributable to members of Australian Unity Limited $'000	**Attributable to benefit fund policyholders $'000**	**Total $'000**
Deferred income tax benefit/(expense) included in income tax expense comprises:			
Decrease in deferred tax assets	(673)	(831)	(1,504)
Increase in deferred tax liabilities	(24,809)	(56,344)	(81,153)
Deferred income tax benefit/(expense)	(25,482)	(57,175)	(82,657)
Income tax benefit/(expense) is attributable to:			
Profit from continuing operations	15,274	-	15,274
Profit from benefit funds	-	(95,227)	(95,227)
	15,274	(95,227)	(79,953)
Profit from discontinued operation	1,166	-	1,166
Income tax benefit/(expense)	16,440	(95,227)	(78,787)

Reconciliation of income tax expense to prima facie tax payable

	Year ended 30 June 2026		
	Attributable to members of Australian Unity Limited $'000	**Attributable to benefit fund policyholders $'000**	**Total $'000**
(Loss)/profit before income tax from continuing operations	**(209,062)**	**60,406**	**(148,656)**
Less: Profit in benefit funds	**-**	**(60,406)**	**(60,406)**

8 Income tax expense (continued)

Reconciliation of income tax expense to prima facie tax payable (continued)

	Year ended 30 June 2026		
	Attributable to members of Australian Unity Limited $'000	**Attributable to benefit fund policyholders $'000**	**Total $'000**
Loss before income tax and benefit funds	**(209,062)**	**-**	**(209,062)**
(Loss) before income tax from discontinued operation	**(1,025)**	**-**	**(1,025)**
Profit before income tax for the period	**(210,087)**	**-**	**(210,087)**
Tax at the Australian tax rate of 30%	**63,026**	**-**	**63,026**
Non-assessable income	**14,549**	**-**	**14,549**
Other assessable amounts	**(5,074)**	**-**	**(5,074)**
Non-deductible expenditure	**(21,788)**	**-**	**(21,788)**
Other deductible expenditure	**2,134**	**-**	**2,134**
Over/(under) provision in prior years	**1,404**	**-**	**1,404**
Tax credits/(offsets)	**6**	**-**	**6**
Tax in benefit funds	**-**	**(60,406)**	**(60,406)**
Other	**665**	**-**	**665**
Income tax benefit/(expense)	**54,922**	**(60,406)**	**(5,484)**

	Year ended 30 June 2025		
	Attributable to members of Australian Unity Limited $'000	**Attributable to benefit fund policyholders $'000**	**Total $'000**
Profit/(loss) before income tax from continuing operations	14,010	95,227	109,237
Less: Profit in benefit funds	-	(95,227)	(95,227)
Loss before income tax and benefit funds	14,010	-	14,010
Loss before income tax from discontinued operations	(3,889)	-	(3,889)
Loss before income tax for the year	10,121	-	10,121
Tax at the Australian tax rate of 30%	(3,036)	-	(3,036)
Non-assessable income	10,290	-	10,290
Other assessable amounts	(83)	-	(83)
Non-deductible expenditure	(1,880)	-	(1,880)
Other deductible expenditure	1,185	-	1,185
Other deferred tax adjustments	-	-	-
Over/(under) provision in prior years	539	-	539
Tax credits/(offsets)	275	-	275
Tax in benefit funds	-	(95,227)	(95,227)
Other	9,150	-	9,150
Income tax benefit/(expense)	16,440	(95,227)	(78,787)

8 Income tax expense (continued)

Franking credits
As at 30 June 2026, the franking credits available for future years at 30% adjusted for debits and credits arising from the payment of income tax payable and from recognised dividends receivable or payable is $31.8 million (30 June 2025: $46.5 million).

Tax Transparency Code
In 2016 the Australian Taxation Office issued the Tax Transparency Code (TTC) which is a set of principles and minimum standards to guide medium and large businesses on public disclosure of tax information. Adoption of the TTC is voluntary and intended to complement Australia's existing tax transparency measures. The Group has implemented TTC and support greater tax disclosure in Australia, reflecting the Group's commitment to compliance from a regulatory and financial perspective, and transparency with respect to the Group's strategy and corporate governance.

Financial assets and liabilities

9 Financial assets - Cash and cash equivalents

	2026 $'000	2025 $'000
Cash at bank and on hand	**15**	15
Bank balances	**133,540**	130,835
Deposits at call	**44,065**	58,553
Cash equivalents held in the form of investment trusts*	**435,434**	449,183
Total cash and cash equivalents	**613,054**	638,586

* These investment trusts have an investment policy that invests in short term, highly liquid assets that readily supports conversion to cash.

The balance of cash and cash equivalents as at 30 June 2026 included the Parent Entity's accounts totalling $117,487,000 (2025 : $104,217,000) (Note 29) and amounts held by benefit funds totalling $196,238,000 (2025 : $187,064,000).

Fair value and risk exposures

The carrying amount of cash and cash equivalents equals their fair value. Information about the Group's exposure to interest rate risk is provided in Note 27.

10 Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss (FAFVTPL) consist of the following:

	2026 $'000	2025 $'000
Securities held by benefit funds	**3,905,137**	3,705,111
Securities held by parent and corporate entities	**437,803**	415,589
Total FAFVTPL	**4,342,940**	4,120,700

Changes in FAFVTPL are recorded in Other revenue and other income (see Note 3).

10 Financial assets at fair value through profit or loss (continued)

(a) Securities held by benefit funds comprise the following:

	2026 $'000	2025 $'000
Equity trusts	**2,947,084**	2,900,951
Fixed interest securities trusts	**839,885**	716,411
Mortgage trusts	**47,087**	23,921
Property syndicates and trusts	**71,081**	63,828
Total FAFVTPL securities held by benefit funds	**3,905,137**	3,705,111

(b) Securities held by parent and corporate entities comprise the following:

	2026 $'000	2025 $'000
Equity trusts	**17,654**	18,606
Fixed interest securities trusts	**216,508**	216,359
Mortgage trusts	**35,602**	-
Property syndicates and trusts	**168,039**	180,624
Total FAFVTPL securities held by parent and corporate entities	**437,803**	415,589

(c) Current and non-current split

The redemption terms for investments in certain managed trusts can be varied by their responsible entities in response to market conditions. For those investments which cannot be redeemed entirely within one year from reporting date, the amounts have been allocated between current and non-current in accordance with the maximum percentage redeemable within one year as per the most recent advice from the manager at the end of the reporting period.

The carrying amounts of the above financial assets have been designated at fair value on initial recognition and are classified as follows:

	2026 $'000	2025 $'000
Current		
Securities held by benefit funds	**3,893,884**	3,702,563
Securities held by parent and corporate entities	**197,249**	291,604
	4,091,133	3,994,167
Non-current		
Securities held by benefit funds	**11,253**	2,548
Securities held by parent and corporate entities	**240,554**	123,985
	251,807	126,533
Total FAFVTPL	**4,342,940**	4,120,700

(d) Fair value and risk exposures

Information on the fair value measurement basis is provided in Note 15 while information about the Group's exposure to market risk is provided in Note 27.

11 Financial assets - Other financial assets at amortised cost

	2026 $'000	2025 $'000
Other financial assets at amortised cost - Term deposits	**4,648**	75,415

Fair value and risk exposures

Due to the short term nature of these investments, their carrying amount is assumed to approximate their fair value. Information about the Group's exposure to credit risk and the credit quality in relation to these investments is provided in Note 27.

12 Financial liabilities - Borrowings

	2026 $'000	2025 $'000
Current		
Unsecured interest bearing liabilities		
Series D Australian Unity Bonds		
Face value	**207,000**	-
Unamortised borrowing costs	**(155)**	-
At amortised cost	**206,845**	-
Loan payable to related entity	**5,100**	5,100
Bank Loans	**-**	115,556
Total unsecured interest bearing liabilities	**211,945**	120,656
Total current borrowings	**211,945**	120,656
Non-current		
Unsecured interest bearing liabilities		
Series D Australian Unity Bonds		
Face value	**-**	207,000
Unamortised borrowing costs	**-**	(690)
At amortised cost	**-**	206,310
Series E Australian Unity Bonds		
Face value	**255,805**	255,805
Unamortised borrowing costs	**(2,571)**	(3,615)
At amortised cost	**253,234**	252,190
Total unsecured interest bearing liabilities	**253,234**	458,500
Total non-current borrowings	**253,234**	458,500
Total borrowings	**465,179**	579,156

12 Financial liabilities - Borrowings (continued)

(a) Australian Unity Bonds

The Series D Australian Unity Bonds, with a maturity date of 15 December 2026, are listed on the Australian Securities Exchange (code: AYUHD). Interest on the Series D bonds is based on the three-month BBSW rate plus a 2.15% margin per annum, with payments made quarterly in arrears on 14 January, 14 April, 14 July, and 14 October each year.

As at 30 June 2026, Series D Australian Unity Bonds have been classified as current based on the timing of expected settlement and refinancing arrangements. The portion of the bonds that is not subject to refinancing or rollover arrangements and is due to mature within 12 months of the reporting date has been classified as current. To the extent that refinancing arrangements have been executed prior to 30 June 2026, and the Group has the ability to defer settlement beyond 12 months, that portion has been classified as non-current.

On the 10 July 2026, the Company re-purchased $51.5 million of Series D Bonds. Refer to Note 36 Events occurring after the reporting period.

The Series E Australian Unity Bonds are listed on the Australian Securities Exchange (code: AYUHE). The Series E bonds have a five-year term, maturing on 15 December 2028, and bear interest at the three-month BBSW rate plus a margin of 2.5% per annum. Interest on the Series E bonds is payable quarterly in arrears on 14 January, 14 April, 14 July, and 14 October each year.

Under the terms of each of the Series D and Series E Australian Unity Bonds, the Company is required to maintain a Covenant Gearing Ratio of less than 50% as of 30 June and 31 December each year. The Covenant Gearing Ratio represents the aggregate of interest-bearing liabilities and guarantees divided by the aggregate of interest-bearing liabilities and guarantees plus total equity. The ratio is calculated based on the Group's financial position, excluding the Group's ADI and benefit funds.

The Group no longer owns an ADI, having transferred its banking business to Bank Australia on 22 November 2025. Interest-bearing liabilities and guarantees are further reduced by lease liabilities and the Company's unencumbered cash and cash equivalents. Junior Ranking Obligations, if any, reduce interest-bearing liabilities and guarantees but increase total equity in the calculation. Junior Ranking Obligations refer to equity or subordinated debt of the Company that would, in a winding-up situation, rank behind the Company's obligations under the Series D and Series E bonds. As at 30 June 2026, the Covenant Gearing Ratio was 25.5% (2025: 33.5%). The Group expects to comply with the covenant requirements for at least 12 months after the reporting date.

(b) Bank loans

The loan facility outstanding at 30 June 2025 was fully repaid during the period (2025: current borrowings of $115,556,000). The prior period balance represented a loan facility for general corporate purposes, which bore interest at the BBSY bid rate plus margin. The interest rate as at 30 June 2025 was 6.39%.

(c) Fair value and risk exposures

The fair values of borrowings are set out in Note 15. Information about the Group's exposure to risk arising from borrowings is set out in Note 27.

13 Insurance contract policy liabilities

(a) Health insurance contract policy liabilities

Health insurance contracts issued

The following table shows the reconciliation from the opening to the closing balances of the net Liability for Remaining Coverage (LRC) and the Liability for Incurred Claims (LIC):

	LRC		LIC		
	Excluding loss component	Loss component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total
30 June 2026	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Opening policy liabilities	86,646	2,553	50,672	5,779	145,650
Net opening balance	86,646	2,553	50,672	5,779	145,650
Changes in the statement of comprehensive income					
Insurance revenue	(724,579)	-	-	-	(724,579)
Insurance service expenses					
Incurred claims and other expenses	-	-	690,642	-	690,642
Changes that relate to future service; losses and reversal of losses on onerous contracts	-	(825)	-	-	(825)
Changes that relate to past service: changes to liabilities for incurred claims	-	-	(1,168)	(674)	(1,842)
Insurance service result	(724,579)	(825)	689,474	(674)	(36,604)
Insurance finance income/(expense) from contracts issued	-	-	-	-	-
Sub-total	(724,579)	(825)	689,474	(674)	(36,604)
Cash flows					
Premiums received	731,352	-	-	-	731,352
Claims and other insurance service expenses paid	-	-	(696,743)	-	(696,743)
Total cash flows	731,352	-	(696,743)	-	34,609
Other movements in the net balance	-	-	(287)	-	(287)
Closing policy liabilities	93,419	1,728	43,116	5,105	143,368
Net closing balance	93,419	1,728	43,116	5,105	143,368

13 Insurance contract policy liabilities (continued)

(a) Health insurance contract policy liabilities (continued)

	LRC		LIC		
30 June 2025	Excluding loss component $'000	Loss component $'000	Estimates of present value of future cash flows $'000	Risk adjustment for non-financial risk $'000	Total $'000
Opening policy liabilities	75,095	4,538	54,652	5,821	140,106
Net opening balance	75,095	4,538	54,652	5,821	140,106
Changes in the statement of comprehensive income					
Insurance revenue	(714,014)	-	-	-	(714,014)
Insurance service expenses					
Incurred claims and other expenses	-	-	677,208	-	677,208
Changes that relate to future service; losses and reversal of losses on onerous contracts	-	(1,985)	-	-	(1,985)
Changes that relate to past service: changes to liabilities for incurred claims	-	-	(7,287)	(42)	(7,329)
Insurance service result	(714,014)	(1,985)	669,921	(42)	(46,120)
Insurance finance income/(expense) from contracts issued	-	-	-	-	-
Sub-total	(714,014)	(1,985)	669,921	(42)	(46,120)
Cash flows					
Premiums received	725,565	-	-	-	725,565
Claims and other insurance service expenses paid	-	-	(658,553)	-	(658,553)
Total cash flows	725,565	-	(658,553)	-	67,012
Other movements in the net balance	-	-	(15,348)	-	(15,348)
Closing policy liabilities	86,646	2,553	50,672	5,779	145,650
Net closing balance	86,646	2,553	50,672	5,779	145,650

(b) Benefit fund insurance contract policy liabilities

(i) The following table shows the reconciliation from the opening to the closing balances of the net Liability for Remaining Coverage (LRC) and the Liability for Incurred Claims (LIC):

	LRC		LIC	
30 June 2026	Excluding loss component $'000	Loss component $'000	$'000	Total $'000
Opening policy liabilities	**836,093**	**-**	**10,776**	**846,869**
Net opening balance	**836,093**	**-**	**10,776**	**846,869**
Changes in the statement of comprehensive income				
Insurance revenue				
Contracts under the fair value transition approach	**-**	**-**	**-**	**-**
Other contracts	**(15,071)**	**-**	**-**	**(15,071)**
Insurance service expenses				
Incurred claims and other expenses	**3,398**	**-**	**894**	**4,292**
Adjustments to LIC	**-**	**-**	**823**	**823**
Losses and reversals of losses on onerous contracts	**-**	**-**	**-**	**-**
Insurance service result	**(11,673)**	**-**	**1,717**	**(9,956)**
Insurance finance income from contracts issued	**15,232**	**-**	**-**	**15,232**

13 Insurance contract policy liabilities (continued)

(b) Benefit fund insurance contract policy liabilities (continued)

	LRC		LIC	
30 June 2026	**Excluding loss component $'000**	**Loss component $'000**	**$'000**	**Total $'000**
Sub-total	**3,559**	**-**	**1,717**	**5,276**
Investment components excluded from insurance revenue and insurance service expenses	**(86,372)**	**-**	**86,372**	**-**
Cash flows				
Premiums received (including investment components)	**48,792**	**-**	**-**	**48,792**
Insurance acquisition cash flows paid	**-**	**-**	**-**	**-**
Claims and other insurance service expenses paid (excluding investment components)	**(3,398)**	**-**	**(87,266)**	**(90,664)**
Total cash flows	**45,394**	**-**	**(87,266)**	**(41,872)**
Closing policy liabilities	**798,674**	**-**	**11,599**	**810,273**
Net closing balance	**798,674**	**-**	**11,599**	**810,273**

13 Insurance contract policy liabilities (continued)

(b) Benefit fund insurance contract policy liabilities (continued)

	LRC		LIC	
30 June 2025	**Excluding loss component $'000**	**Loss component $'000**	**$'000**	**Total $'000**
Opening policy liabilities	854,020	-	10,084	864,104
Net opening balance	854,020	-	10,084	864,104
Changes in the statement of comprehensive income				
Insurance revenue				
Contracts under the fair value transition approach	(15,556)	-	-	(15,556)
Insurance service expenses				
Incurred claims and other expenses	3,443	-	1,129	4,572
Adjustments to LIC	-	-	692	692
Losses and reversals of losses on onerous contracts	-	-	-	-
Insurance service result	(12,113)	-	1,821	(10,292)
Insurance finance income from contracts issued	36,308	-	-	36,308
Sub-total	24,195	-	1,821	26,016
Investment components excluded from insurance revenue and insurance service expenses	(81,084)	-	81,084	-
Cash flows				
Premiums received (including investment components)	42,405	-	-	42,405
Insurance acquisition cash flows paid	-	-	-	-
Claims and other insurance service expenses paid (excluding investment components)	(3,443)	-	(82,213)	(85,656)
Total cash flows	38,962	-	(82,213)	(43,251)
Closing policy liabilities	836,093	-	10,776	846,869
Net closing balance	836,093	-	10,776	846,869

(ii) The following table shows the reconciliation from the opening to the closing balances of the net insurance contract liability analysed by components:

			Contractual Service Margin (CSM)	
30 June 2026	**Estimate of present value of future cash flows $'000**	**Risk adjustment for non-financial risk $'000**	**Contracts under fair value approach $'000**	**Total $'000**
Opening policy liabilities	**843,214**	**332**	**3,323**	**846,869**
Net opening balance	**843,214**	**332**	**3,323**	**846,869**
Changes in the statement of comprehensive income				
Changes that relate to current service				
CSM recognised to loss recovery component	**(9,030)**	**-**	**(12,734)**	**(21,764)**
Changes in risk adjustment for non-financial risk for risk expired	**-**	**(18)**	**-**	**(18)**
Experience adjustments	**(1,425)**	**-**	**12,428**	**11,003**
Changes that relate to future service				
Changes in estimates that adjust the CSM	**269**	**(9)**	**(260)**	**-**
Changes that relate to past service				
Adjustments to LIC	**823**	**-**	**-**	**823**

13 Insurance contract policy liabilities (continued)

(b) Benefit fund insurance contract policy liabilities (continued)

			Contractual Service Margin (CSM)	
	Estimate of present value of future cash flows	**Risk adjustment for non-financial risk**	**Contracts under fair value approach**	**Total**
30 June 2026	**$'000**	**$'000**	**$'000**	**$'000**
Insurance service result	**(9,363)**	**(27)**	**(566)**	**(9,956)**
Insurance finance expense from contracts issued	**15,000**	**-**	**232**	**15,232**
Sub-total	**5,637**	**(27)**	**(334)**	**5,276**
Cash flows				
Premiums received (including investment components)	**48,792**	**-**	**-**	**48,792**
Insurance acquisition cash flows	**-**	**-**	**-**	**-**
Claims and other insurance service expenses paid (excluding investment components)	**(90,664)**	**-**	**-**	**(90,664)**
Total cash flows	**(41,872)**	**-**	**-**	**(41,872)**
Closing policy liabilities	**806,979**	**305**	**2,989**	**810,273**
Net closing balance	**806,979**	**305**	**2,989**	**810,273**

			Contractual Service Margin (CSM)	
	Estimate of present value of future cash flows	**Risk adjustment for non-financial risk**	**Contracts under fair value approach**	**Total**
30 June 2025	**$'000**	**$'000**	**$'000**	**$'000**
Opening policy liabilities	860,392	316	3,396	864,104
Net opening balance	**860,392**	**316**	**3,396**	**864,104**
Changes in the statement of comprehensive income				
Changes that relate to current service				
CSM recognised to loss recovery component	(9,398)	-	(13,168)	(22,566)
Changes in risk adjustment for non-financial risk for risk expired	-	(16)	-	(16)
Experience adjustments	(1,243)	-	12,841	11,598
Changes that relate to future service				
Changes in estimates that adjust the CSM	483	32	(515)	-
Changes that relate to past service				
Adjustments to LIC	692	-	-	692
Insurance service result	(9,466)	16	(842)	(10,292)
Insurance finance expense from contracts issued	35,539	-	769	36,308
Sub-total	26,073	16	(73)	26,016
Cash flows				
Premiums received (including investment components)	42,405	-	-	42,405
Insurance acquisition cash flows	-	-	-	-
Claims and other insurance service expenses paid (excluding investment components)	(85,656)	-	-	(85,656)
Total cash flows	**(43,251)**	**-**	**-**	**(43,251)**

13 Insurance contract policy liabilities (continued)

(b) Benefit fund insurance contract policy liabilities (continued)

30 June 2025	Estimate of present value of future cash flows $'000	Risk adjustment for non-financial risk $'000	Contractual Service Margin (CSM) Contracts under fair value approach $'000	Total $'000
Closing policy liabilities	843,214	332	3,323	846,869
Net closing balance	843,214	332	3,323	846,869

(iii) The following table provides an analysis of insurance contracts initially recognised in the period:

	Contracts issued		Acquired contracts	
30 June 2026	**Profitable contracts**	**Onerous contracts**	**Profitable contracts**	**Onerous contracts**
	$'000	**$'000**	**$'000**	**$'000**
Estimates of present value of cash outflows				
Insurance acquisition cash flows	-	-	-	-
Claims and other insurance service expenses payable	-	-	-	-
Estimates of present value of cash inflows	**34,069**	-	-	-
Risk adjustment for non-financial risk	-	-	-	-
CSM	-	-	-	-
Total insurance contracts initially recognised in the period	**34,069**	-	-	-

	Contracts issued		Acquired contracts	
30 June 2025	**Profitable contracts**	**Onerous contracts**	**Profitable contracts**	**Onerous contracts**
	$'000	**$'000**	**$'000**	**$'000**
Estimates of present value of cash outflows				
Insurance acquisition cash flows	-	-	-	-
Claims and other insurance service expenses payable	-	-	-	-
Estimates of present value of cash inflows	29,048	-	-	-
Risk adjustment for non-financial risk	-	-	-	-
CSM	-	-	-	-
Total insurance contracts initially recognised in the period	29,048	-	-	-

14 Other current liabilities

	2026 $'000	2025 $'000
Financial liabilities		
Refundable accommodation deposits	**661,533**	644,073
Resident loan liabilities	**1,601,313**	1,577,613
	2,262,846	2,221,686
Non-financial liabilities		
Unearned income	**66,794**	94,850
Other	**2,468**	35,638
	69,262	130,488
Total other current liabilities	**2,332,108**	2,352,174

(a) Refundable Accommodation Deposits

Refundable accommodation deposits (RADs) are non-interest-bearing liabilities paid by residents upon entry into the Group's residential aged care facilities. RADs are classified as current liabilities in accordance with the requirements of the Department of Health and Aged Care, notwithstanding that repayment may occur more than 12 months after the reporting date. RADs are repayable in full within legislated timeframes following a resident's departure from the facility, generally within 14 days of the resident leaving or within 14 days of probate being granted. RADs are measured at their contractual amount payable.

Under the *Aged Care Act 2024*, Approved Providers deduct a retention amount from the RAD paid by residents who have entered into care on or after 1 November 2025. The amount is calculated daily at a rate of 2% per annum of the outstanding RAD balance and capped at 10% over 5 years. The Group is required to maintain sufficient liquidity to ensure the prompt repayment of these liabilities in accordance with the *Aged Care Act 2024*. The use of RADs is restricted to purposes permitted under the *Aged Care Act 2024*, including capital expenditure, repayment of related debt, and refunding RADs to departing residents.

(b) Resident loan liabilities

Resident loan liabilities relate to residents who occupy retirement villages (refer to investment properties in Note 16). These liabilities represent the estimated amount owing to the residents, comprising the initial ingoing contribution plus resident's share of capital gains less accrued deferred management and other fees. Resident loan liabilities are repayable at the earlier of a subsequent resident leasing the unit or a maximum repayment date. The maximum repayment date can vary between agreements.

(c) Unearned income

Unearned income represents government subsidies and deferred management fees in Retirement Villages not yet recognised in the profit or loss.

(d) Other Liabilities

Other liabilities primarily comprise acquisition-related obligations. These amounts are payable in connection with business combinations and include deferred consideration and other contractual commitments under the terms of the respective acquisition agreements. Settlement is contingent upon the achievement of specified performance milestones or the passage of time, in accordance with the conditions agreed with the sellers.

(e) Fair value and risk exposures

Due to the short term nature of these other current liabilities, their carrying value is assumed to approximate their fair value. Details of the Group's exposure to risk arising from other current liabilities are set out in Note 27.

15 Fair value measurements

(a) Recognised fair value measurements

The Group measures and recognises the following assets and liabilities at fair value on a recurring basis:

- Financial assets at fair value through profit or loss
- Derivative financial instruments
- Investment properties
- Life investment contract policy liabilities

For financial assets or financial liabilities measured at fair value on a non-recurring basis as at 30 June 2026, refer to Note 32.

(i) Fair value hierarchy

AASB 13 *Fair Value Measurement* requires disclosure of fair value measurements according to the following hierarchy:

- level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities,
- level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly, and
- level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table presents the Group's financial assets and liabilities measured and recognised at fair value at 30 June 2026 and 2025 on a recurring basis.

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
30 June 2026				
Recurring fair value measurement				
Financial assets				
Financial assets at fair value through profit or loss				
Equity trusts	**4,460**	**2,960,279**	**-**	**2,964,739**
Fixed interest securities trusts	**-**	**1,056,393**	**-**	**1,056,393**
Mortgage trusts	**-**	**59,414**	**23,275**	**82,689**
Property syndicates and trusts	**-**	**239,120**	**-**	**239,120**
Interest rate swaps	**-**	**3,439**	**-**	**3,439**
Other financial assets	**-**	**-**	**161**	**161**
Total financial assets	**4,460**	**4,318,645**	**23,436**	**4,346,541**
Non-financial assets				
Investment properties	**-**	**-**	**2,442,921**	**2,442,921**
Total non-financial assets	**-**	**-**	**2,442,921**	**2,442,921**
Financial liabilities				
Life investment contract policy liabilities	**-**	**3,281,114**	**-**	**3,281,114**
Resident loan liabilities	**-**	**-**	**1,601,313**	**1,601,313**
Total financial liabilities	**-**	**3,281,114**	**1,601,313**	**4,882,427**
30 June 2025				
Recurring fair value measurement				
Financial assets				
Financial assets at fair value through profit or loss				
Equity trusts	6,874	2,912,684	-	2,919,558
Fixed interest and other debt securities trusts	-	932,770	-	932,770
Mortgage trusts	-	23,921	-	23,921
Property syndicates and trusts	4,137	240,314	-	244,451
Interest rate swaps	-	6,235	-	6,235
Other financial assets	-	-	152	152
Total financial assets	11,011	4,115,924	152	4,127,087

15 Fair value measurements (continued)

(a) Recognised fair value measurements (continued)

Non-financial assets				
Investment properties	-	-	2,461,348	2,461,348
Total non-financial assets	-	-	2,461,348	2,461,348
Financial liabilities				
Life investment contract policy liabilities	-	3,065,430	-	3,065,430
Resident loan liabilities	-	-	1,577,613	1,577,613
Total financial liabilities	-	3,065,430	1,577,613	4,643,043

15 Fair value measurements (continued)

(a) Recognised fair value measurements (continued)

The majority of the financial assets at fair value through profit or loss are held through unlisted managed investment schemes. These unlisted managed investment schemes also hold investments from external investors.

The Group’s policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period. There were no transfers between levels 1 and 2 for the recurring fair value measurements during the year. The transfers in and out of level 3 measurements are summarised in section (iii) below.

(ii) Valuation techniques used to derive level 2 and level 3 fair values

Financial instruments

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs are not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- The use of quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

All of the resulting fair value estimates are included in level 2 except for unlisted equity securities which are included in level 3 as disclosed in section (iii) below.

Investment properties

Investment properties comprise the Group's interests in retirement village independent living units, development sites (residential and commercial) and other non-owner occupied investment properties.

At the end of each reporting period, the directors update their assessment of the fair value of each property, taking into account the most recent valuations. The directors determine a property's value using a reasonable fair value estimate as applicable to each type of investment property. Retirement village development sites are recognised at fair value, while other development sites are recognised at the lower of cost or net realisable value.

Fair value for most retirement villages is determined using a financial model which calculates the net present value of future cash flows, while others are valued through valuations by external accredited independent valuers. The major inputs used in the financial models include:

- current prices in an active market for properties of a similar nature;
- resident turnover rates based on business experience, including the expected average length of residence based on mortality assumptions and voluntary turnover, average incoming ages and distributions;
- expected cost of refurbishment;
- property growth rates based on analysis of property markets, historical experience and retirement village outlook; and
- discount rates appropriately set based on the view of risk and by reference to market transactions and conditions.

Fair value of other non-owner occupied property is based on periodic, but at least triennial, valuations by external accredited independent valuers.

All of the resulting fair value estimates of the investment properties are included in level 3 as explained in section (iii) below.

(iii) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 instruments for the financial year ended 30 June 2026 and 2025:

15 Fair value measurements (continued)

(a) Recognised fair value measurements (continued)

(iii) Fair value measurements using significant unobservable inputs (level 3) (continued)

	Other financial assets $'000	Investment properties $'000	Total $'000
Opening balance 1 July 2024	6,875	2,244,905	2,251,780
Additions	-	96,802	96,802
Commercial property rent received in advance movements	-	1,066	1,066
Net fair value movements	(2,319)	71,904	69,585
Other	(4,404)	46,671	42,267
Closing balance 30 June 2025	152	2,461,348	2,461,500
Opening balance 1 July 2025	**152**	**2,461,348**	**2,461,500**
Additions	**-**	**97,421**	**97,421**
Commercial property rent received in advance movements	**-**	**(39,403)**	**(39,403)**
Net fair value movements	**9**	**(10,645)**	**(10,636)**
Disposal	**-**	**(25,764)**	**(25,764)**
Other	**-**	**7,937**	**7,937**
Transfers to property plant & equipment	**-**	**(47,973)**	**(47,973)**
Closing balance 30 June 2026	**161**	**2,442,921**	**2,443,082**

Investment properties valuation inputs and relationships to fair value
Due to the nature of real estate markets, there is a degree of uncertainty in the inputs used in investment property valuation. While demand for retirement village properties may fluctuate in the short-term, the Group continues to expect long term demand to be commensurate with the growth in the ageing population. The valuation has been determined based on the available information at 30 June 2026 and other relevant information arising since then. The Group has a recent independent assessment on the key assumptions used in the property valuation.

The economy continues to face challenges from global uncertainties such as continuing trade and geopolitical tensions, and domestic factors such as financial pressures on households and the impact of megatrends (e.g. aging population). This uncertainty contributes to an elevated level of estimation uncertainty involved in measuring the valuation of the investment properties. The Group has made various accounting estimates and assumptions based on forecasts of economic conditions and resident/customer behaviour which reflect expectations and assumptions at period end about future events considered reasonable in the circumstances. Thus, there is a considerable degree of judgement involved in preparing these estimates. Actual economic conditions are likely to be different from those forecast since anticipated events may not occur as expected, and the effect of these differences may significantly impact accounting estimates.

To assess the exposure of carrying value to fair value movements due to changes in the economic environment, sensitivity analyses have been performed based on reasonably probable scenarios on the changes of key valuation inputs. While it is unlikely that these inputs would move in isolation, the sensitivities have been prepared to measure the impact of changes in each key valuation input independently.

Valuation inputs and relationships to fair value
The following table summarises the key inputs used in fair value measurements and the impact of changes in each input:

15 Fair value measurements (continued)

(a) Recognised fair value measurements (continued)

(iii) Fair value measurements using significant unobservable inputs (level 3) (continued)

Description	Fair value at 30 June 2026 $'000	Unobservable inputs	Range of inputs	Relationship of unobservable inputs to fair value
Retirement Village Independent Living Units	**$2,223,998.00**	Discount rate	12.0% - 13.50%	Increase/decrease in discount rate by +/- 50 basis points changes the fair value by -$31.1 million/+$34.5 million
		Property growth rate	3.0% - 4.5%	Increase/decrease in property growth rate by +/- 50 basis points would change the fair value by +$51.9 million/-$46.9 million
		Average length of residents' stay	5-16 years for other independent living units	The higher the average length of stay, the lower the fair value.
		Expected cost of refurbishments	Various depending on build quality, extent (full or partial) and cost of construction.	The higher the proportion attributable to the retirement village operator, the lower the fair value of the property. The higher the expected cost of refurbishment, the lower the fair value of the property.

Description	Fair value at 30 June 2025 $'000	Unobservable inputs	Range of inputs	Relationship of unobservable inputs to fair value
Retirement Village Independent Living Units	2,218,137	Discount rate	12.75% - 16.0%	Increase/decrease in discount rate by +/- 50 basis points changes the fair value by -$26.3 million/+$30.4 million
		Property growth rate	2.0% - 4.0%	Increase/decrease in property growth rate by +/- 50 basis points would change the fair value by +$40.9 million/ -$44.4 million
		Average length of residents' stay	7-9 years for serviced apartments, 5-15 years for other independent living units	The higher the average length of stay, the lower the fair value.
		Expected cost of refurbishments	Various depending on build quality, extent (full or partial) and cost of construction.	The higher the proportion attributable to the retirement village operator, the lower the fair value of the property. The higher the expected cost of refurbishment, the lower the fair value of the property.

15 Fair value measurements (continued)

(a) Recognised fair value measurements (continued)

(iii) Fair value measurements using significant unobservable inputs (level 3) (continued)

Description	Fair value at 30 June 2026 $'000	Unobservable inputs	Range of inputs	Relationship of unobservable inputs to fair value
Herston Commercial Property (referred to as Herston Property Carparks,Edith Cavell and Lady Norman)	105,155	Discount rate	6.25% to 9.00%	Increase/decrease in discount rate by +/- 50 basis points changes the fair value estimate by ($1.7 million)/+$2.1 million.
		Rental Growth Rate	3.15% to 3.25%	Increase/decrease in rental growth rate by +/- 50 basis points changes the fair value estimate by ($3.3 million)/+$4.2 million.
		Terminal Capitalisation Rate	7.20% to 8.50%	Increase/decrease in terminal capitalisation rate by +/- 50 basis points changes the fair value estimate by ($1.7 million)/+$2.0 million.

Description	Fair value at 30 June 2025 $'000	Unobservable inputs	Range of inputs	Relationship of unobservable inputs to fair value
Herston Commercial Property (referred to as Herston Property Carparks)	101,908	Discount rate	9.00%	Increase/decrease in discount rate by +/- 50 basis points changes the fair value estimate by ($3.0 million) / +$4.0 million.
		Rental Growth Rate	3.25%	Increase/decrease in rental growth rate by +/- 50 basis points changes the fair value estimate by ($0.9 million) / +$1.0 million.
		Terminal Capitalisation Rate	8.50%	Increase/decrease in terminal capitalisation rate by +/- 50 basis points changes the fair value estimate by ($3.0 million) / +$4.0 million.

Valuation processes
The Group’s Wealth & Capital Markets platform includes a team that performs the valuations of the retirement village independent living units required for financial reporting purposes, including level 3 fair values. This team reports valuation recommendations to the CEO-Wealth & Capital Markets, the Chief Financial Officer and the Audit Committee. Discussions of valuation processes and results are held between the valuation team, the Audit Committee, the Chief Financial Officer and the CEO-Wealth & Capital Markets every six months in line with the Group’s half-yearly reporting timelines. The results of the valuations are subject to audit or review every six months. The valuation method used in determining the fair value of these investment properties is drawn upon an actuarial model for property valuation. The main level 3 inputs used in measuring the fair value of investment properties, which include resident turnover rates, property growth rates and discount rates, are estimated by management based on comparable transactions and industry data. The key assumptions used in the valuation are reviewed by an independent qualified valuer on a yearly basis. The results of the actuarial property valuation model are monitored via a regular cycle of periodic external valuations by independent accredited valuers.

15 Fair value measurements (continued)

(b) Disclosed fair values

The Group also has a number of financial instruments which are not measured at fair value on the balance sheet. As at the end of the reporting period, those which fair values differ from their amortised cost are as follows:

	2026		2025	
	Amortised cost $'000	**Fair value $'000**	**Amortised cost $'000**	**Fair value $'000**
Current and non-current assets				
Mortgage loans	**-**	**-**	1,462,071	1,462,071
Advances	**303**	**303**	2,389	2,299
Personal loans	**-**	**-**	8,351	8,351
Total	**303**	**303**	1,472,811	1,472,721
Current and non-current liabilities				
Australian Unity Bonds	**460,079**	**462,165**	458,500	468,948
Bank loans	**-**	**-**	115,556	112,923
Total	**460,079**	**462,165**	574,056	581,871

The fair values of loans, advances and borrowings disclosed above are estimated by discounting the future contractual cash flows at the current applicable market interest rate.

Non-financial assets and liabilities

16 Non-financial assets - Investment properties

Investment properties consist of the Group's interests in retirement village independent living units and development sites as specified below. The development sites are held within the development entities. Upon completion of the development and the required occupancy targets being met, a number of the development sites may be sold to retirement village operators.

	2026 $'000	2025 $'000
Retirement village independent living units	**2,223,998**	2,218,137
Development sites	**189,109**	177,919
Commercial property measured at fair value	**105,832**	101,908
Commercial property rent received in advance*	**(76,019)**	(36,616)
Total investment properties	**2,442,920**	2,461,348

* Commercial property rent received in advance relates to receipts in the 2021 financial year for the full term of a lease expiring in 2059. At year end, the Group recognised rent received in advance of $41.4 million relating to a commercial property lease that expires in 2065. The unwinding of the balance is recorded over the term of the lease.

(a) Movements of investment properties

	2026 $'000	2025 $'000
At fair value		
Balance at the beginning of the year	**2,461,348**	2,244,905
Additions[6]	**97,421**	96,802
Commercial property rent received in advance movements	**(39,403)**	1,066
Net fair value movements[1],[2] (Note 3)	**(10,645)**	71,904
Transfers to property plant and equipment[5]	**(47,973)**	-
Disposals (Note 3)	**(25,764)**	-
Other	**7,936**	46,671
Balance at the end of the year	**2,442,920**	2,461,348

(b) Amounts recognised in profit or loss for investment properties

	2026 $'000	2025 $'000
Revenue[3]	**94,342**	67,568
Expenses[4]	**(88,234)**	(50,424)
Net loss on disposal of investment properties (Note 3 and 4)	**(6,453)**	-
Changes in fair value recognised in profit or loss (Note 3)	**(10,645)**	71,904
Total amounts recognised in profit or loss	**(10,990)**	89,048

(1) Changes in fair value gains or losses on investment property are detailed in Note 3.
(2) The Group has determined that the current use of The Alba assisted living apartments differ from its highest and best use as Residential Aged Care suites. The fair valuation has been adjusted accordingly and a net $16.8m fair valuation gain was recognised in the profit and loss account, in the year ended 30 June 2025.
(3) Revenue includes deferred management fee lease income from investment properties, which is detailed as Other Income in Note 3.
(4) Expenses from investment properties relates to villages management fees and other general administrative expenses are detailed as Expenses, excluding finance costs in Note 4.
(5) In the year, the Group transferred $48.0 million of investment property to property, plant and equipment relating to fully converted floors in The Alba apartments.
(6) Includes development costs and turnover of occupation rights between residents.

17 Non-financial assets - Property, plant and equipment

	Land $'000	Buildings $'000	Plant and equipment $'000	Leasehold assets $'000	Total $'000
At 1 July 2025					
Cost or fair value	47,697	496,294	55,783	51,275	651,049
Accumulated depreciation	-	(55,486)	(39,533)	(37,461)	(132,480)
Net book amount	47,697	440,808	16,250	13,814	518,569
Year ended 30 June 2025					
Opening net book amount	47,697	440,808	16,250	13,814	518,569
Additions	6,500	43,071	3,806	318	53,695
Depreciation charge	-	(13,691)	(5,467)	(1,679)	(20,837)
Revaluation surplus	-	1,464	-	-	1,464
Closing net book amount	54,197	471,652	14,589	12,453	552,891
At 30 June 2025					
Cost or fair value	54,197	540,828	59,061	51,269	705,355
Accumulated depreciation	-	(69,176)	(44,472)	(38,816)	(152,464)
Net book amount	54,197	471,652	14,589	12,453	552,891

	Land $'000	Buildings $'000	Plant and equipment $'000	Leasehold assets $'000	Total $'000
Year ended 30 June 2026					
Opening net book amount	**54,197**	**471,652**	**14,589**	**12,453**	**552,891**
Additions	**-**	**7,173**	**11,396**	**340**	**18,909**
Transfers from investment properties	**-**	**47,973**	**-**	**-**	**47,973**
Disposals	**(50)**	**(254)**	**(55)**	**-**	**(359)**
Depreciation charge	**-**	**(14,818)**	**(5,309)**	**(1,497)**	**(21,624)**
Closing net book amount	**54,147**	**511,726**	**20,621**	**11,296**	**597,790**
At 30 June 2026					
Cost	**54,147**	**595,646**	**64,922**	**33,448**	**748,163**
Accumulated depreciation	**-**	**(83,920)**	**(44,301)**	**(22,152)**	**(150,373)**
Net book amount	**54,147**	**511,726**	**20,621**	**11,296**	**597,790**

18 Non-financial assets and liabilities - Leases

AASB 16 requires the recognition of lease assets and liabilities on balance sheet with the amortisation of the assets and finance costs of the liabilities to be charged to profit or loss. Short-term leases and low value leases are recognised on a straight-line basis as an expense in profit or loss.

The Group has non-cancellable lease contracts, as lessee, for commercial buildings, computer equipment and motor vehicles which are used as part of the Group's operations. Computer equipment leases are categorised as leases of low-value assets and therefore no assets and liabilities are recognised. The Group's lease contracts do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

The Group also has sub-lease contracts in relation to certain commercial buildings. Sublease transactions where the Group is an intermediate lessor are accounted for by reducing the right-of-use assets arising from the respective head leases and recognising sublease receivables. Other sublease contracts are accounted for as operating leases with income being recognised over the lease term. The value of sublease contracts as at 30 June 2026 was immaterial.

(a) Amounts recognised in the Consolidated balance sheet

The following are assets and liabilities recognised under AASB 16:

	2026 $'000	2025 $'000
Right-of-use assets		
Buildings	**54,297**	76,249
Vehicles	**4,174**	4,386
Total assets	**58,471**	80,635
Lease liabilities		
Current	**15,435**	20,530
Non-current	**70,592**	74,072
Total liabilities	**86,027**	94,602

Additions to the right-of-use assets during the financial year ended 30 June 2026 were $6,366,000 (2025: $5,773,000).

(b) Amounts recognised in the Consolidated statement of comprehensive income

	2026 $'000	2025 $'000
Depreciation charge of right-of-use assets (included in Depreciation and amortisation)	**14,113**	14,051
Interest expense on leases and related accounts (included in Finance costs)	**4,759**	6,973
Short-term leases or leases of low value assets (included in Other expenses)	**5,207**	5,144
Impairment loss on right of use assets	**12,922**	-
Total	**37,001**	26,168

During the year an impairment loss relating to surplus lease space was recognised $12,922,000 (2025: $Nil).

Total cash outflow for leases in the financial year ended 30 June 2026 was $18,541,000 (2025: $24,211,000).

19 Non-financial assets - Intangible assets

	Goodwill $'000	Computer software $'000	Management rights and other intangible assets $'000	Total $'000
At 1 July 2024				
Cost	496,578	201,630	90,897	789,105
Accumulated amortisation and impairment	(6,000)	(127,750)	(33,934)	(167,684)
Net book amount	490,578	73,880	56,963	621,421
Year ended 30 June 2025				
Opening net book amount	490,578	73,880	56,963	621,421
Acquisition of subsidiaries	3,962	-	-	3,962
Additions	-	24,974	-	24,974
Amortisation charge	-	(14,996)	(23,032)	(38,028)
Closing net book amount	494,540	83,858	33,931	612,329
At 30 June 2025				
Cost	500,540	226,344	90,897	817,781
Accumulated amortisation and impairment	(6,000)	(142,486)	(56,966)	(205,452)
Net book amount	494,540	83,858	33,931	612,329

	Goodwill $'000	Computer software $'000	Management rights and other intangible assets $'000	Total $'000
Year ended 30 June 2026				
Opening net book amount	**494,540**	**83,858**	**33,931**	**612,329**
Acquisition of subsidiaries (Note 31)	**69,000**	**-**	**6,368**	**75,368**
Additions	**-**	**22,511**	**-**	**22,511**
Impairment loss	**(16,370)**	**(21,530)**	**(803)**	**(38,703)**
Transfers to assets held for sale (Note 32)	**(37,813)**	**-**	**(15,567)**	**(53,380)**
Disposals	**-**	**(488)**	**-**	**(488)**
Amortisation charge	**-**	**(15,439)**	**(5,420)**	**(20,859)**
Amortisation transferred to discontinued operations	**-**	**(935)**	**-**	**(935)**
Closing net book amount	**509,357**	**67,977**	**18,509**	**595,843**
At 30 June 2026				
Cost	**525,727**	**238,104**	**80,279**	**844,110**
Accumulated amortisation and impairment	**(16,370)**	**(170,127)**	**(61,770)**	**(248,267)**
Net book amount	**509,357**	**67,977**	**18,509**	**595,843**

19 Non-financial assets - Intangible assets (continued)

Goodwill

Impairment tests for goodwill and other intangible assets with an indefinite useful life

Goodwill and other intangible assets with an indefinite useful life are tested for impairment at least annually and whenever there is an indication of impairment. The impairment test is conducted by comparing the asset's carrying amount with its recoverable amount. If the carrying amount exceeds the recoverable amount, the carrying amount should be reduced to the recoverable amount. This reduction is recognised as an impairment loss in the consolidated statement of comprehensive income.

For the purpose of impairment tests, the carrying amount of goodwill and intangible assets with an indefinite useful life is allocated to the Group's cash generating units (CGUs) identified within the relevant business platforms. A summary of the goodwill and intangible assets with an indefinite useful life of each CGU is as follows:

CGU	**2026 $'000**	2025 $'000
Wealth Asset Management	**19,571**	75,925
Home Health	**483,891**	411,979
Trustee Services	**-**	8,399
Residential Aged Care	**8,850**	8,850
Total	**512,312**	505,153

In determining the recoverable amount of each CGU, the Group uses the higher of either value in use (VIU) or fair value less cost of disposal (FVLCOD) valuation method.

Value-in-use
The recoverable amount calculated using the VIU is determined based on the present value of a five-year future cash flow projections and terminal value calculation. The projected cash flows are derived from the board-approved three-year plan for each CGU, with expectations of future events that are believed to be reasonable under the current circumstances and applying growth assumptions to extrapolate cash flow in fourth year and fifth year using growth rates based on estimates of expected long-term operating conditions appropriate for each CGU. An indefinite terminal cash flow calculation is then applied for cash flows beyond year five.

Fair value less cost of disposal
The recoverable amount calculated using the FVLCOD methodology is an estimate of the price that a market participant would pay for the asset or CGU, less the costs of disposal. The fair value is determined using discounted cash flows and is benchmarked against comparable market transactions, and company trading multiples. The projected cash flows are derived from board-approved three-year plan, taking into account past experience, and adjusted for anticipated revenue growth and cost normalisations, consistent with the assumptions that a market participant would make. Cash flows are discounted using an appropriate post-tax market discount rate to arrive at a net present value of the asset which is compared against the asset's carrying value. The fair value measurement was categorised as a Level 3 fair value based on inputs in the valuation technique used.

Key assumptions used for valuation methodology

Discount rates used in both VIU and FVLCOD calculation represent the weighted average cost of capital determined by prevailing or benchmarked market inputs, risk adjusted where necessary. It takes into account the time value of money and inherent risks of the underlying assets.

Growth rate estimates used to extrapolate the cash flows beyond the three-year budget period approximates a reasonable long-term average growth rate for each CGU. Over the extended forecast period, terminal value is determined based on an assumption of terminal growth rate of 2.5% - 3.0% which is within the target long term inflation rate of the Reserve Bank of Australia (2025: 2.5% to 3.0%).

Wealth Asset Management (WAM) CGU

WAM CGU comprises of funds management, investment bonds and social infrastructure excluding retirement living and commercial property development. The business derives its income primarily from investment management fees from funds under management, property development and investment income.

19 Non-financial assets - Intangible assets (continued)

Impairment tests for goodwill and other intangible assets with an indefinite useful life (continued)

Wealth Asset Management (WAM) CGU (continued)

In the current year, the WAM CGU excludes the cash flows of businesses classified as held for sale, which were assessed separately at fair value. Total goodwill and other intangible assets reclassified to asset held for sale amounted to $53.4 million (2025: nil) (refer to Note 32 for further information).

In addition, goodwill associated with divested funds management businesses were assessed separately from the WAM CGU, resulting in the recognition of an impairment loss of $8.0 million (2025: nil). The impairment loss has been recognised within other expenses in the Statement of comprehensive income.

The recoverable amount of the WAM CGU has been determined based on FVLCOD (2025: VIU), using a five-year cash flow forecast. The cash flows forecast for the first three years were based on the strategic plan approved by the board, and growth rates of 2.5% (2025: 2.5%) were applied to extrapolate the fourth year and fifth-year cash flow. The forecast EBITDA was adjusted to reflect revenue growth from development partnership initiatives and cost efficiencies, consistent with a market participant perspective. Cost normalisations applied to cashflow forecast were reviewed against comparable market transactions. Cash flows beyond the final year of cash flows are extrapolated using a terminal growth rate of 2.5% (2025: 2.5%). The pre-tax discount rate applied to the cash flow projections is 14.85% (2025: 12.69%).

Based on the impairment test, the recoverable amount of the WAM CGU is $150.5 million (2025: $237.3 million), which is higher than the carrying amount of the CGU. Based on sensitivity analysis using reasonably possible changes to key assumptions, no impairment was identified.

Home Health CGU

The Home Health CGU provides a range of in-home health services designed to meet the ongoing needs of our customers to support them to live independently and to age well at home.

The recoverable amount of Home Health CGU was determined based on value-in-use calculation, using a five-year cash flow forecast. The cash flows forecasts for three years were based on the strategic plan approved by the board, and growth rates of 2.5% (2025: 2.5%) were applied to extrapolate the fourth year and fifth-year cash flow, respectively.

The value-in-use calculation for Home Health has assumed revenue growth expected to be driven by a combination of strong underlying customer growth, full year contribution from Plena Healthcare and improved package utilisation, particularly within the Fully Managed Division. Baseline growth assumptions reflect higher net new customers as Support at Home stabilises, alongside a deliberate operational focus on lifting hours of care per customer by increasing utilisation of approved funding and accelerating time to first service. Revenue growth is further supported by pricing indexation under Support at Home, ongoing expansion of clinical and allied health programs, and the scaling of adjacent revenue streams, including private pay and geographically expanded service models.

Cash flows beyond the final year of cash flows are extrapolated using a terminal growth rate of 3.0% (2025: 3.0%). The pre-tax discount rate applied to the cash flow projections is 11.5% (2025: 10.5%).

Based on the impairment test, the recoverable amount of the Home Health CGU is $1331.9 million (2025: $1,290.9 million), which is higher than the carrying amount of the CGU. Based on sensitivity analysis using reasonably possible changes to key assumptions, no impairment was identified.

Trustee Services CGU

The Trustees CGU provides traditional trustee services, including financial administration and estate and trust administration, as well as executor and estate planning, philanthropy, trust administration and taxation services.

For the half year ended 31 December 2025, management recognised an impairment loss of $4.0 million allocated to goodwill in Trustees CGU.

At year end, the recoverable amount was determined based on value-in-use calculation, using a five-year cash flow forecast. The cash flows forecasts for three years were based on the strategic plan approved by the board, and growth rates of 3.5% (2025: 5.1%) were applied to extrapolate the fourth year and fifth-year cash flow. Cash flows beyond the final year of cash flows are extrapolated using a terminal growth rate of 2.5% (2025: 2.5%). The pre-tax discount rate applied to the cash flow projections is 12.0% (2025: 12.5%).

19 Non-financial assets - Intangible assets (continued)

Impairment tests for goodwill and other intangible assets with an indefinite useful life (continued)

Trustee Services CGU (continued)

Based on the impairment test at year end, the recoverable amount of Trustees CGU is $5.7 million (2025: $33.7 million), which is lower than the carrying amount. As a result, an impairment loss of $4.4 million was allocated to goodwill. Other assets within the CGU pertaining to the customer list of $0.8 million and core software of $1.3 million were fully amortised at year end. No asset was written down below its fair value, in accordance with AASB 136.

The total impairment loss of $8.4 million is included in ‘other expenses’ in the Statement of comprehensive income.

Residential Aged Care (RAC) CGU

The RAC CGU owns, operates and develops aged care facilities, delivering comprehensive 24/7 care and accommodation services across 12 facilities in New South Wales, Victoria and Queensland.

The recoverable amount of RAC CGU was determined based on value-in-use calculation, using a five-year cash flow forecast. The cash flows forecasts for three years were based on the strategic plan approved by the board, and growth rates of 2.0% and 5.0% (2025: 2.5%) were applied to extrapolate the fourth year and fifth-year cash flow, respectively. Cash flows beyond the final year of cash flows are extrapolated using a terminal growth rate of 3.0% (2025: 3.0%). The pre-tax discount rate applied to the cash flow projections is 10.14% (2025: 9.31%).

Based on the impairment test, the recoverable amount of the RAC CGU is $189.2 million (2025: $155.5 million), which is higher than the carrying amount of the CGU. Based on sensitivity analysis using reasonably possible changes to key assumptions, no impairment was identified.

Result of Impairment testing of indefinite life intangible assets

Based on impairment testing performed, the carrying amount of goodwill and other intangible assets with an indefinite useful life within Trustees and WAM CGU were written down to its recoverable amount. A total impairment loss of $16.4 million was recognised for year ended 30 June 2026 (2025: nil). The recoverable amounts of the other CGUs exceeded the carrying amounts at 30 June 2026 and 2025.

The impairment assessment identified no reasonably possible changes in assumptions which could cause the carrying amount of the CGUs to exceed their recoverable amount.

Other intangible assets

Computer software
Management has reviewed the recoverability of capitalised software assets relating to projects in progress and assets in use. Given simplification initiatives, project delivery, and future expected utilisation. An impairment charge of $22.3 million was recognised in Expenses, excluding finance cost (see Note 4) for the year ended 30 June 2026 (2025: $nil).

Management rights and brand name
Other indefinite life intangible assets include brand name of $2.9 million (2025: $10.6 million). In the current year, management rights, brand name and customer list intangible assets amounting to $15.6 million were reclassified to asset held for sale (refer to Note 32 for further information).

20 Non-financial liabilities - Provisions

	2026 $'000	2025 $'000
Current provisions		
Employee benefits provision	**73,336**	70,706
Restructuring provision	**15,324**	2,096
Self insurance provision	**8,640**	4,774
Other provisions	**9,852**	16,822
	107,152	94,398
Non-current provisions		
Employee benefits provision	**9,530**	7,281
Self insurance provision	**18,640**	20,926
Other provisions	**403**	516
	28,573	28,723
Total provisions	**135,725**	123,121

21 Non-financial liabilities - Deferred tax balances

2026	Opening balance $000	Recognised in the Consolidated income statement $000	Other $000	Closing balance $000
Deferred tax assets				
Accrued expenses	**19,858**	**(4,029)**	**1,685**	**17,514**
Fixed assets	**86,939**	**1,980**	**-**	**88,919**
Capitalised expenditure	**7,694**	**(1,539)**	**-**	**6,155**
Leases	**30,814**	**(4,191)**	**60**	**26,683**
Policy bonus credits	**57,275**	**(4,855)**	**13,213**	**65,633**
Provisions	**31,470**	**1,104**	**1,870**	**34,444**
Risk Equalisation Special Account	**570**	**(120)**	**-**	**450**
Tax losses	**31,723**	**(2,395)**	**-**	**29,328**
Trust distribution	**7,394**	**5,027**	**-**	**12,421**
Unrealised losses	**7,655**	**1,541**	**(2,982)**	**6,214**
Other assessable items	**1,471**	**4,347**	**225**	**6,043**
Total deferred tax assets	**282,863**	**(3,130)**	**14,071**	**293,804**
Deferred tax liabilities				
Fixed assets and investment properties	**274,359**	**8,244**	**54**	**282,657**
Intangible assets	**6,880**	**(2,903)**	**1,910**	**5,887**
Risk Equalisation Special Account	**11,909**	**1,634**	**-**	**13,543**
Leases	**25,749**	**(8,236)**	**52**	**17,565**
Tax deferred	**8,471**	**2,978**	**-**	**11,449**
Unrealised gains	**160,622**	**31,287**	**(3,826)**	**188,083**
Other deductible items	**25,715**	**3,149**	**(1,159)**	**27,705**
Total deferred tax liabilities	**513,705**	**36,153**	**(2,969)**	**546,889**

21 Non-financial liabilities - Deferred tax balances (continued)

Net deferred tax liabilities	**253,085**

2025	Opening balance	Recognised in the Consolidated income statement	Other	Closing balance
	$000	$000	$000	$000
Deferred tax assets				
Accrued expenses	19,674	184	-	19,858
Fixed assets	79,778	7,161	-	86,939
Capitalised expenditure	5,620	2,074	-	7,694
Leases	31,939	(1,125)	-	30,814
Policy bonus credits	50,911	(4,483)	10,847	57,275
Provisions	29,301	2,169	-	31,470
Risk Equalisation Special Account	600	(30)	-	570
Tax losses	43,554	(11,831)	-	31,723
Trust distribution	2,883	4,511	-	7,394
Unrealised losses	5,530	2,244	(119)	7,655
Other assessable items	3,533	(3,141)	1,079	1,471
Total deferred tax assets	273,323	(2,267)	11,807	282,863
Deferred tax liabilities				
Fixed assets and investment properties	258,619	15,740	-	274,359
Intangible assets	13,736	(6,856)	-	6,880
Risk Equalisation Special Account	12,935	(1,026)	-	11,909
Leases	26,512	(763)		25,749
Tax deferred	4,182	4,289	-	8,471
Unrealised gains	98,585	65,512	(3,475)	160,622
Other deductible items	22,388	3,494	(167)	25,715
Total deferred tax liabilities	436,957	80,390	(3,642)	513,705
Net deferred tax liabilities				230,842

22 Mutual Capital Instruments

Mutual Capital Instruments (MCI) were introduced under the *Treasury Laws Amendment (Mutual Reforms) Act 2019* to allow mutual entities, such as Australian Unity Limited, to access permanent capital while maintaining their mutual status. MCI are presented on the balance sheet at their carrying amount, after deducting directly attributable transaction issuance costs and any income tax benefit, in accordance with AASB 132 *Financial Instruments: Presentation*.

Australian Unity has issued the following MCI:

- 24 December 2020: 1,200,000 MCI at $100 each, raising $120 million.
- 3 November 2021: 2,234,000 MCI at $103 each, raising $230 million.
- 28 June 2024: 1,636,950 MCI at $72.50 each, raising $118.7 million.
- 21 October 2025: 2,622,668 MCI at $80.00 each, raising $209.8 million.

The proceeds from these issuances support various growth opportunities within the Group and have been used to repay debt facilities and support strategic investments in social infrastructure.

MCI are perpetual, fully paid, and listed on the Australian Securities Exchange (code: AYUPA). They offer discretionary, non-cumulative, fixed-rate dividends of 5% per annum based on a par value of $100, paid semi-annually (on 15 April and 15 October).

22 Mutual Capital Instruments (continued)

During the year, the Company paid fully-franked dividends as follows:

	2026 $'000	2025 $'000
Dividend for the 2026 financial year of $2.4932 per MCI paid on 15 April 2026	**19,182**	-
Dividend for the 2026 financial year of $2.5068 per MCI paid on 15 October 2025	**12,712**	-
Dividend for the 2025 financial year of $2.4932 per MCI paid on 15 April 2025	**-**	12,643
Dividend for the 2025 financial year of $2.5068 per MCI paid on 15 October 2024	**-**	12,712
Total fully-franked dividends paid	**31,894**	25,355

Australian Unity has the right to repurchase MCI under specific conditions, including tax, regulatory, or demutualisation events.

In the event of a winding-up, MCI holders rank behind all creditors, including holders of Australian Unity Bonds, but ahead of non-shareholder members.

23 Mutual Capital Instruments based payments

Under the Group’s long term variable compensation award scheme, senior executives may be invited to receive a part of their compensation in the form of rights to deferred MCI of Australian Unity Limited. The scheme commenced in 2022. Each right converts to one MCI on vesting, subject to the continued employment of the senior executive at the vesting date. The rights to deferred MCI do not carry any rights to receive dividends prior to the vesting date. If the senior executive ceases to be employed by the Group within the vesting period the rights will be forfeited, except in limited circumstances that are approved by the board.

The fair value of the rights at the grant date was the market price of the Company’s MCIs on the grant date. No adjustment has been made for the present value of expected dividends that will not be received by the senior executives on their rights during the vesting period on the basis that the offer document indicates that participants may, at the discretion of the board, be entitled to receive a dividend equivalent payment at the vesting date.

Details of each right to deferred MCI in force are:

Grant date	Vesting date	Grant date fair value
31 October 2025	1 October 2031	$80.50
31 October 2025	1 October 2030	$80.50
31 October 2025	1 October 2029	$80.50
2 June 2025	1 October 2029	$85.00
2 June 2025	1 October 2028	$85.00
2 June 2025	1 October 2027	$85.00
2 June 2025	1 October 2026	$85.00
1 November 2024	1 October 2028	$82.85
1 November 2024	1 October 2027	$82.85
30 October 2023	1 October 2027	$82.30
28 October 2022	1 October 2026	$86.99

The following table shows the rights to deferred MCI outstanding at the beginning and end of the reporting period and movements during the reporting period:

23 Mutual Capital Instruments based payments (continued)

	2026 Number of rights	2025 Number of rights
Balance at the beginning of the reporting period	**180,565**	118,589
Granted during the year	**66,148**	87,648
Vested during the year	**(7,181)**	(21,581)
Forfeited during the year	**(2,282)**	(4,091)
Balance at the end of the reporting period	**237,250**	180,565
Weighted average remaining contractual life of the deferred rights outstanding at the end of the reporting period	**1.99 years**	2.41 years

The expense for each tranche of rights to deferred MCI granted is recognised in the Consolidated statement of comprehensive income on a straight-line basis, adjusted for forfeitures, over the vesting period of the rights. Total expenses arising from the granting of rights to deferred MCI recognised during the reporting period as part of Employee benefits expense were $7,353,000 (2025: $3,647,000).

24 Equity

(a) Reserves

	2026 $'000	2025 $'000
Asset revaluation reserve	**2,462**	2,462
Cash flow hedge reserve	**2,407**	4,365
MCI-based payment reserve	**13,752**	7,139
Post-employment benefit reserve	**4,300**	4,326
Total reserves	**22,921**	18,292

Movements:

	2026 $'000	2025 $'000
Asset revaluation reserve		
Balance at the beginning of the year	**2,462**	2,462
Balance at the end of the year	**2,462**	2,462
Cash flow hedge reserve (i)		
Balance at the beginning of the year	**4,365**	12,192
Movements in hedging value during the year	**(2,797)**	(11,181)
Deferred tax	**839**	3,354
Balance at the end of the year	**2,407**	4,365
MCI-based payment reserve (ii)		
Balance at the beginning of the year	**7,139**	5,388
MCI-based payments expenses	**7,353**	3,647
Vesting release	**(740)**	(1,796)
Subsidiary share option payments	**-**	(100)
Balance at the end of the year	**13,752**	7,139
Post-employment benefit reserve (iii)		
Balance at the beginning of the year	**4,326**	4,307
Remeasurement of net defined benefit obligations	**(26)**	19
Balance at the end of the year	**4,300**	4,326

24 Equity (continued)

(a) Reserves (continued)

(i) Cash flow hedge reserve

The cash flow hedge reserve is used to record gains or losses on a hedging instrument in a cash flow hedge that are recognised directly in equity. The amounts are recognised in the profit or loss as finance costs when the associated hedged transaction affects profit or loss. The hedge transaction costs are also recognised as finance costs in the profit or loss. There was no hedge ineffectiveness recognised in the profit or loss. The fair values of the respective derivative financial instruments used for cash flow hedge are reported as part of Other non-current assets as at 30 June 2026 and 2025.

(ii) MCI-based payment reserve

The amount recognised in the MCI-based payment reserve is the grant date fair value of rights to deferred MCI granted to employees but not yet vested.

(iii) Post-employment benefit reserve

Post-employment benefit reserve represents the defined benefit reserve that is used to record actuarial gains or losses on defined benefit liabilities and actual returns on fund assets (excluding interest income) which are recognised in other comprehensive income.

(b) Retained earnings

Movements in retained earnings were as follows:

	2026 $'000	2025 $'000
Balance at the beginning of the financial year	**509,845**	508,639
(Loss)/profit for the year	**(155,166)**	26,561
Dividends paid	**(31,894)**	(25,355)
Balance at the end of the financial year	**322,785**	509,845

25 Cash flow information

(a) Reconciliation of profit/(loss) after income tax to net cash inflow/(outflow) from operating activities

	2026 $'000	2025 $'000
(Loss)/profit after income tax for the year	**(155,166)**	26,561
Depreciation and amortisation expense	**56,596**	72,916
Gain on sale of business component	**(665)**	(5,951)
Fair value loss/(gains) on investment property	**10,645**	(72,970)
Loss on investments	**4,181**	13,113
Loss on disposal assets	**847**	-
Share of net profit or loss of joint ventures	**(1,280)**	(441)
Impairment of joint ventures	**-**	2,000
Impairment of assets	**51,625**	-
Impairment loss on remeasurement of the disposal group	**53,380**	-
Changes in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	**86,555**	(8,709)
Decrease/(increase) in loans and advances	**30,543**	(70,188)
Increase in current tax assets	**(15,568)**	(1,426)
Decrease/(increase) in other operating assets	**112,287**	(16,307)
Decrease in trade and other payables	**(17,434)**	(2,620)
Increase/(decrease) in deposits liability	**(46,201)**	105,926
Increase/(decrease) in current tax liabilities	**(5,576)**	16,424
Increase in deferred tax liabilities	**37,614**	71,087
Increase in provisions	**13,019**	5,214
Decrease in other operating liabilities	**(26,822)**	(28,165)
Net cash inflow from operating activities	**188,580**	106,464

25 Cash flow information (continued)

(b) Reconciliation of liabilities arising from financing activities

	Interest bearing liabilities $'000	Other liabilities $'000	Total $'000
Balance as at 1 July 2024	518,422	1,993,900	2,512,322
Cash flows			
- Repayments of Australian Unity Bonds - Series C	(32,116)	-	(32,116)
- Repayments of Retirement Village Investments Notes	(18,401)	-	(18,401)
- Receipts from resident loan liabilities	-	131,405	131,405
- Receipts of refundable lease deposits	-	96,381	96,381
	(50,517)	227,786	177,269
Balance as at 30 June 2025	467,905	2,221,686	2,689,591

	Interest bearing liabilities $'000	Other liabilities $'000	Total $'000
Balance as at 1 July 2025	**467,905**	**2,221,686**	**2,689,591**
Cash flows			
- Repayments of bank loans	**(115,556)**	**-**	**(115,556)**
- Repayments of development finance loans	**-**	**-**	**-**
- Receipts from resident loan liabilities	**-**	**23,700**	**23,700**
- Receipts of refundable lease deposits	**-**	**17,460**	**17,460**
	(115,556)	**41,160**	**(74,396)**
Balance as at 30 June 2026	**352,349**	**2,262,846**	**2,615,195**

Risk management

This section of the notes discusses the Group's exposure to various risks and shows how these could affect the Group's financial position and performance.

26 Critical accounting estimates and judgements

The preparation of consolidated financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise their judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed below.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Fair value of financial instruments

In the measurement of financial instruments, the best evidence of fair value is a quoted price in an active market. In the event that there is no active market for the instrument, the fair value is measured based on present value estimates or other market accepted valuation techniques. The valuation models incorporate the impact of bid/ask spread, counterparty credit spreads and other factors that would influence the fair value determined by a market participant. The majority of valuation techniques employ only observable market data. However, in the case where market observable data for a certain valuation components is not available, the fair value is determined using data derived and extrapolated from market data and tested against historic transactions and observed market trends. These valuations are based upon assumptions established by application of professional judgement to analyse the data available to support each assumption. Changing the assumptions may change the resulting estimate of fair value.

(ii) Impairment of goodwill and intangibles with indefinite useful lives

The Group tests annually whether goodwill or other intangibles have suffered any impairment. This requires an estimation of the recoverable amount of the cash generating units to which the goodwill and intangibles with indefinite useful lives are allocated. In determining the recoverable amount of each CGU, the Group uses the higher of either value in use (VIU) or fair value less cost of disposal (FVLCOD) valuation method (refer to Note 19 for further information).

(iii) Retirement village investment property

The fair value of retirement village investment property is determined as the present value of future cash flows based upon statistical modelling of expected cash flows from incoming and outgoing residents and includes assumptions in respect of a number of factors, including average length of residency and expected changes in property prices.

Where the fair value for an investment property is unlikely to be determined by the current usage (i.e. not based on the cash flows generated from the current usage such as Assisted Living Apartments), the valuer may employ a number of different methods to derive this valuation, including assessment of the highest and best use for the property at any given time. This means the valuation of an investment property requires significant judgement and estimation.

The fair value of the investment properties presented in Note 16 reflects the highest and best use of the assets from a market participant's perspective.

(iv) Recoverability assessment of Herston Quarter development costs

Herston Quarter is an approximately five-hectare site being developed to create a landmark Brisbane destination and a global benchmark for health precincts. The Group is the master developer for this site and is committed under agreements with the Queensland Government to renew the precinct and deliver various assets on the site, including redeveloping heritage buildings, public health facilities, student accommodation, car parks, infrastructure, and public realm areas. In return for the successful completion of a number of critical development milestones, the Government will grant the Group a 99-year lease over certain land holdings within the Herston precinct for nil consideration. Subject to conditions and necessary approvals on future developments, the Group will be able to further develop these land holdings and benefit from the commercial outcomes achieved from these activities.

26 Critical accounting estimates and judgements (continued)

(a) Critical accounting estimates and assumptions (continued)

The Group has capitalised the costs of construction as development work in progress. The recoverability of this work in progress is assessed against the long-term cash flow projections prepared by the Group, which includes cash flows from the successful development of land holdings to be granted to the Group. The work in progress is reported as Development sites as part of Investment property assets (refer to Note 16).

At the end of each reporting period the Group makes an assessment on the recoverability of the development work in progress through a review of the future cash flows of the project and other associated cash flows. Assumptions and judgements are applied in estimating the future cash flows associated with the remaining stages of the development plan. Several elements of the project need to be completed before the assumed future cash flows associated with these remaining stages of the development plan can be realised. While the Group is able to utilise available resources and continues to advance development activities, there is a degree of uncertainty associated with the development stages due to their dependency on achieving satisfactory commercial arrangements, meeting project milestones and market conditions, including inflationary pressures.

The current forecast cashflows represent a base case that was formed after considering a range of potential future developments and operating outcomes. These cashflows developed by the Group reflect best estimates having due regard to market evidence and the input of third parties. These assumptions may fluctuate depending on movements in interest rates, contracted prices once the approach to development stages are finalised and commercial arrangements being progressed as the project continues. Changes in the recoverability of the development work in progress is recognised as a fair value adjustment in the Consolidated Statement of comprehensive income.

(v) Right-of-use assets and lease liabilities

The initial values of right-of-use assets and lease liabilities are estimated based on the present value of future lease payments. The lease payments are discounted using the Group’s incremental borrowing rate which is determined using a three-month bank bill swap curve plus a margin that reflects the credit risk.

(vi) Insurance liabilities

The estimates, assumptions and judgements arising as a result of the Group's health and life insurance operations are detailed in Notes 13 and 40.

Sources of estimation uncertainty
Best estimate claims provision estimates included in the insurance contract liabilities include expected claims payments and expenses required to settle existing insurance contract obligations. The key assumptions used in the calculation of the liability for incurred claims include claims development, claims costs inflation, medical trends and seasonality.

(vii) Income taxes

The Group is subject to income taxes in Australia. There are certain transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group estimates its tax liabilities based on the Group's understanding of the tax law. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

(viii) Resident loan liabilities

Resident loan liabilities relate to residents who occupy the retirement villages (refer to Investment properties in Note 16). These liabilities represent the estimated amount owing to the residents, comprising the initial ingoing contribution plus residents' share of capital gains less accrued deferred management and other fees.

(ix) Asset held for sale

The Group assesses whether non-current assets (or disposal groups) meet the criteria for classification as held for sale in accordance with AASB 5. This assessment involves significant judgement in evaluating management’s commitment to a plan to sell, the expected timing of the sale, and the likelihood of meeting the criteria within the required timeframe. Measurement of assets held for sale also involves estimation of fair value less costs to sell, which may rely on observable market data or internal valuation models. Changes in assumptions could affect the carrying amount of the assets. Refer to Note 32.

26 Critical accounting estimates and judgements (continued)

(b) Critical judgements in applying the Group's accounting policies

(i) Classification of life insurance liabilities

Life insurance liabilities held within benefit funds managed by the Group are classified for accounting purposes as either life insurance contract liabilities, participating life investment contract liabilities or non participating life investment contract liabilities. Judgements are applied in classifying a life insurance liability into the appropriate category in line with the requirements as set out in Notes 13 and 40.

(ii) Interest in subsidiaries, associates and joint ventures

The Group has investments in other entities and managed investment schemes where Group entities act as the responsible entity for the schemes. In applying the accounting policy, the Group exercises significant judgements to determine which entities and investment schemes are controlled and, therefore, are required to be consolidated. The Group has consolidated those entities determined as being controlled, with subsidiaries listed in Note 28. For the interests in managed investment schemes, the Group considers its relationship with the majority of the schemes is that of an agent rather than a principal. Where the relationship is that of an agent, the Group does not have the power to control.

For interests in other entities where the Group does not have control, the Group exercises judgements to determine whether it has significant influence over the entity or joint control of an arrangement. Where there is a joint arrangement, the Group further determines whether it is structured as a joint operation or a joint venture. The Group has determined as investments in associates those relationships where significant influence over another entity exists. The Group has concluded that the joint arrangement of investments represents a joint venture as the Group does not have power to control the entities.

27 Financial risk management

The board of directors has overall responsibility for the establishment and oversight of the risk management framework. The board has established the Risk & Compliance Committee, which is responsible for developing and monitoring risk management policies.

The entity applies the following process both at the entity and group level. The Group’s Risk Management Framework (RMF) is based upon a top-down policy approach and a bottom-up process for identifying risks. It sets out the risk management principles, mandatory requirements and minimum standards that are to be applied to risk management practices across the Group. The RMF is consistent with AS/NZS ISO 31000 2009: *Risk Management* in identifying, assessing, controlling and treating its material risks. This analysis is recorded in business unit Risk Registers, which are fully reviewed annually by the Risk & Compliance Committee. Senior Management are required to keep their business unit Risk Register current and to report regularly, including against any treatment or action plans recorded in the Risk Register. Senior Management are also required to provide regular attestations of compliance with the RMF and other applicable Group policies.

Risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

In addition, the Group board has established the Investment Committee to provide oversight and guidance to management, as appropriate, in connection with and in relation to the Group’s investment governance framework and for the promotion of a robust risk culture in respect of the Group’s investment management activities.

The Audit Committee, in consultation with the Risk & Compliance Committee, oversees the internal controls, policies and procedures that the Group uses to identify and manage business risks. The Committees are assisted in their roles by Group Audit, Group Risk & Compliance and Finance & Strategy. Group Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, Group Risk & Compliance oversees risk management and compliance and Finance & Strategy measures the quantitative aspects of the controls. The results of these reviews are reported to the Risk & Compliance Committee, the Audit Committee and the Company's board.

27 Financial risk management (continued)

The Group continues to actively monitor and respond to a range of external economic and geopolitical factors that have created increased volatility and uncertainty in financial markets. Key risk considerations currently include global inflationary pressures, elevated interest rates, ongoing supply chain disruptions, and rising geopolitical tensions including trade tariffs and regulatory shifts in key international markets. These factors influence asset values, market liquidity and investment performance. In response, the Group continues to strengthen its financial risk management practices to enhance resilience and adaptability under a range of economic scenarios. Sensitivity analysis, as presented below, assess the impact of reasonably possible changes in foreign exchange rates, securities prices, and interest rates on the Group's financial position and performance.

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: price risk, interest rate risk and foreign currency risk. Market risk is managed and monitored using sensitivity analysis, and minimised through ensuring that all investment activities are undertaken in accordance with established mandates and investment strategies.

Financial instruments held by the benefit funds managed by the Group do not expose the Group to market risk as any movement in the carrying value of financial instruments held by the benefit funds has an equal and opposite effect on policyholder liabilities.

(i) Price risk

Price risk is the risk that the fair value of future cash flows of a financial instrument may fluctuate because of changes in market prices. The Group is exposed to equity securities price risk. This arises from investments held by the Group and classified on the balance sheet as financial assets at fair value through profit or loss. The Group is not directly exposed to commodity price risk.

To manage its price risk arising from equity investments, the Group diversifies its portfolio in accordance with investment policies overseen by the Group Investment Committee, the objective of which is to manage risk within acceptable limits.

The majority of the Group's equity investments are held through investments in trusts. The equity investments held by these trusts are publicly traded.

The table below summarises the impact of changes in securities prices assuming the prices had increased or decreased by 13.5% (2025: 13.9%) at the end of the reporting period with all other variables held constant and all the Group's equity instruments moved according to the historical correlation with the security prices.

	Impact on post-tax profit		**Impact on equity**	
Judgements of reasonably possible movements	**2026 $'000**	2025 $'000	**2026 $'000**	2025 $'000
Securities prices +13.5% (2025: +13.9%)	**1,668**	2,586	**1,668**	2,586
Securities prices -13.5% (2025: -13.9%)	**(1,668)**	(2,586)	**(1,668)**	(2,586)

The assumptions used in the sensitivity analysis are based on an analysis of published economic data.

(ii) Cash flow and fair value interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk in the current year relates primarily to cash and cash equivalents, term deposits, and borrowings held outside the discontinued banking operations (refer Note 33). Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group analyses variable interest rate exposures on borrowings and will hedge at a fixed rate using interest rate swaps where this is in line with current risk management strategy. During the years ended 30 June 2026 and 2025, the Group's borrowings at variable rate were denominated in Australian Dollars.

As at the end of the reporting period, the Group had the following financial assets and liabilities exposed to variable interest rate risk:

27 Financial risk management (continued)

(a) Market risk (continued)

	2026 $'000	2025 $'000
Financial assets		
Cash and cash equivalents	**416,816**	452,490
Loans and advances	**303**	1,166,995
	417,119	1,619,485
Financial liabilities		
Australian Unity Bonds	**462,805**	462,805
Call deposits	**-**	925,270
Bank loans	**-**	115,556
Loan payable to related entity	**5,100**	5,100
Interest rate swap, at notional principal amounts	**(207,000)**	(342,000)
	260,905	1,166,731
Net position	**156,214**	452,754

The Group analyses its interest rate exposure on a regular basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Group calculates the impact on profit or loss of a defined interest rate shift. The scenarios are run only for interest bearing liabilities. The simulation is done on a quarterly basis to verify that the maximum loss potential is within the limit given by the board and monitored by management.

Based on the various scenarios, the Group manages its cash flow interest rate risk by using floating to fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Generally, the Group raises long term borrowings at floating rates and swaps them into fixed rates that are lower than those available if the Group borrowed at fixed rates directly. Under the interest rate swaps, the Group agrees with other parties to exchange, at specified intervals (mainly quarterly), the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

As at 30 June 2026, Australian Unity Bonds consisted of Series D at a face value of $207,000,000 maturing in December 2026 and Series E at a face value of $255,805,000 maturing in December 2028. The bonds bear interest at the three-month BBSW rate plus a fixed margin. Series D and Series E bonds carried a fixed margin of 2.15% and 2.50% respectively which resulted in total interest rates of 6.49% (2025: 6.20%) for Series D and 6.84% (2025: 6.55%) for Series E. The Group has entered into an interest rate swap for a total notional amount of $207,000,000 to hedge the variable interest component of Series D for the periods up to the maturity dates, at rates ranging from 1.12% to 1.13%.

As at the end of the reporting period, if interest rates had increased or decreased by 0.96% (2025: 1.03%), with all other variables held constant, the impact would have been as follows:

	Impact on post-tax profit		Impact on equity	
Judgements of reasonably possible movements	**2026 $'000**	2025 $'000	**2026 $'000**	2025 $'000
Interest rates +0.96% (2025: +1.03%)	**1,050**	5,044	**1,050**	5,044
Interest rates -0.96% (2025:-1.03%)	**(1,050)**	(5,044)	**(1,050)**	(5,044)

(iii) Foreign exchange risk

Foreign exchange risk is the risk that the fair value of future cash flows of an overseas financial investment will fluctuate as a result of movements in international exchange rates. The Group operates in Australia and the exposure to foreign exchange risk through its holding in investment funds is not significant.

27 Financial risk management (continued)

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk is managed on a group basis to ensure that this risk is minimised. Credit risk arises from derivative financial assets, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a minimum rating of 'BBB-' are accepted. If wholesale customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, an internal assessment is made in relation to the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The compliance with credit limits by wholesale customers is regularly monitored by line management. Sales to retail customers are required to be settled in cash or using major credit cards to mitigate credit risk.

Under the current credit risk modelling, the Group considers the probability of default upon initial recognition of an asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. Regardless of the analysis, a significant increase in credit risk is presumed if a debtor or borrower is more than 30 days past due in making a contractual payment. A default on a financial asset is when the counterparty fails to make contractual payments within the prescribed days of when they fall due as determined by each business segment.

Credit Risk Concentration
Credit-risk concentration arises when groups of counterparties have similar characteristics and are affected in a similar manner by economic, environmental or other conditions. Concentration risk may arise from exposures to particular industries, geographical regions, counterparty types or credit-quality categories.

The Group monitors concentration risk to ensure exposures remain within the board-approved risk appetite and to provide users of the financial statements with information, enabling an understanding of how credit risk affects the amount, timing and uncertainty of future cash flows.

The Group does not have significant concentrations of credit risk, as it transacts with a large number of individually immaterial debtors. This is further mitigated in relation to health insurance policy debtors where the credit risk will only continue during the grace period as specified by legislation and/or in the policy document; after this period the policy is either paid up or terminated. Accordingly, there is no material concentration risk given no significant variability of customer portfolio across the Group. Credit risk concentration is discussed further below.

The Group's credit exposures predominantly arise from receivables from private health-insurance policyholders in Australia, which together represent the only material concentration of credit risk for the Group.

As the Group's operations are predominantly located in Australia, credit risk exposures, including concentrations by geography, are primarily within Australia.

Health-insurance policyholder balances are generally short term in nature, and credit risk is limited to the statutory grace period defined by legislation or policy conditions. After this period, the policy must be paid up or is automatically terminated in accordance with regulatory requirements, significantly limiting exposure duration. The Group has historically experienced low levels of credit losses in this portfolio.

Personal lending exposures relate solely to legacy loan products previously offered through Australian Unity Bank Limited (AUBL). No new personal lending products were offered in the current period until the completion of the sale of the banking business. Credit assessment processes historically included verification of income, internal or external credit history, serviceability criteria and behavioural scoring. These exposures are unsecured; however, credit-risk concentration is mitigated through the large number of individually immaterial counterparties and ongoing monitoring of arrears and repayment performance.

Other credit exposures including receivables from aged-care operations, retirement living, home-care funding bodies and investment counterparties are individually and collectively immaterial for concentration-risk purposes due to their low relative balances, diversified counterparty base and, in many cases, government-backed payment mechanisms.

The table below presents the maximum exposure to credit risk for the Group's only materially concentrated portfolio.

27 Financial risk management (continued)

(b) Credit risk (continued)

Loans and advances - Maximum exposure to Credit Risk

	2026 **$'000**	2025 $'000
Loans and advances	**-**	1,502,462
Total maximum exposure to credit risk	**-**	1,502,462

The Group had no loans and advances exposure at 30 June 2026 following completion of the sale of the banking business to Bank Australia Limited during the financial year.

Trade and other receivables
The Group trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the Group's policy to securitise its trade and other receivables.

In relation to any other individually material debtors, it is the Group's policy that any customers who are likely to have such material balances owing and wish to trade on credit terms are subject to credit verification procedures including an assessment of their independent credit rating, financial position, past experience and industry reputation. Risk limits are set for each individual customer in accordance with parameters set by the board. These risk limits are regularly monitored. In addition, debtor balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

At each reporting date, the Group makes an assessment whether there is a significant increase in credit risk since origination. The Group considers historical loss experience and adjust this with the current observable data and reasonable forecast of future economic condition which includes macroeconomic factors to detect any indication of a significant increase in credit risk. An analysis to estimate the expected credit loss is performed on each portfolio of accounts with shared risk characteristics. As disclosed in the accounting policy note, the Group applies a three-stage approach to distinguish the categories of loans which reflect their credit risk and how the loan loss provision is determined for each of those categories. The movements in credit loss provision were primarily driven by model assumptions on forward looking scenarios, including the trends of loans in arrears and management's view on macro-economic conditions in the foreseeable future.

Other loans and advances
The Group has loans and advances to other parties. To assess whether there is a significant increase in credit risk, the Group considers the financial or economic conditions that may cause a significant change to the borrower’s ability to meet its obligations, the actual or anticipated significant adverse changes in the performance of the borrowers and significant changes in the value of the collateral supporting the obligation.

The following table represents the credit quality of financial assets (excluding benefit funds):

	Neither past due nor impaired		**Past due but not impaired**	**Past due and impaired**	**Total**
	High grade **$'000**	**Other grade** **$'000**	**$'000**	**$'000**	**$'000**
At 30 June 2026					
Cash and cash equivalents	**416,816**	**-**	**-**	**-**	**416,816**
Trade and other receivables	**-**	**147,549**	**26,909**	**2,844**	**177,302**
Financial assets at fair value through profit or loss	**217,882**	**219,921**	**-**	**-**	**437,803**
Other financial assets at amortised cost	**4,648**	**-**	**-**	**-**	**4,648**
Loans and advances	**-**	**303**	**-**	**-**	**303**
Other financial assets	**18,938**	**-**	**-**	**-**	**18,938**
Total	**658,284**	**367,773**	**26,909**	**2,844**	**1,055,810**

27 Financial risk management (continued)

(b) Credit risk (continued)

	Neither past due nor impaired		Past due but not impaired	Past due and impaired	Total
	High grade $'000	Other grade $'000	$'000	$'000	$'000
At 30 June 2025					
Cash and cash equivalents	452,468	-	-	-	452,468
Trade and other receivables	1,395	170,954	970	-	173,319
Financial assets at fair value through profit or loss	215,413	199,229	-	-	414,642
Other financial assets at amortised cost	75,415	-	-	-	75,415
Loans and advances	1,407,546	39,473	25,507	4,564	1,477,090
Other financial assets	-	33,801	-	-	33,801
Total	2,152,237	443,457	26,477	4,564	2,626,735

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Surplus funds are generally only invested in instruments that are tradeable in highly liquid markets.

As at 30 June 2026, the Group’s total current assets were higher than total current liabilities by $1,540 million (2025: higher by $1,658 million). The current liabilities include $2,263 million (2025: $2,222 million) of refundable accommodation deposits and resident loan liabilities (refer to Note 14) which the Group classifies as current, reflecting contractual requirements for the Group to repay an exiting resident within 12 months. However, experience is that only a minority of residents will exit within the next 12 months and accordingly the majority of the liabilities will not be payable within that period. The Group regularly reviews business strategy and funding requirements and allocates capital as required to ensure that it has the ability to meet all financial obligations.

Maturities of financial liabilities

The table below analyses the Group's financial liabilities based on the contractual maturities remaining at the end of each reporting period. The Group expects that certain liabilities will be settled at maturities which are different to their initial contractual maturities, including deposits where the Group expects (as part of the subsidiary’s normal banking operations) that a large proportion of these balances will roll over.

The amounts disclosed in the table are the contractual undiscounted principal and interest cash flows and hence may differ to the amounts reported on the balance sheet. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

For the financial guarantee and bank credit commitments as at 30 June 2026 (refer to Notes 34 and 35), as the probability and value of the obligation that may be called on is unpredictable, it is not practical to state the timing of any potential payment. However, there is a contractual obligation for the Group to provide the funds when they are called upon by the counterparties.

27 Financial risk management (continued)

(c) Liquidity risk (continued)

	Less than 6 months $'000	6 - 12 months $'000	1 - 5 years $'000	Over 5 years $'000	No specific maturity $'000	Total $'000
At 30 June 2026						
Trade and other payables	**151,977**	**-**	**-**	**-**	**-**	**151,977**
Interest bearing liabilities						
Australian Unity Bonds	**213,586**	**3,198**	**268,595**	**-**	**-**	**485,379**
Bank loans	**-**	**-**	**-**	**-**	**-**	**-**
	213,586	**3,198**	**268,595**	**-**	**-**	**485,379**
Lease liabilities	**7,459**	**11,342**	**50,033**	**35,819**	**-**	**104,653**
Health insurance contract policy liabilities	**122,452**	**20,284**	**632**	**-**	**-**	**143,368**
Benefit fund insurance contract policy liabilities	**43,973**	**43,685**	**358,857**	**363,899**	**-**	**810,414**
Benefit fund investment contract policy liabilities	**151,267**	**203,635**	**1,332,767**	**1,593,303**	**-**	**3,280,972**
Other liabilities	**197**	**-**	**-**	**-**	**2,262,846**	**2,263,043**
Total liabilities	**690,911**	**282,144**	**2,010,884**	**1,993,021**	**2,262,846**	**7,239,806**

	Less than 6 months $'000	6 - 12 months $'000	1 - 5 years $'000	Over 5 years $'000	No specific maturity $'000	Total $'000
At 30 June 2025						
Trade and other payables	157,838	-	-	-	-	157,838
Interest bearing liabilities						
Australian Unity Bonds	6,586	6,586	481,648	-	-	494,820
Bank loans	30,915	88,244	-	-	-	119,159
	37,501	94,830	481,648	-	-	613,979
Lease liabilities	8,101	12,763	47,713	47,069	-	115,646
Health insurance contract policy liabilities	125,169	19,573	907	-	-	145,649
Benefit fund insurance contract policy liabilities	49,625	37,085	368,065	392,095	-	846,870
Benefit fund investment contract policy liabilities	164,496	149,367	1,190,245	1,561,321	-	3,065,429
Other liabilities	10	-	25,000	-	2,221,686	2,246,696
Total liabilities	542,740	313,618	2,113,578	2,000,485	2,221,686	7,192,107

(d) Underwriting risk

Underwriting risk consists of insurance risk, lapse risk and expense risk.

Risk on health insurance contracts issued
The health insurance business of the Group provides private health insurance which provides benefits to cover costs arising from a range of services, including hospital services, medical services, prostheses and ancillary services. Some contracts cover all services, some cover only ancillary services and others cover all services excluding ancillary services. The benefits are provided under two types of contracts, health insurance contracts and health related insurance contracts. The latter provides cover for overseas visitors.

Insurance risk is managed through appropriate product design, claims management, close monitoring of insurance risk and experience, holding capital in excess of prudential requirements, risk equalisation, varying premiums and the operation of preventative health programs.

Product design
Robust product development and review processes including appropriate sign-off requirements are applied to mitigate the risk of the insurer’s products attracting a disproportionally large number of high claimers.

27 Financial risk management (continued)

(d) Underwriting risk (continued)

Claims management
Comprehensive claims management procedures and controls are applied to ensure correct and timely settlement of claims in accordance with policy conditions and provider contracts. Claims are monitored on a monthly basis to track the experience of the portfolios.

Insurance risk and experience monitoring
The Group's Risk & Compliance Committee and the board review the monthly financial and operational results, including insurance operating measures and prudential capital requirements. The insurance risks and experience for the industry are also monitored by the Australian Prudential Regulation Authority (APRA).

Prudential capital requirements
Private health insurers must comply with prudential capital requirements providing a safeguard against certain adverse experience. The board has adopted a conservative approach by applying a target level of capital in excess of the prudential requirements.

Risk equalisation
The *Private Health Insurance Act 2007* requires resident private health insurance contracts to meet community rating requirements, prohibiting health insurers from discriminating between people on the basis of their health status, gender, race, sexual orientation, religious belief, age, lifestyle, frequency of need for treatment or claims history. To support these restrictions, all private health insurers must participate in the Risk Equalisation Special Account under which the cost of proportions of the eligible claims of all persons aged 55 years and over and those claims meeting the high cost claim criteria are shared across all private health insurers.

Concentration of insurance risk
The health insurance contracts written cover a large number of members across Australia. The Group has no exposure to concentration of risk.

Ability to vary premium rates
The Group is able to vary premium rates subject to the approval of the Minister for Health and Ageing. The Group is also able to adjust product benefits after providing up to 60 days' notice to impacted members.

Preventative health programs
The Group operates preventative health programs to contribute to members' health and reduce the risk of hospitalisation and thus claims.

Risk on benefit fund insurance contracts issued
With benefit funds, insurance risk is the risk of the loss event occurrence, or the timing and amount of the loss being different from expectation. The Group is exposed to different elements of insurance risks, being:

- Mortality risk - the risk of losses arising from death of life insurance policyholders being earlier than expected. The benefit fund insurance contract policies, which consist of insurance contracts issued and investment contracts with DPF, are exposed to mortality risk. The policy liabilities at Note 40 quantify this exposure and are based on information presented to key management;
- Premium risk - the risk that premiums charged to policyholders are less than the claims cost on business written; and
- Reserve risk - the risk that the claims reserves are insufficient to cover all claims.

The Group mitigates these risks by having reinsurance arrangements in place, although the benefit funds insurance risk portfolio is small.

The benefit funds are also exposed to the following two risks which are not insurance risks but relate to insurance contracts:

- Lapse or persistency risk - the risk that the counterparty will cancel the contract earlier or later than expected in pricing the contract.
- Expense risk - the risk of unexpected increases in the administrative costs associated with the servicing of a contract, rather than in costs associated with insured events.

These risks arise from all benefit fund insurance contract policies. A sensitivity analysis to changes in mortality, lapse and expense rates is presented later in the note.

Persistency risk is managed through regular monitoring of lapse information and through regular communications with clients.

27 Financial risk management (continued)

(d) Underwriting risk (continued)

The Group frequently monitors expense levels to address expense risk. In addition, expense risk is managed by the Group's ability to increase management fees or the ability to change benefit fund rules that govern the management fees.

The internal audit function performs regular audits ensuring that the established controls and procedures are adequately designed and implemented.

There were no significant changes in the Group's objectives, policies, and processes for managing the risks and the methods used to measure the risks from the previous period.

Concentration of insurance risk
The benefit fund insurance contracts written cover a large number of policyholders across Australia. Insurance risk is monitored per class of business. The Group has no exposure to significant concentrations of insurance risk in relation to the benefit fund contracts.

Sensitivities
The following table details the impact of changes in key underwriting assumptions on the Group's profit and loss, equity and CSM. This analysis is based on a change in one risk variable with all other variables held constant. Sensitivity analysis assumes that changes to variables can be made independently, which is very unlikely to occur in practice. There were no changes made from the previous period in the methods and assumptions used in preparing the sensitivity analysis.

30 June 2026	**Change in assumption**	**CSM $'000**	**Profit or Loss $'000**	**Equity $'000**
Health insurance contracts issued				
Claims expenses	**+5%**	**-**	**(36,078)**	**(36,078)**
Claims expenses	**-5%**	**-**	**36,078**	**36,078**
Benefit fund insurance contracts issued				
Mortality	**+5%**	**(113)**	**(35)**	**(35)**
Mortality	**-5%**	**117**	**37**	**37**
Expenses	**+10%**	**(85)**	**(2)**	**(4)**
Expenses	**-10%**	**85**	**2**	**4**

30 June 2025	**Change in assumption**	**CSM $'000**	**Profit or Loss $'000**	**Equity $'000**
Health insurance contracts issued				
Claims expenses	+5%	-	(34,028)	(34,028)
Claims expenses	-5%	-	34,028	34,028
Benefit fund insurance contracts issued				
Mortality	+5%	(122)	(35)	(35)
Mortality	-5%	127	37	37
Expenses	+10%	(79)	(4)	(4)
Expenses	-10%	79	4	4

Due to the immateriality of reinsurance arrangements, reinsurance has not been included in the disclosures above.

(e) Operational risk management

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This includes legal risk, and the risk of reputational loss or damage arising from inadequate or failed internal processes, people and systems, but excludes strategic risk.

While the Group Risk & Compliance Committee has delegated responsibility for developing and monitoring risk management policies and reviewing the adequacy of the risk management framework, each business unit has a risk officer and risk management processes and practices which provide oversight of operational risk undertaken in each business. Each business unit works closely with the Group Risk Management team. There are documented risk procedures to manage and maintain oversight of operational risks. These procedures include thresholds for escalation and monitoring. Group Risk is responsible for exercising governance over operational risk through the management of the group risk management framework, policy development, risk analysis, fraud prevention and reporting of risk matters to the Group Risk & Compliance Committee.

27 Financial risk management (continued)

(e) Operational risk management (continued)

The Group's risk framework is supported by specific policies and procedures with the effectiveness of the framework assessed through a series of independent assurance reviews conducted by Group Audit.

The Group has adopted an operational risk management process which consists of a staged approach involving establishing the context, identification, analysis, assessment, treatment and monitoring of current, emerging and potential future operational risks.

Business disruption is a critical risk to the ability to operate, so the Group has comprehensive business continuity, recovery and crisis management plans. These are intended to ensure critical business functions can be maintained, or restored in a timely fashion, in the event of material disruptions arising from internal or external events.

The Group obtains insurance cover from third party providers to cover those operational risks where cost effective premiums can be obtained, however, insurance is not treated as a guaranteed mitigation for operational risk.

(f) Capital risk management

Capital is represented by members' funds and comprises earnings retained in relation to past activities of Australian Unity Limited.

Capital risk management is coordinated centrally by the Group board so as to maintain a strong capital base in order to maintain member, stakeholder, creditor and market confidence and to sustain future development of the business.

Capital management plays a central role in managing risk to create member value whilst also ensuring that the interests of all stakeholders including investors, lenders and regulators are met. Capital is utilised to finance growth, asset acquisitions and business plans and also provides support if adverse outcomes arise from investment performance or other activities.

The appropriate level of capital for each subsidiary is determined by the Group based on both regulatory and economic considerations. In order to maintain or adjust the capital structure, each Company in the Group may adjust the amount of dividends paid to its parent company, return capital to the parent or issue new shares.

Legislation requires a number of the controlled entities to maintain certain levels of capital, the specific details of which are discussed in the relevant individual controlled entities' financial statements. Throughout the 2026 financial year and currently, these controlled entities have maintained capital in excess of prudential requirements at all times. For entities not subject to specific legislation, capital risk management is determined in conjunction with the above-mentioned considerations, and the economic, operational and capital needs of the business.

There were no changes in the Group's approach to capital management during the year.

(i) Australian Unity Bank Limited (AUBL)

Australian Unity Bank Limited (AUBL) was regulated by the Australian Prudential Regulation Authority (APRA) and was required to maintain a prescribed level of regulatory capital prior to the completion of the sale of its banking business to Bank Australia. Before the completion of the transaction, AUBL applied an Internal Capital Adequacy Assessment Process (ICAAP) approved by the Group Board to ensure it maintained an appropriate capital base to cover the risks inherent in the business. The ICAAP addressed capital requirements prescribed by regulators and included AUBL's strategy for managing capital resources, its capital targets, how required capital was to be met, and actions and procedures for monitoring compliance with minimum regulatory capital adequacy requirements.

Following completion of the sale of the banking business, AUBL is no longer subject to APRA capital adequacy requirements. Prior to the sale, the capital management strategy primarily focused on building accumulated reserves from earnings, and could include share issuances and subordinated debt raisings.

27 Financial risk management (continued)

(f) Capital risk management (continued)

For the year ended 30 June 2025, AUBL maintained capital in excess of prudential requirements at all times. Following the disposal of AUBL during the 2026 financial year, capital adequacy disclosures are no longer applicable to the Group as at 30 June 2026.

(ii) Australian Unity Health Limited (AUHL)

AUHL was regulated by the Australian Prudential Regulation Authority (APRA) up to and including 30 June 2026 and as such is required to maintain a certain level of capital. Throughout the year ended 30 June 2026 and currently, AUHL has maintained capital in excess of prudential requirements at all times.

AUHL has a capital management plan which establishes a target for capital held in excess of the regulatory requirement. The aim is to keep a sufficient buffer in line with Group attitude to and tolerance for risk. The internal capital target ensures AUHL has a minimum level of capital given certain stressed capital scenarios. The surplus assets over capital adequacy requirement based on current APRA capital standards at 30 June 2026 are as follows:

	2026	2025
	$'000	$'000
Capital Base		
Accounting Net Assets	**233,745**	217,141
Regulatory adjustments	**7,678**	7,650
Common Equity Tier 1 Capital	**241,423**	224,791
Additional Tier 1 Capital	**-**	-
Total capital base	241,423	224,791
Prescribed capital amount		
Insurance Risk Charge	**76,220**	82,510
Asset Risk Charge	**87,339**	82,656
Operational Risk Charge	**14,492**	14,280
Less: Aggregation Benefit	**(36,672)**	(37,229)
Tax benefits	**(21,993)**	(12,566)
Total prescribed capital amount	**119,386**	129,651
Capital adequacy multiple	**2.02**	1.73

The capital information above complies with the new private health insurance capital standards that became effective from 1 July 2023.

Group structure

This section provides information that will help users understand how the Group structure affects the financial position and performance of the Group as a whole. In particular, there is information about:

- wholly-owned subsidiaries included in the consolidated financial statements, and
- the parent entity.

28 Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the Group's controlled entities. The table below lists the controlled entities included in the consolidated financial statements. All these entities are wholly-owned by the Group and are incorporated in Australia.

Wholly-owned by the Parent entity	Wholly-owned by the controlled entities
Australian Unity Advice Pty Ltd	114 Albert Road Development Trust
Australian Unity Capital Management Pty Ltd	114 Albert Road Holding Trust
Australian Unity Finance Pty Ltd	Argent Nominees Pty Ltd
Australian Unity Funds Management Limited	Australian Unity Aged Care Investments Pty Ltd
Australian Unity General Insurance Agency Pty Ltd	Australian Unity Aged Care Trust #1
Australian Unity Group Services Pty Ltd	Australian Unity Aged Care Trust #3
Australian Unity Health Limited	Australian Unity Aged Care Trust #4
Australian Unity Investments Strategic Holdings Pty Ltd	Australian Unity Aged Care Trust #5
Australian Unity Life Bonds Pty Ltd	Australian Unity Albert Road Retirement Village Land Trust
Australian Unity Property Management Pty Ltd	Australian Unity Aurora Land Owner Trust
Australian Unity Retirement Living Holdings Pty Ltd	Australian Unity Aurora Operations Trust
Australian Unity Retirement Living Investments Pty Ltd	Australian Unity Better Living Services Pty Ltd
Australian Unity Retirement Living Services Limited	Australian Unity Care Services Pty Ltd
Australian Unity Strategic Holdings Pty Ltd	Australian Unity Carlton Aged Care Trust
Australian Unity Strategic Investments Pty Ltd	Australian Unity Herston Quarter Aged Care Land Holdings Pty Ltd
Herston Company Pty Ltd	Australian Unity Herston Quarter Retirement Community Land Holdings Pty Ltd
Lifeplan Australia Friendly Society Limited	Australian Unity Home Care Service Pty Ltd
National Friendly Society Ltd	Australian Unity Investment Real Estate Limited
Remedy Healthcare Group Pty Ltd	Australian Unity Investment Trust
	Australian Unity Office Holdings Pty Ltd
	Australian Unity Peninsula Grange RACF Land Trust
	Australian Unity Retirement Living Management Pty Ltd
	Australian Unity Retirement Village Trust #1
	Australian Unity Retirement Village Trust #2
	Australian Unity Retirement Village Trust #5
	Australian Unity Sienna Grange Aged Care Land Trust
	Australian Unity Trustees Limited
	Better Home Care Pty Ltd
	Campbell Place Sub Trust
	Dimple Dietetics Pty Ltd *
	Dimple Physiotherapy Pty Ltd *
	Dimple Podiatry Pty Ltd *
	Drummond Place Sub Trust
	Enrich Health Group BidCo Pty Limited
	Enrich Health Group Finance Holdings Pty Limited
	Enrich Health Group Finance Pty Limited
	Enrich Health Group Pty Ltd
	FTL Estate Services Pty Ltd
	FTL Judge & Papaleo Pty Ltd
	Funeral Plan Management Pty Ltd
	Grata Care Services Pty Ltd *
	Greengate Care Pty Ltd
	Greengate Development Pty Ltd
	Greengate Management Services Pty Ltd
	Greengate Partnership Pty Ltd
	Herston Car Park Company Pty Ltd
	Herston Development Company Pty Ltd
	Herston Heritage Development Company (No.4) Pty Ltd
	Herston Management Company Pty Ltd
	Herston Northern Car Park Company Pty Ltd
	Herston Quarter Childcare Company Pty Ltd
	Herston Quarter Education Pty Ltd
	Herston Quarter Management Company Pty Ltd

28 Subsidiaries (continued)

Wholly-owned by the Parent entity	Wholly-owned by the controlled entities
	Hunters Hill Sub-Trust Loqui Pty Ltd * MHC Employment Services Pty Ltd Murto Pty Ltd * myHomecare Group Pty Ltd myHomecare Pty Ltd Oxley Home Care Pty Ltd Peninsula Grange Sub-Trust Platypus Asset Management Pty Limited Plena Healthcare Holdings Pty Ltd * Premium Investment Management Pty Ltd Premium Wealth Management Pty Ltd Retirement Management Services Pty Ltd Retirement Village Operating Trust Retirement Village Property Trust Sarmace Pty Ltd Sienna Grange Sub Trust SMG Labour Pty Ltd St Brigid's Green Retirement Village Pty Ltd St Faber's Green Retirement Village Pty Ltd St Luke's Green Retirement Village Pty Ltd St Patrick's Green Retirement Village Pty Ltd The Governor's Retirement Resort Pty Ltd The Trustee for RVPT Sub-Trust No 1 The Trustee for RVPT Sub-Trust No 2 Victoria Grange Sub-Trust

During the year, the Group disposed of ACN 087 652 079 Pty Ltd (formerly Australian Unity Bank Limited) and Greglea Village Management Pty Ltd. Accordingly, these entities are not included in the list of controlled entities as at 30 June 2026 Refer Note 32 and 33 for further details.

* These are new entities acquired as part of the business combination during the year. Refer to Note 31 .

29 Parent entity financial information

(a) Summary financial information

The individual consolidated financial statements for the Parent entity show the following aggregate amounts:

	2026 $'000	2025 $'000
Balance sheet		
Cash and cash equivalents*	**117,487**	104,217
Other current assets	**557,203**	379,129
Current assets	**674,690**	483,346
Non-current assets	**1,020,374**	1,272,400
Total assets	**1,695,064**	1,755,746
Current liabilities	**250,857**	131,498
Non-current liabilities	**232,656**	437,321
Total liabilities	**483,513**	568,819
Members' balances	**255,625**	255,625
Mutual Capital Instruments	**662,113**	458,085
Reserves	**16,159**	11,492
Retained earnings	**277,654**	461,725
Total equity	**1,211,551**	1,186,927
Loss for the year	**(152,121)**	(16,269)
Total comprehensive income for the year	**(154,079)**	(16,269)

* The balance includes investment trusts that have an investment policy to invest in short term, highly liquid assets that readily supports their conversion to cash (refer to Note 9).

During the year, the Parent entity wrote down investment in subsidiaries to their recoverable amount and recognised an impairment loss of $174.0 million (2025: $51.8 million), recorded in the Consolidated Statement of comprehensive income. The impairment loss eliminates on consolidation of the Group.

(b) Contingent assets and liabilities of the Parent entity

The Parent entity has entered into bank guarantee arrangements totalling $79,288,000 (2025: $95,635,000) as part of its normal operations and under business transfer arrangements in order to secure the Group's performance under contracts. The bank guarantees only become payable upon the non-performance of the Group.

The Parent entity had no other contingent assets or liabilities as at 30 June 2026.

(c) Commitments entered into by the Parent entity

The Parent entity did not have any commitments as at 30 June 2026 and 2025.

30 Reconciliation of profit attributable to members of Australian Unity Limited

	Year ended 30 June 2026		
	Attributable to members of Australian Unity Limited $'000	Attributable to benefit fund policyholders $'000	Consolidated profit or loss $'000
Insurance revenue	**738,643**	**15,014**	**753,657**
Insurance service expenses	**(691,837)**	**(15,260)**	**(707,097)**
Insurance finance expense from insurance contracts issued	**(124)**	**(15,108)**	**(15,232)**
Net insurance income/(expense)	**46,682**	**(15,354)**	**31,328**
Other revenue and other income	**1,505,369**	**261,422**	**1,766,791**
Other expenses, excluding finance costs			
- Movement in policyholder liabilities	**-**	**(164,551)**	**(164,551)**
- Other expenses	**(1,679,872)**	**(21,111)**	**(1,700,983)**
Operating (loss)/profit	**(127,821)**	**60,406**	**(67,415)**
Finance costs	**(82,521)**	**-**	**(82,521)**
Share of net gains of joint ventures	**1,280**	**-**	**1,280**
(Loss)/profit before income tax	**(209,062)**	**60,406**	**(148,656)**
Income tax benefit/(expense)	**54,050**	**(60,406)**	**(6,356)**
(Loss) from continuing operations	**(155,012)**	**-**	**(155,012)**
(Loss) from discontinued operation after tax	**(154)**	**-**	**(154)**
(Loss) for the year	**(155,166)**	**-**	**(155,166)**

Two subsidiaries of the Company, Lifeplan Australia Friendly Society Limited (LAFS) and Australian Unity Life Bonds Pty Limited (AULBPL), are friendly societies in accordance with the *Life Insurance Act 1995*. The funds of LAFS and AULBPL and any trusts consolidated by those funds, are treated as benefit funds. These are required to be consolidated for statutory purposes and have a net nil impact on profit and loss attributable to members of AUL.

The combined benefit funds had Revenue of $276,436,000, Expenses of $200,922,000, Insurance finance expenses of $15,108,000 and Income tax expense of $60,406,000 for the year ended 30 June 2026 (for the year ended 30 June 2025: Revenue of $391,927,000, Expenses of $261,038,000, Insurance finance expenses of $35,662,000 and income tax of $95,227,000).

30 Reconciliation of profit attributable to members of Australian Unity Limited (continued)

	Year ended 30 June 2025		
	Attributable to members of Australian Unity Limited $'000	**Attributable to benefit fund policyholders $'000**	**Consolidated profit or loss $'000**
Insurance revenue	728,142	15,511	743,653
Insurance service expenses	(671,187)	(16,053)	(687,240)
Insurance finance expense from insurance contracts issued	(646)	(35,662)	(36,308)
Net insurance income	56,309	(36,204)	20,105
Other revenue and other income	1,482,349	376,416	1,858,765
Other expenses, excluding finance costs			
- Movement in policyholder liabilities	-	(223,616)	(223,616)
- Other expenses	(1,445,722)	(21,369)	(1,467,091)
Operating profit	92,936	95,227	188,163
Finance costs	(79,367)	-	(79,367)
Share of net gains of joint ventures	441	-	441
Profit before income tax	14,010	95,227	109,237
Income tax benefit/(expense)	15,274	(95,227)	(79,953)
Profit from continuing operations	29,284	-	29,284
Loss from discontinued operation	**(2,723)**	**-**	**(2,723)**
Profit for the year	26,561	-	26,561

31 Business combination

Acquisition of Plena Healthcare

On 2 September 2025, the Group acquired 100% of the shares in Plena Healthcare Holdings Pty Ltd (Plena Healthcare) from Zenitas Healthcare Pty Ltd. The agreed purchase price was $70.3 million on a debt-free, cash-free basis, subject to adjustments in accordance with the sale and purchase agreement.

The consideration comprised an initial payment of $45.3 million and deferred consideration of $25.0 million, payable on 1 February 2026. The deferred consideration was settled in full on 1 February 2026.

The acquisition of Plena Healthcare strategically diversifies and scales the Group’s Home Health business to deliver mobile allied health services in residential aged care and community settings.

	$'000
Purchase consideration	
Cash payments	45,332
Deferred consideration amount	25,000
Total	70,332

The fair values of identifiable assets and liabilities of the business combination at the date of acquisition were as follows:

31 Business combination (continued)

Acquisition of Plena Healthcare (continued)

	$'000
Net assets acquired based on the fair value at the date of acquisition:	
Cash and cash equivalents	3,265
Trade and other receivables	7,109
Other assets	713
Brand name	2,912
Customer relationships	3,456
Deferred tax asset	3,615
Trade and other payables	(3,983)
Employee liabilities	(7,825)
Deferred tax liability	(1,962)
Provisions	(5,968)
Total net assets acquired	1,332
Goodwill on acquisition	69,000
Total purchase consideration	70,332

The goodwill is related to the value of expected synergy benefits from the business combination, workforce and other items that do not qualify to be separately recognised. None of the goodwill recognised is expected to be deductible for tax purposes.

Cash flows in relation to the business acquisition consist of the following:

	$'000
Net cash acquired	3,265
Cash consideration *	(73,260)
Transaction costs of the acquisition	(3,032)
Net cash outflow	(73,027)

* Includes initial cash consideration of $45,332,000, deferred consideration of $25,000,000 and vendor transaction costs of $2,927,000 paid on behalf of the seller.

These acquisition-related costs are recognised in the Other expenses, excluding finance costs caption on the Consolidated statement of comprehensive income.

The acquired business is in the process of integration to the Group's Home Health business platform. From the date of acquisition to 30 June 2026, the business has contributed revenue of $65.9 million and profit before tax of $4.0 million to the Group. If the business had been acquired at the beginning of the reporting period, revenue of $78.9 million and profit before tax of $4.7 million would have been contributed to the Group.

32 Assets held for sale

(a) Description

The Group assesses at each reporting date whether non-current assets (or disposal groups) meet the criteria for classification as held for sale in accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*.

Comparative information and description
The assets held for sale balance at 30 June 2025 related to the transfer of the Group's banking business, which was completed during the current period. Refer to Note 33 for further details.

During the financial year ended 30 June 2026, the Group classified the following assets and disposal groups as held for sale, reflecting management's commitment to a formal disposal plan. None of these assets or disposal groups classified as held for sale met the definition of a discontinued operation.

(i) Retirement village asset
At 31 December 2025, a retirement village within the Wealth & Capital Markets segment was classified as held for sale following the Group's decision to divest the asset. This comprise assets of $4.86 million and liabilities held for sale $4.79 million, carried at the lower of carrying amount and its fair value less cost to sell. The sale was completed on 30 June 2026, and a loss on disposal of $0.2 million was recognised in "Other income" in the Consolidated statement of comprehensive income.

(ii) Acorn Capital Limited
At 31 December 2025, the Group's 48.1% equity investment in Acorn Capital Limited (Acorn), within the Wealth & Capital Markets segment, was classified as held for sale following approval to exit the joint venture and was measured at the lower of carrying value and its fair value less to sell of $1.3 million. In January 2026, the Group completed the sale for a cash consideration of $1.5 million and recognised $0.2 million gain on disposal. The gain is recognised in "Other income" the Consolidated statement of comprehensive income.

(iii) Select Income Fund (SIF)
In June 2026, the Group committed to a plan to sell its rights as responsible entity of Australian Unity's Select Income Fund, within the Wealth & Capital Markets segment. Efforts to sell the asset have started and a sale is expected in FY2027.

The Group does not consolidate SIF business however, the Group holds management rights and goodwill assets, which were classified as held for sale as at 30 June 2026 and were remeasured to the lower of its carrying amount and fair value less costs to sell. This resulted in a remeasurement loss of $4.1 million recognised in "Other expense" in the Consolidated statement of comprehensive income. The remeasurement loss was allocated to reduce the carrying amount of management rights ($3.1 million) and goodwill ($1.0 million) as at 30 June 2026.

(iv) Platypus Asset Management (PAM)
In June 2026, management committed to a plan to sell its investment in PAM, within the Wealth & Capital Markets segment, following the Group's decision to divest the business. The investment was classified as a disposal group held for sale as at 30 June 2026. Efforts to sell the disposal group have started and a sale is expected in FY2027.

The disposal group was remeasured to the lower of its carrying amount and its fair value less costs to sell, which resulted in a remeasurement loss of $49.3 million recognised in "Other expense" in the Consolidated statement of comprehensive income. The remeasurement loss has been allocated to fully reduce the carrying amount of goodwill, brand name and customer list assets within the disposal group.

(b) Assets and liabilities held for sale

As at 30 June 2026, PAM's disposal group was stated at fair value less costs to sell and comprised the following assets and liabilities. Certain assets and liabilities within the disposal group, including cash, trade receivables, trade payables and lease liabilities, were measured in accordance with its own applicable accounting standards:

32 Assets held for sale (continued)

	30 June 2026 $'000
Assets	
Cash	**4,890**
Trade receivables and other assets	**1,742**
Right of use asset	**1,371**
Assets held for sale	**8,003**
Liabilities	
Trade and other payables	**2,451**
Lease liability	**1,391**
Liabilities held for sale	**3,842**

(c) Measurement of fair values

Fair value hierarchy
The non-recurring fair value measurement were arrived as follows:

PAM was based on indicative offers received from prospective buyers and other market evidence available at the reporting date, adjusted for estimated selling costs and have been categorised as a Level 3 fair value measurements.

SIF was based on management's assessment of market conditions available at the reporting date based on market participants perspective and have been categorised as a Level 3 fair value measurements.

Retirement village held for sale of $4,795,225 has been categorised as a Level 3 fair value based on the inputs to the valuation technique used (refer to Note 15).

33 Discontinued operation - transfer of banking business

(a) Description

In the prior financial year, the Group classified its banking business, undertaken by Australian Unity Bank Limited (AUBL), as a discontinued operation following the decision to transfer the business to Bank Australia Limited.

The transfer of the banking business was completed on 22 November 2025. Accordingly, the results of the banking business up to the date of transfer, together with the associated assets and liabilities, were presented as a discontinued operation in the comparative financial statements in accordance with AASB 5 Non-current Assets Held for Sale and Discontinued Operations.

The Group's general insurance business, where it is a licensed Authorised Representative of an insurer to distribute their general insurance products, and which was previously conducted through AUBL, continues with the Group. (refer Note 1).

The banking business is presented as a discontinued operation in the current financial year following its transfer on 22 November 2025. Comparative information has been presented to reflect the banking business as a discontinued operation.

(b) Financial performance and cash flow information

The financial performance and cash flow information presented relate to the period from 1 July 2025 to 22 November 2025 (being the date of transfer) and the corresponding comparative periods presented in the prior financial year.

	2026 $'000	2025 $'000
Interest income	**29,951**	80,669
Interest expense	**(19,635)**	(57,368)
Net interest income	**10,316**	23,301
Other banking income	**754**	1,411

33 Discontinued operation - transfer of banking business (continued)

(b) Financial performance and cash flow information (continued)

	2026 $'000	2025 $'000
Net operating income	**11,070**	24,712
Operating expenses	**(19,525)**	(28,258)
Loan impairment provision	**-**	(343)
Loss before income tax	**(8,455)**	(3,889)
Income tax benefit	**3,101**	1,166
Loss after income tax from discontinued operation	**(5,354)**	(2,723)
Net cash inflows/(outflows) from banking business	**(2,307)**	18,293

(c) Detail of the transfer of Banking business

	2026 $'000
Gain on transfer before income tax	3,174
Loan impairment provision	4,255
Carrying amount disposal group	7,429
Income tax expense	(2,229)
Gain on transfer of Banking business after income tax	5,200

Reconciliation to Consolidated statement of comprehensive income from discontinued operation

	2026 $'000
Gain on transfer of Banking business after income tax	5,200
Loss after income tax from discontinued operation	(5,354)
(Loss) from discontinued operation after income tax	(154)

33 Discontinued operation - transfer of banking business (continued)

(d) Carrying amount of disposal group

	2026 $'000
Asset	
Cash and cash equivalents	2,249
Financial assets at fair value through profit or loss	160,058
Loan and advances	1,456,727
Provision for impairment	(4,255)
Total assets	1,614,779
Liabilities	
Other liabilities	(1,835)
Interest bearing liabilities	(1,620,373)
Total liabilities	(1,622,208)
Carrying amount of disposal group	(7,429)

(e) Loans and advances

Current	**2026 $000**	2025 $000
Mortgage loans		1,466,026
Trail commission	-	-
Personal loans		8,674
Provision for impairment		(4,278)
Total current	**-**	1,470,422

Non-current	**2026 $'000**	2025 $'000
Mortgage loans	**-**	-
Trail commission	-	-
Personal loans	**-**	-
Loans to policyholders*	**-**	30,051
Advances*	**-**	2,389
Provision for impairment	**-**	-
Total non-current	**-**	32,440
Total loans and advances	-	1,502,462

* Loans to policyholders and Advances are excluded from the asset held for sale related to AUBL.

(i) Mortgage loans

Prior to the transfer of the banking business on 22 November 2025, mortgage loans were secured on real property, matured at various dates up to 30 June 2055 and earned interest at annual rates. For the year ended 30 June 2025, interest rates ranged between 2.69% and 9.25%. Mortgage loans were carried at amortised cost. There were no mortgage loans as at 30 June 2026.

33 Discontinued operation - transfer of banking business (continued)

(e) Loans and advances (continued)

(ii) Personal loans

Prior to the transfer of the banking business on 22 November 2025, personal loans comprised secured and unsecured loans, matured at various dates up to 4 September 2031 and earned interest at annual rates. For the year ended 30 June 2025, interest rates ranged between 5.99% and 14.49%. Personal loans were carried at amortised cost. There were no personal loans as at 30 June 2026.

(iii) Maturity profile

There were no loans and advances relating to the discontinued operation as at 30 June 2026. The following maturity profile relates to the prior period. As at 30 June 2025, mortgage and personal loans totalling $34,127,000 were maturing within 12 months and $1,440,971,000 will mature over 12 months.

(iv) Provision for impairment

The provision for impairment was calculated based on an ECL model.

A summary of the assumptions underpinning the ECL model is as follows:

Category	Group's definition of category	Basis for recognition of ECL provision
Stage 1	Customers have a low risk of default and a strong capacity to meet contractual cash flows.	12-month ECL. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime.
Stage 2	Loans for which there is a significant increase in credit risk that is presumed if interest and/or principal repayments are 30 to 89 days past due or a specific loan is assessed to have a high credit risk but not impaired.	Lifetime ECL.
Stage 3	Interest and/or principal repayments are 90 days past due or a specific loan is assessed as credit impaired or the debtor is in the event of bankruptcy.	Lifetime ECL.

In calculating the ECL, the Group considers historical losses for each category of customers, loan collaterals, and adjusts for forward looking macroeconomic data. The Group uses reasonable and supportable forecasts of future economic conditions and how changes in these factors will affect ECL. The economic forecast includes house price index, unemployment rate and external data on impairment, commentary from the Reserve Bank of Australia (RBA) and other subjective factors. The Group uses three alternative scenarios to reflect an unbiased probability-weighted range of possible future outcomes in estimating the ECL.

- Baseline scenario: This scenario considers RBA and other financial institutions forecasts for unemployment and the Company’s base case assumptions.
- Downside scenario: This scenario is set to the baseline scenario and represents plausible but less likely alternatives than the baseline scenario.
- Upside scenario: This scenario represents the potential impact of less likely, more favourable macro-economic conditions.

Management’s review of the ECL, taking into consideration the key model parameters, portfolio mix, the scale of loans under hardship and the amount in arrears, the forward-looking view of the economy, including unemployment rates, and the emerging industry practice; has resulted in a decrease of $64,000 (2025: increase of $342,000) in the impairment provision.

The table below presents the movement in the gross carrying amount of each category of loans for the financial years ended 30 June 2026 and 30 June 2025.

33 Discontinued operation - transfer of banking business (continued)

(e) Loans and advances (continued)

(iv) Provision for impairment (continued)

Gross carrying amount	Stage 1 (12-month ECL) $'000	Stage 2 (Lifetime ECL not credit impaired) $'000	Stage 3 (Lifetime ECL credit impaired) $'000	Total $'000
Opening gross carrying amount at 1 July 2025	1,451,941	13,648	9,111	1,474,700
Transfers from Stage 1 category	-	-	-	-
Transfers from Stage 2 category	-	-	-	-
Transfers from Stage 3 category	-	-	-	-
Balance movements, derecognition or written-off	(1,451,941)	(13,648)	(9,111)	(1,474,700)
New loans originated during the period	-	-	-	-
Closing gross carrying amount at 30 June 2026	**-**	**-**	**-**	**-**

Gross carrying amount	Stage 1 (12-month ECL) $'000	Stage 2 (Lifetime ECL not credit impaired) $'000	Stage 3 (Lifetime ECL credit impaired) $'000	Total $'000
Opening gross carrying amount at 1 July 2024	1,367,964	16,391	9,116	1,393,471
Transfers from Stage 1 category	(11,099)	8,159	2,940	-
Transfers from Stage 2 category	8,211	(10,030)	1,819	-
Transfers from Stage 3 category	1,581	378	(1,959)	-
Balance movements, derecognition or written-off	(287,788)	(1,250)	(2,805)	(291,843)
New loans originated during the period	373,072	-	-	373,072
Closing gross carrying amount at 30 June 2025	**1,451,941**	**13,648**	**9,111**	**1,474,700**

The movements of expected credit loss provision for the financial year ended 30 June 2026 and 30 June 2025 are as follows:

Expected credit loss (ECL) provision	Stage 1 (12-month ECL) $'000	Stage 2 (Lifetime ECL not credit impaired) $'000	Stage 3 (Lifetime ECL credit impaired) $'000	Total $'000
Opening ECL provision at 1 July 2025	2,372	808	1,098	4,278
Transfers from Stage 1 category	-	-	-	-
Transfers from Stage 2 category	-	-	-	-
Transfers from Stage 3 category	-	-	-	-
Balance movements, derecognition or written-off	(2,372)	(808)	(1,098)	(4,278)
New loans originated during the period	-	-	-	-
Change in assumptions and methodology	-	-	-	-
Closing ECL provision at 30 June 2026	**-**	**-**	**-**	**-**

33 Discontinued operation - transfer of banking business (continued)

(e) Loans and advances (continued)

(iv) Provision for impairment (continued)

Expected credit loss (ECL) provision	Stage 1 (12-month ECL) $'000	Stage 2 (Lifetime ECL not credit impaired) $'000	Stage 3 (Lifetime ECL credit impaired) $'000	Total $'000
Opening ECL provision at 1 July 2024	2,236	1,101	696	4,033
Transfers from Stage 1 category	(21)	15	6	-
Transfers from Stage 2 category	514	(620)	106	-
Transfers from Stage 3 category	56	22	(78)	-
Balance movements, derecognition or written-off	(1,258)	152	272	(834)
New loans originated during the period	658	-	-	658
Change in assumptions and methodology	187	138	96	421
Closing ECL provision at 30 June 2025	**2,372**	**808**	**1,098**	**4,278**

The following table summarises the movements in the expected credit loss provision during the year:

	2026 **$000**	2025 $000
Balance at the beginning of the year	4,278	4,033
Amounts charged to profit and loss	(64)	342
Amounts written-off	(1)	(97)
Derecognised on transfer of banking business	(4,213)	-
Balance at the end of the year	-	4,278

(v) Past due but not impaired

At 30 June 2026, the Group had no loans and advances past due but not credit impaired (2025: $25.5 million), following the divestment of the banking business during the year.

Comparative balances at 30 June 2025 related to loans in arrears of less than 90 days, primarily mortgage loans, for borrowers with no recent history of default.

(vi) Fair value and risk exposures

The fair value of current and non-current loans and advances are provided in Note 15. Information about the Group’s exposure to credit risk and interest rate risk is provided in Note 27.

Unrecognised items

This section of the notes provides information about items that are not recognised in the financial statements as they do not satisfy the recognition criteria.

34 Commitments

(a) Capital commitments

Expenditures contracted for at the end of the reporting period but not recognised as liabilities are as follows:

34 Commitments (continued)

(a) Capital commitments (continued)

	2026 $'000	2025 $'000
Financial assets at fair value through profit or loss		
Within one year	**540**	2,060
	540	2,060
Investment properties		
Within one year	**8,629**	17,996
	8,629	17,996
Total capital commitments	**9,169**	20,056

The Group is engaged in a social infrastructure development project in Brisbane, Queensland, being the Herston Quarter Redevelopment Project which is developed and operated by Herston Development Company Pty Ltd (HDC - a wholly-owned subsidiary of the Group).

In addition to the Group's capital commitments above, HDC has also committed to deliver various contractual milestones for each stage of the project under the overarching Development Agreement between HDC and the Metro North Hospital and Health Service. The major milestones are anticipated to be completed within the next six years with capital expenditure in the range of $79 million.

(b) Credit related commitments

As at 30 June 2025, the Group had binding commitments to extend credit, being agreements to lend to customers provided there was no violation of any conditions established in the relevant contracts. As many of these commitments were expected to expire without being drawn upon, the total commitment amounts did not necessarily represent future cash requirements.

Following the sale of the banking business, the Group had no credit related commitments as at 30 June 2026. Accordingly, there were no irrevocable or revocable lending commitments outstanding at year end.

	2026 $'000	2025 $'000
Irrevocable approved but undrawn loans	**-**	35,228
Revocable loans with balances available for redraw	**-**	64,727
Revocable undrawn lines of credit, credit cards and overdrafts	**-**	16,191
Total credit related commitments	**-**	116,146

35 Contingencies

Contingent liabilities

There have been legal claims lodged for damages against the Group for which no provision has been raised, due to the belief it is not probable that these claims will succeed and that it is not practical to estimate the potential effect of these claims. The Directors are of the view that none of these claims are likely to result in material exposure. The Group also has contingent liabilities arising in the ordinary course of business in relation to which any unprovided liabilities cannot yet be reliably estimated.

Other Contingent Liabilities

Certain group companies have issued letters of comfort or guarantees to certain subsidiaries in the normal course of business. The issuing entity undertakes to provide financial support if needed, so that the subsidiary may continue to meet its financial obligations, subject to certain conditions including that the subsidiary remains a controlled entity.

35 Contingencies (continued)

Guarantees

The Group has entered into bank guarantee arrangements totalling $81,153,000 (2025: $98,175,000) as part of its normal operations and under business transfer arrangements in order to secure the Group's performance under contracts. The bank guarantees only become payable upon the non-performance of the Group.

The Group had no other contingent assets or liabilities at 30 June 2026.

36 Events occurring after the reporting period

MCI dividend
On 26 August 2026, the board has determined a final fully franked dividend of $2.5068 per Australian Unity Mutual Capital Instrument (MCI) to be paid on 15 October 2026.

Notes issuance
On 9 July 2026, Australian Unity issued $200 million of Notes under its Australian Dollar Note Issuance Programme. The Notes issued consisted of $140.0 million of Fixed Rate Notes at 6.9783 p.a and $60.0 million of Floating Rate Notes at BBSW plus 2.50% margin p.a. The Notes mature on 9 July 2031.

A porting of the proceeds of the issuance were used to buy back $51.5 million of Series D Bonds on the 10 July 2026.

The board is not aware of any other matter or circumstance arising since 30 June 2026 which has significantly affected or may significantly affect the financial status or results of the Group and which has not been separately disclosed in this report.

Other information

This section of the notes includes other information that must be disclosed to comply with the accounting standards and other pronouncements, but that is not immediately related to individual line items in the financial statements.

37 Related party transactions

(a) Parent entity

Australian Unity Limited is the parent entity and the ultimate parent entity of the Australian Unity Group.

(b) Subsidiaries

Interests in subsidiaries are set out in Note 28.

(c) Joint ventures

The Group has joint control interests in the following joint ventures:

	2026		2025	
	Ownership interest held	**Share of net gain/(loss) $'000**	Ownership interest held	Share of net gain/(loss) $'000
Acorn Capital Limited	**-%**	**(47)**	48.1%	(499)
Ramsay Connect Pty Ltd	**50.0%**	**1,327**	50.0%	940
Total share of net gain/(loss)		**1,280**		441

(d) Key management personnel

Disclosures relating to key management personnel are set out in Note 38.

37 Related party transactions (continued)

(e) Related party transactions

Transactions between the Group and related parties for the year ended 30 June 2026 and 2025 were as follows:

- Property development management fees charged to related entities, $nil (2025: $794,574).
- Fees charged by related entities for the construction of aged care and retirement village properties, $nil (2025: $26,874,000).
- Interest charged to joint ventures, $46,204 (2025: $nil).
- Payments for investments in associates and joint ventures, $nil (2025: $400,000).
- Proceeds from disposal of investments in joint ventures, $1,021,472 (2025: $nil).
- Investment income from related entities, $7,430,245 (2025: $4,856,852).
- Interest charged by a related entity, $302,862 (2025: $338,445).
- Dividends received from joint ventures, $nil (2025: $305,880).
- Payments to related parties relating to investment into the Australian Unity Select Income Fund (SIF), $1,417,810 (2025: $1,072,820).*

All transactions with related entities, including investments in managed investment schemes managed by either Australian Unity Funds Management Limited (AUFM) or Australian Unity Investment Real Estate Limited (AUIREL), are conducted on arm's length terms and at market rates where applicable. Australian Unity Limited is the parent or ultimate parent entity of both responsible entities.

* AUFM has arrangements in place with related parties relating to Australian Unity Select Income Fund cash account. The purpose of these arrangements is to facilitate the Australian Unity Select Income Fund’s origination and timely funding of mortgage loans while ensuring a commensurate investment return to the related party.

(f) Balances with related parties

The following balances with related entities which are not part of the consolidated entity were outstanding at the end of each reporting period:

	2026	2025
	$	$
Assets		
Cash and cash equivalents	**-**	10,000,000
Financial assets at fair value through profit or loss	**321,380,426**	477,462,706
	321,380,426	487,462,706
Liabilities		
Trade and other payables	**26,865**	23,003
Loans payable to related entities	**5,100,000**	5,100,000
	5,126,865	5,123,003

38 Key management personnel disclosures

(a) Key management personnel compensation

	2026 **$**	2025 $
Short-term employee benefits	**6,357,912**	9,039,343
Post employment benefits	**369,692**	342,832
Long-term benefits	**(423,250)**	720,145
Termination benefits	**1,611,857**	1,320,969
MCI-based payments	**3,835,073**	1,467,583
Total	**11,751,284**	12,890,872

Detailed remuneration disclosures are provided in the Remuneration report in the Directors' report.

(b) Other transactions with key management personnel

From time to time the directors of the Parent entity and its controlled entities may purchase or subscribe to the various products or securities offered by the Group. These transactions are on the same terms and conditions as those entered into by other Group employees or customers and are trivial or domestic in nature.

As of 30 June 2026, the residential loan balance for key management personnel is $Nil (2025: $5,528,500).

39 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the Parent entity:

(a) Audit and other assurance services

	2026 **$**	2025 $
KPMG		
Audit and review of financial statements	**3,232,870**	3,333,400
Audit of regulatory returns	**332,100**	380,000
Other assurance services	**399,190**	455,600
Total remuneration for audit and other assurance services	**3,964,160**	4,169,000

(b) Taxation and other services

	2026 **$**	2025 $
KPMG		
Tax governance services	**40,000**	40,000
Other services	**83,500**	350,861
Total remuneration for taxation and other services	**123,500**	390,861
Total auditors' remuneration	**4,087,660**	4,559,861

It is Australian Unity Limited's policy to employ KPMG on assignments additional to their statutory audit duties only where KPMG's expertise and experience with Australian Unity Limited's business are essential to the efficient completion of the assignment. It is Australian Unity Limited's policy to seek competitive tenders for all major consulting projects.

40 Benefit fund policy liabilities

The Group's benefit fund disclosures are set out below, reflecting the operations of the benefit funds managed by the Group.

(a) Reconciliation of changes in policy liabilities

	2026 $'000	2025 $'000
Life investment contract policy liabilities		
Balance at the beginning of the financial year	**3,065,430**	2,847,734
Increase recognised in the profit or loss	**164,065**	223,089
Premiums recognised as a change in contract liabilities	**408,144**	345,304
Claims recognised as a change in contract liabilities	**(356,525)**	(350,697)
Balance at the end of the financial year	**3,281,114**	3,065,430
Life insurance contract policy liabilities		
Balance at the beginning of the financial year	**846,869**	864,104
Increase/(decrease) recognised in (Note 13(b))	**(36,596)**	(17,235)
Balance at the end of the financial year	**810,273**	846,869
Net benefit fund policy liabilities at the end of the financial year	**4,091,387**	3,912,299

(b) Actuarial methods and assumptions

The following discloses information that identifies and explains the amounts in the Group’s financial statements relating to its benefit fund insurance contract liabilities (“liabilities”). This includes disclosures about assumptions used in determining those liabilities.

Insurance contract liability valuations measured using the General Measurement Model

The funds without discretionary participating features (i.e. declare no bonuses) comprise the following:

- Endowment and Funeral Fund (denoted as the Funeral Fund);
- Funeral and Ancillary Benefits Fund;
- Travel Protection Fund;
- Personal Risk Insurance Fund; and
- Accidental Death Benefits Fund, Adult Accident Fund and Student Accident Fund, collectively referred to as the “Accident Funds”.

For these funds, liabilities are determined in accordance with AASB 17 using the General Measurement Model (GMM). Under this method, estimates of future cash flows (i.e. premiums, expenses and benefits) are projected into the future and discounted using a risk-free discount rate, plus an illiquidity premium (if applicable). The liability is calculated as the net present value of these projected cash flows together with a Contractual Service Margin (CSM) and a Risk Adjustment (RA).

The key assumptions for the liability calculations for these funds at 30 June 2026 were as follows:

40 Benefit fund policy liabilities (continued)

(b) Actuarial methods and assumptions (continued)

Insurance contract liability valuations measured using the General Measurement Model (continued)

Fund name	**Measurement model**	**Discount basis**	**Mean liability term (Yrs)**[1]	**Expenses (% of assets)**	**Investment tax rate**	**Mortality scaling**	**Mortality table**[2]
Funeral Fund	**GMM**	**Zero Coupon CGS Curve plus illiquidity premium**	**8.0**	**0.39%**	**0%**	**70%**	**ALT2021-23**
Funeral and Ancillary Benefits Fund	**GMM**	**Zero Coupon CGS Curve plus illiquidity premium**	**8.0**	**0.46%**	**0%**	**100%**	**ALT2021-23**
Travel Protection Fund	**GMM**	**Zero Coupon CGS Curve plus illiquidity premium**	**8.0**	**0.49%**	**0%**	**100%**	**ALT2021-23**

The key assumptions for the liability calculations for these funds at 30 June 2025 were as follows:

Fund name	Measurement model	Discount basis	Mean liability term (Yrs)[1]	Expenses (% of assets)	Investment tax rate	Mortality scaling	Mortality table[3]
Funeral Fund	GMM	Zero Coupon CGS Curve plus illiquidity premium	8.5	0.31%	0%	70%	ALT2018-20
Funeral and Ancillary Benefits Fund	GMM	Zero Coupon CGS Curve plus illiquidity premium	8.5	0.31%	0%	100%	ALT2018-20
Travel Protection Fund	GMM	Zero Coupon CGS Curve plus illiquidity premium	8.5	0.39%	0%	100%	ALT2018-20

Notes:
[1] Duration of the present value of estimated future cash flows (i.e. premiums, expenses and benefits).
[2] ALT2021-23 refers to Australian Life Tables (Male and Female) 2021-2023.
[3] ALT2018-20 refers to Australian Life Tables (Male and Female) 2018-2020.

The expense assumptions used are the AASB 17 expense allocations determined by the Group. The other non financial assumptions are best estimate assumptions derived by analysis of the recent past experience of the funds, the experience of similar funds and actuarial judgement.

For the Personal Risk Insurance Fund and Accident Funds, practical expedients are used as, based on assessments, they produce results that are materially the same.

Insurance contract liability valuations measured using the Variable Fee Approach

Traditional funds

The funds with discretionary participating features (i.e. declare bonuses) comprise the following:

- Life Assurance Benefit Fund;
- Central Sick and Funeral Fund; and
- Whole of Life Funeral Fund.

40 Benefit fund policy liabilities (continued)

(b) Actuarial methods and assumptions (continued)

Insurance contract liability valuations measured using the Variable Fee Approach (continued)

The liabilities for these funds are determined in accordance with AASB 17 using the Variable Fee Approach ("VFA"). Under this method, estimates of future cash flows (i.e. premiums, expenses and benefits) are projected into the future and discounted using the assumed earning rate of the fund. The liability is calculated as the net present value of these projected cash flows together with a CSM and an RA.

The key assumptions for the liability calculations for these funds at 30 June 2026 were as follows:

Fund name	**Measurement model**	**Discount basis**	**Mean liability term (Yrs)[1]**	**Future bonus rate[2](% of assets)**	**Expenses (% of assets)**	**Investment tax rate**	**Mortality scaling**	**Mortality Table[3]**
Life Assurance Benefit Fund	**VFA**	**Earning Rate**	**4.0**	**5.00%**	**0.45%**	**30%**	**75%**	**ALT2021-23**
Central Sick and Funeral Fund	**VFA**	**Earning Rate**	**4.0**	**2.71%**	**0.45%**	**0%**	**60%**	**ALT2021-23**
Whole of Life Funeral Fund	**VFA**	**Earning Rate**	**7.0**	**1.88%**	**0.59%**	**0%**	**100%**	**ALT2021-23**

The key assumptions for the liability calculations for these funds at 30 June 2025 were as follows:

Fund name	Measurement model	Discount basis	Mean liability term (Yrs)[1]	Future bonus rate[2](% of assets)	Expenses (% of assets)	Investment tax rate	Mortality scaling	Mortality table[4]
Life Assurance Benefit Fund	VFA	Earning Rate	4.5	4.47%	0.39%	30%	75%	ALT2018-20
Central Sick and Funeral Fund	VFA	Earning Rate	4.5	2.30%	0.40%	0%	60%	ALT2018-20
Whole of Life Funeral Fund	VFA	Earning Rate	7.0	1.74%	0.53%	0%	100%	ALT2018-20

Notes:
[1] Duration of the present value of estimated future cash flows (i.e. premiums, expenses and benefits).
[2] Surplus above the guaranteed liability is included in the Insurance Contract Liability for funds with Discretionary Participating features in the
form of an assumed future bonus.
[3] ALT2021-23 refers to Australian Life Tables (Male and Female) 2021-2023.
[4] ALT2018-20 refers to Australian Life Tables (Male and Female) 2018-2020.

(c) Discount rate

The Group uses the following yield curves to discount cash flows:

	1 year	**5 years**	**10 years**	**15 years**	**20 years**
2026					
Non-participating contracts	**4.76%**	**4.68%**	**5.06%**	**5.29%**	**5.51%**
2025					
Non-participating contracts	3.56%	3.76%	4.50%	4.83%	5.09%

41 Material accounting policies

The principal accounting policies adopted in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. Where appropriate, comparatives have been reclassified to enhance comparability with current year disclosures (refer to Note 41(aj) for further information). The consolidated financial statements are for the consolidated entity consisting of Australian Unity Limited (Parent entity) and its subsidiaries and associates, referred to in these financial statements as the Group.

(a) Basis of preparation

These general purpose consolidated financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*.

(i) Compliance with International Financial Reporting Standards

The consolidated financial statements of the Group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(ii) Historical cost convention

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities at fair value (including derivative instruments and insurance liabilities.

(iii) New and amended accounting standards adopted by the Group

Where applicable, the Group has adopted new and amended accounting standards which have become mandatory for the first time in the current reporting period as set out in the below table. The adoption of the new and amended accounting standards has had no impact to the Group's financial statements except for the application of the new climate-related standard which is found in Australian Unity's Sustainability Reporting 2026. The Group has also elected to early adopt AASB S2025-1 Amendments to Greenhouse Gas Emissions Disclosures. The amendments clarified and amended certain disclosure requirements relating to greenhouse gas emissions disclosures in AASB S2 Climate-related Disclosures.

Reference	Title
AASB 2023-5	Amendments to Australian Accounting Standards – Lack of Exchangeability
AASB S2	Climate-related Disclosures
AASB 2025-1	Amendments to Greenhouse Gas Emissions Disclosures
ASIC 2026/183	ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument (replaces 2016/191
AASB 2026-1	Amendments to Australian Accounting Standards – Disclosures about Uncertainties in the Financial Statements

(b) Mutual Capital Instruments

Mutual Capital Instruments (MCI) are recognised at the amount of consideration received for securities issued by the Group and reported as equity instruments. Transaction costs, comprising incremental costs directly attributable to MCI transactions, are accounted for as a deduction from equity, net of any income tax benefit. Dividend payments on MCI are recognised directly in equity as a reduction in retained earnings, net of any income tax benefit.

(c) Discontinued operation

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographic area of operations.

The results of discontinued operations are presented separately in the comparative statement of comprehensive income as if the operation had been discontinued from the start of the comparative year in accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*.

41 Material accounting policies (continued)

(d) Principles of consolidation

(i) Subsidiaries

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

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

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, balance sheet and statement of changes in equity respectively.

(ii) Associates

Associates are all entities over which the Group has significant influence but not control. Investments in associates are accounted for using the equity method of accounting (refer to *(iv)* below), after initially being recognised at cost.

(iii) Joint arrangements

Investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group has joint ventures, but not joint operations.

Interests in joint ventures are accounted for using the equity method (see *(iv)* below), after initially being recognised at cost in the consolidated balance sheet.

(iv) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group’s share of the post-acquisition profits or losses of the investee in profit or loss, and the Group’s share of movements in other comprehensive income of the investee. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

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

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group’s interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees are changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 41(p).

(v) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with members 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 in a separate reserve within equity attributable to members of Australian Unity Limited.

When the Group ceases to have control, joint control or significant influence, 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, jointly 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.

41 Material accounting policies (continued)

(d) Principles of consolidation (continued)

If the ownership interest in a jointly-controlled entity or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

(vi) Life insurance benefit funds

The Group's life insurance operations are conducted within separate benefit funds as required by the *Life Insurance Act 1995*. The assets, liabilities, revenue and expenses of the benefit funds are consolidated in the Group's financial statements.

(e) Benefit fund policy liabilities and contracts

(i) Classification

The Group's life insurance liabilities are held within separate benefit funds as required by the *Life Insurance Act 1995*. The activities of the benefit funds are included within the consolidated financial statements but are governed and managed separately. Life insurance liabilities are classified for accounting purposes as either life insurance contract liabilities, participating life investment contract liabilities or non-participating life investment contract liabilities.

Life insurance contracts are contracts regulated under the *Life Insurance Act 1995* which transfer significant insurance risk at the inception of the contract. Insurance risk is considered to be significant if, and only if, an insured event could cause an insurer to pay significant additional benefits in any scenario, excluding scenarios that lack commercial substance.

Life investment contracts are contracts regulated under the *Life Insurance Act 1995* which do not transfer significant insurance risk. Life investment contracts are further categorised into participating and non-participating contracts. Participating life investment contracts are contracts that contain a discretionary participation feature ("DPF"). A DPF is a contractual right to receive as a supplement to guaranteed benefits, additional benefits: (i) that are likely to be a significant portion of the total benefits; (ii) whose amount or timing is contractually at the discretion of the issuer; and (iii) that are based on the performance of a specified pool of assets.

Life insurance contract liabilities and participating life investment contract liabilities are classified and accounted for under the requirements of AASB 17 *Insurance Contracts* (as set out at Note 13), and are referred to in these financial statements as life insurance contract policy liabilities. Non-participating life investment contract liabilities are classified and accounted for under the requirements of AASB 9 *Financial Instruments* and are referred to in these financial statements as life investment contract policy liabilities.

Life investment contract policy liabilities include investment linked contracts in which the Group issues a contract where the benefit amount is directly linked to the market value of the investments held by the benefit fund. While the underlying assets are registered in the name of the benefit fund and the investment linked policyowner has no direct access to the specific assets, the contractual arrangements are such that the investment linked policyowner bears the risks and rewards of the benefit fund's investment performance. The Group derives fee income from the administration of the investment linked contracts.

Non-investment linked business is business in which the Group issues a policy contract where the insured benefit is not directly linked to the market value of the investments held. These benefits are payable on death, or on the occurrence of an insured event.

(ii) Valuation

The fair value of life insurance contract liabilities is determined using a projection method.

The participating investment contract liabilities, which are classified as life insurance contracts, are valued under an accumulation method whereby policyholder liabilities are equal to the value of the assets backing the liabilities. The liability reported under this approach is equal to the account balance pre-bonus plus the current bonus plus the difference between the value of the assets and the preceding items. The exception is for funeral funds which are valued based on the net present value of the projected cash flows. Further details of the actuarial assumptions used in the calculation of these policy liabilities are set out in Note 40.

The non-participating investment contract liabilities, which are classified as life investment contracts, are measured at fair value. The contracts consist of a financial instrument and an investment management services element, both of which are measured at fair value. The liability to policyholders is linked to the performance and value of the assets that back the liabilities. The liabilities are therefore the same as the fair value of the assets.

(iii) Claims expense

For life insurance contract liabilities and participating investment contract liabilities, claims are recognised when the liability to the policyholder under the contract has been established (i.e. on notification of death, at time of admittance, or when payment is due).

41 Material accounting policies (continued)

(e) Benefit fund policy liabilities and contracts (continued)

(iii) Claims expense (continued)

For life investment contract policy liabilities there are no claims expenses. Surrenders and withdrawals are not included in the profit or loss but are instead deducted from investment contract liabilities.

(f) Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

(g) Borrowings

Borrowings are initially recognised at fair value, including transaction costs that are directly attributable to the acquisition or issue of the borrowings. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Securities sold under repurchase agreements are retained on the balance sheet where substantially all of the risks and rewards of ownership remain with the Group. A liability for the agreed repurchase amount is recognised within the borrowings when the cash consideration is received.

(h) Business combinations

The acquisition method of accounting is used to account for all business combinations. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the Group's share of the net identifiable assets of the subsidiary acquired, and the measurement of all amounts has been reviewed, the difference is recognised directly in the profit or loss as a gain on acquisition (bargain purchase).

The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity’s incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying amount of the acquirer’s previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such re-measurement are recognised in profit or loss.

Acquisition-related costs are expensed as incurred.

41 Material accounting policies (continued)

(i) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

(j) Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged and the type of hedging relationship designated.

The Group designates its derivatives as hedges of interest rate risk associated with the cash flows of recognised liabilities (cash flow hedges).

The Group documents at the inception of the hedging transaction the economic relationship between hedging instruments and hedged items including whether the hedging instrument is expected to offset changes in cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking various hedge transactions at the inception of each hedge relationship.

The fair values of derivative financial instruments used for hedging purposes are included in other assets or other liabilities as applicable. Movements in the hedging reserve are shown in the Consolidated Statement of Changes in Equity. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

Cash flow hedges that qualify for hedge accounting
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and the cash flow hedge reserve within equity, limited to the cumulative change in fair value of the hedged item on a present value basis from the inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. Amounts accumulated in equity are reclassified to profit or loss as part of the Finance costs in the periods when the hedged item affects profit or loss.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss as part of the Finance costs.

If the hedge ratio for risk management purposes is no longer optimal but the risk management objective remains unchanged and the hedge continues to qualify for hedge accounting, the hedge relationship will be rebalanced by adjusting either the volume of the hedging instrument or the volume of the hedged item so that the hedge ratio aligns with the ratio used for risk management purposes. Any hedge ineffectiveness is calculated and accounted for in profit or loss at the time of the hedge relationship rebalancing.

(k) Employee benefits

Employees engaged in the Group's operations are employed by, or were employees of, by the subsidiary entities, Australian Unity Group Services Proprietary Limited, Australian Unity Home Care Service Pty Ltd, Australian Unity Bank Limited (formerly Big Sky Building Society Limited) and Lifeplan Australia Friendly Society Limited.

(i) Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months after the end of each reporting period are recognised in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

41 Material accounting policies (continued)

(k) Employee benefits (continued)

(ii) Long service leave

The liability for long service leave is measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of each reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of each reporting period on high quality corporate bond rates with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or to providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

(iv) Superannuation

The employer contributes to the Australian Unity Staff Superannuation Plan (a sub plan of the MLC employer sponsored superannuation plan), the Hesta Superannuation Fund and other complying superannuation funds nominated by employees. The Australian Unity Staff Superannuation Plan is open to new members and is an accumulation fund, where the employer contributions are fully vested in the member. The Hesta Superannuation Fund is an industry based fund for employees working in the retirement village complexes and aged care facilities. The employer is required to contribute to the above-mentioned plans in accordance with the Superannuation Guarantee Legislation.

One of the Group's subsidiaries makes contributions to three external defined benefit superannuation schemes that provide defined benefit amounts for employees on retirement. These schemes are closed to new members from the Group. The net obligation in respect of these defined benefit schemes is calculated separately for each of the relevant Group employees by estimating the amount of future benefits that they have earned in return for their service in the current and prior periods. The benefit is discounted in order to determine its present value and the fair value of any plan assets is deducted. All actuarial gains and losses are recognised directly in equity. The Group does not consider its net obligation in respect of these defined benefit schemes to be material as at the end of each reporting period.

(l) Financial guarantee contracts

A financial guarantee contract is a contract requiring the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make a payment when due in accordance with terms of the debt instrument.

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation, where appropriate.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of subsidiaries or associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

(m) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST except:

- When the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

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

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

41 Material accounting policies (continued)

(n) Government grants and subsidies

Grants and subsidies from the government are recognised at their fair value where there is a reasonable assurance that the grants and subsidies will be received and the Group will comply with all attached conditions.

Government grants and subsidies relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants and subsidies relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

(o) Health insurance contracts

(i) Classification

Health insurance contracts are classified as insurance contracts as they contain significant insurance risk where the significance is dependent on both the probability of an insurance event and the magnitude of its potential effect. As such, health insurance contracts are classified as insurance contracts under AASB 17 and are accounted for in accordance with Note 41(a).

Once a contract has been classified as a health insurance contract, it remains as a health insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during the period.

The Group has determined that all current contracts with health insurance policyholders are health insurance contracts.

(ii) Claims

Health insurance claims include all claim losses occurring during the year, whether reported or not, and any adjustments to claims outstanding from previous years.

(p) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(q) Income tax

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period.

Deferred income tax is provided on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- When the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

41 Material accounting policies (continued)

(q) Income tax (continued)

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carrying forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; or
- When the deductible temporary difference is associated with investments in subsidiaries, associates or interest in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Tax consolidation

Australian Unity Limited (Parent entity) and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

The Parent entity, as head entity, and the controlled entities in the tax consolidation group continue to account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right. The Parent entity also recognises the current tax assets or liabilities, and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidation group.

The entities under the tax consolidated group entered into a tax funding agreement under which the wholly-owned entities fully compensate the Parent entity for any current tax payable assumed and are compensated by the Parent entity for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to the Parent entity under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities’ financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The Parent entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group. Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

(r) Insurance contracts

(i) Key types of insurance contracts issued, and reinsurance contracts held

The Group issues the following types of contracts that are classified as, and accounted for, in accordance with AASB 17:

Health insurance contracts:

41 Material accounting policies (continued)

(r) Insurance contracts (continued)

(i) Key types of insurance contracts issued, and reinsurance contracts held (continued)

- Private health insurance contracts which provide benefits to cover costs arising from a range of services, including hospital services, medical services, prostheses, and ancillary services. The coverage period of these contracts is one year or less. The Group accounts for these contracts applying the Premium Allocation Approach (PAA).

Life business - non-participating contracts, including:

- Funeral and ancillary funds, which are insurance contracts providing funeral and ancillary benefits in the form of fixed sum assured on death, in exchange for fixed contributions.
- Travel protection insurance, which provides transportation benefits from place of death to funeral homes, in exchange for upfront premiums.
- Personal risk insurance fund contracts, which are term life insurance or crisis-based contracts that provide either level or decreasing sum assured coverage for a limited period of time in exchange for renewable fixed or fluctuating premiums.

The Group accounts for these policies by applying the General Measurement Model (GMM).

Life business - direct participating contracts:

- Life insurance contracts, which provide whole of life and endowment benefits in the form of sum assured plus bonuses, in exchange for contributions on a fixed scale. The Group accounts for these policies applying the Variable Fee Approach (VFA).
- Central sick and funeral funds, providing funeral benefits, endowment benefits and supplementary sickness benefits in the form of fixed sum assured plus bonuses, in exchange for contributions. The Group accounts for these policies by applying the VFA.
- Endowment and funeral funds, which provide funeral benefits and endowment benefits in the form of fixed sum assured, in exchange for contributions on a fixed scale. The Group accounts for these policies applying the GMM. Although the fund rules allow for participation, in practice, with the Group applying its discretion, this has not occurred, and surpluses have been transferred to the management fund.
- Whole of life insurance policies, providing fixed coverage with bonuses until death in exchange for level premiums. The Group accounts for these contracts applying the VFA.

Investment contracts with discretionary participation features:

- Funeral and investment bonds, which provide the investor with the right to receive additional discretionary amounts contractually based on specified underlying items and which are expected to be a significant portion of the total contractual benefits. These contracts are accounted for applying the VFA.

The Group also holds reinsurance contracts to mitigate risk exposure. For term life, total and permanent disablement and crisis insurance policies, the Group holds quota share and surplus reinsurance treaties.

The amounts in relation to reinsurance contracts held are considered immaterial, hence, a net approach is taken in the AASB 17 valuation, with a net presentation (i.e., net of reinsurance) adopted in the financial statements.

(ii) Definitions and classifications

Products sold by the Group are classified as insurance contracts when the Group accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. This assessment is made on a contract-by-contract basis at the contract issue date.

The Group issues certain insurance contracts to allow policyholders to participate in investment returns with the Group, sometimes in addition to compensation for losses from insured risk. This comprises of the Group’s investment bonds and funeral bonds which consist of investment components. The investment components, which can be investment-linked accounts or investment accounts with discretionary participation features (being capital guaranteed participating benefits), are payable “under all circumstances”. The investment-linked component, if considered distinct, is valued as a financial instrument under AASB 9. The investment account with discretionary participation features is valued under AASB 17 as the Group also issues insurance contracts.

41 Material accounting policies (continued)

(r) Insurance contracts (continued)

(ii) Definitions and classifications (continued)

The Group applies AASB 17 to account for non-distinct investment components as part of its insurance contracts. The Group's whole of life and endowment contracts have a surrender value and, therefore, contain an investment component which is payable in all circumstances. The Group has assessed that all these contracts contain non-distinct investment components which will be combined and measured with the insurance risk elements, under AASB 17.

The subsidiaries of the Group pay dividends to Australian Unity Limited, which may be used to fund further member benefits, irrespective of the type of contract held by the Group member at the subsidiary level. The Group has determined that the funds received from all entities within the mutual Group are co-mingled, and the nature, quality and amount of any member benefits provided at the Group level are at the discretion of Australian Unity Limited. Based on this, these benefits to the Group's members are considered to be sufficiently far removed from the Group's obligations under its insurance and investment contracts with discretionary participation features held by its policyholders. The benefits are therefore not considered as an obligation by the Group arising from insurance contracts or investments contracts with direct participation features (DPF), to deliver goods or services to policyholders. Rather, the making of services available to Group members is a means to return value to the Group members.

(iii) Level of aggregation

The Group identifies portfolios by aggregating insurance contracts that are subject to similar risks and managed together. In grouping insurance contracts into portfolios, the Group considers the similarity of risks rather than the specific labelling of the product lines.

Health insurance

For health insurance contracts accounted for applying the PAA, the Group determines that contracts are not onerous on initial recognition, unless there are facts and circumstances indicating otherwise. The health insurance contracts issued are considered as a single portfolio.

If facts and circumstances indicate that some health insurance contracts may be onerous at initial recognition; the Group performs a quantitative assessment. If the estimated fulfilment cash flows exceed the LRC carrying amount, the difference is recognised in profit or loss and the LRC is increased by the same amount, as a Loss Component Liability.

Benefit funds

The Group has determined that contracts within each of its benefit funds are subject to similar risks. Benefit funds are each 'managed together' and this is evidenced through the legislative requirements, benefit fund rules, Financial Condition Report and bonus declarations. The Group has assessed that its AASB 17 portfolios are its benefit funds, except for the Accidental Death, Adult Accident, and Student Accident Funds being included in the Personal Risk Insurance Fund as these are not considered material to the Group.

Each portfolio is sub-divided into groups of contracts to which the recognition and measurement requirements of AASB 17 are applied.

At initial recognition, the Group segregates benefit fund contracts based on cohorts which contain all contracts that were issued within a 12-month period. Each cohort is then further disaggregated into three groups of contracts:

(a) Contracts that are onerous on initial recognition.

(b) Contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently.

(c) Any remaining contracts.

The determination of whether a contract or a group of contracts is onerous is based on the expectations as at the date of initial recognition (or transition), with fulfilment cash flow expectations determined on a probability-weighted basis. In determining the appropriate grouping, the Group measures a set of contracts together using reasonable and supportable information. The Group applies significant judgement in determining at what level of granularity the Group has sufficient information to conclude that all contracts within a set are in the same group. In the absence of such information the Group assesses each contract individually.

All groups include only contracts issued or renewed within a 12-month period. The composition of groups established at initial recognition is not subsequently reassessed. The groupings are reassessed on renewal where contract boundaries are determined to be short (i.e. shorter than the legal contractual term).

41 Material accounting policies (continued)

(r) Insurance contracts (continued)

(iv) Contract boundaries

The assessment of a group of contracts includes all of the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of a contract if they arise from substantive rights and obligations that exist during the reporting period under which the Group can compel the policyholder to pay premiums or has a substantive obligation to provide services.

A substantive obligation to provide services ends when:

- the Group has the practical ability to reassess the risks of the particular policyholder and can set a price or level of benefits that fully reflects those reassessed risks; or
- the Group has the practical ability to reassess the risks of the portfolio that contains the contract and can set a price or level of benefits that fully reflects the risks of that portfolio; and
- the pricing of the premiums for coverage up to the reassessment date does not take into account risks that relate to periods after the reassessment date.

Specifically for investment contracts with DPF which does not include a transfer of significant insurance risk, the contract boundary is modified so that cash flows are within the contract boundary if they result from a substantive obligation of the entity to deliver cash at a present or future date. The entity has no substantive obligation to deliver cash if it has the practical ability to set a price or promise to deliver the cash that fully reflects the amount of cash promised and related risk.

The Group assesses the contract boundary at initial recognition and at each subsequent reporting date to include the effect of changes in circumstances on the Group's substantive rights and obligations.

(v) Initial recognition

For insurance contracts issued, the Group recognises groups of insurance contracts issued from the earliest of the beginning of the coverage period, the date when the first payment from a policyholder is due or received, or when the Group determines that a group of contracts becomes onerous.

Investment contracts with discretionary participation features are initially recognised at the date the Company becomes a party to the contract.

Measurement of insurance contracts issued

Measurement approach	**Liability for remaining coverage (LRC)**	**Liability for incurred claims (LIC)**
Contracts measured other than the Premium Allocation Approach (PAA) – General Measurement Method (GMM) and Variable Fee Approach (VFA)	Comprises of the future cash flows that relate to services that will be provided under the contracts in future periods and any Contractual Service Margin (CSM) at that date. The CSM represents the unearned profit in the contracts relating to services that will be provided under the contracts. Under VFA, the unearned profit represents fees charged to the policyholder less expenses incurred.	Under GMM, the LIC consists of the future cash flows related to servicing past claims and expenses incurred. Under VFA, the LIC consists of the account balance which represents the benefits payable.
Contracts measured under PAA	For health insurance, the Group measures the LRC as the amount of premiums received in cash, less the government private health insurance rebate receivables. The Group expenses all insurance acquisition cash flows as they are incurred.	For health insurance, the LIC consists of the future cash flows related to servicing past claims and expenses incurred..

41 Material accounting policies (continued)

(r) Insurance contracts (continued)

(v) Initial recognition (continued)

Discount rates

The time value of money and financial risk is measured separately from expected future cash flows with changes in financial risks recognised in profit or loss at the end of each reporting period.

Discount rates that reflect the time value of money, the characteristics of the cash flows and the liquidity characteristics of the insurance contracts may not be directly observable in the market. Estimation for discount rates is then required.

The Group has not applied discounting to health insurance liabilities due to their short-term nature and as the Group has determined that there is no significant financing component in health insurance contracts with a coverage period of one year or less.

In determining discount rates for cash flows on portfolios measured using the GMM, the Group uses the 'bottom-up approach' to estimate discount rates, by considering key components such as, the risk-free yield curve and the liquidity risk premium.

The Group uses expected real rates of return to discount Fulfilment Cash Flows (FCFs) for contracts measured using VFA.

The Group uses the discount rate applicable to each group of contracts on initial recognition, which is based on recognised contracts. The Group estimates the locked-in discount rate for new groups of insurance contracts issued and this is set as the discount rate derived immediately before the recognition of the group.

The Group has elected not to disaggregate and presents all changes in the discount rates as part of Insurance Finance Income and Expense (IFIE).

Risk adjustment for non-financial risk

The Group measures the compensation it would require for bearing the uncertainty about the amount and timing of cash flows arising from insurance contracts, other than financial risk, separately as an adjustment for non-financial risk.

For health insurance contracts, the risk adjustment on LRC is applicable only when performing onerous contract testing or to calculate the LIC. The Group has adopted an LRC risk adjustment equal to the net margin target in its pricing philosophy.

For benefit fund insurance contracts the Group uses the confidence level approach, based on the value at risk, to set the risk adjustment for the LRC at 80% confidence. The risk adjustment calculated using this approach is determined for each subsidiary and aggregated at a consolidated level without adjustment. The risk adjustment on the LIC is immaterial for investment contracts with DPF.

The confidence interval is set at each subsidiary level and incorporates the risk appetite at that level. This confidence interval is then cascaded across portfolios and other groupings of business within the subsidiary, using a systematic and rational method. The confidence interval is applied to determine the risk adjustment, by calibrating the non-financial risk elements of the regulatory capital.

(vi) Subsequent measurement under the GMM

In estimating the total future FCFs, the Group distinguishes between those relating to already incurred claims and those relating to future services. Cash flows (including experience adjustments) relating to current or past service are recognised immediately in profit or loss, while cashflows (including experience adjustments) relating to future services adjusts the CSM.

Recognition in profit or loss (current or past service)

An amount of the CSM is released to profit or loss in each period during which the insurance contract services are provided. This includes changes in FCFs for the effect of the time value of money and the effect of financial risk and changes thereof, changes in the FCFs relating to the LIC, and experience adjustments relating to insurance service expenses.

The Group determines coverage units to represent the insurance services that are delivered by these contracts. The coverage units are based on the sum of the sums insured, both current and future expected, over the expected life of the contract. The number of coverage units changes as insurance contract services are provided, contracts expire, lapse, or surrender and new contracts are added into the contract group. The total number of coverage units depends on the expected duration of the obligations that the Group has from its contracts, which can differ from the legal contract maturity because of the impact of policyholder behaviour and the uncertainty surrounding future insured events. In determining a number of coverage units, the Group exercises judgement in estimating the likelihood of insured events occurring and policyholder behaviour to the extent that they affect expected periods of coverage in the contract group, the different levels of service offered across periods (e.g. policyholders exercising an option and adding an additional coverage for a previously guaranteed price) and the 'quantity of benefits' provided under a contract.

41 Material accounting policies (continued)

(r) Insurance contracts (continued)

(vi) Subsequent measurement under the GMM (continued)

Adjustments to the CSM (future service)

For insurance contracts without direct participating features, the following changes in FCFs are considered to be related to future services and adjust (or 'unlock') the CSM:

- Experience adjustments relating to the premiums received in the period that relate to future services, and any related cash flows such as premium-based taxes measured at the 'locked in' discount rates applicable when the contracts in the group were initially recognised.
- The change in the estimate of the present value of expected future cash flows in the LRC measured at the 'locked in' discount rates applicable when the contracts in the group were initially recognised. All financial variables are locked in at initial recognition.
- Changes in the risk adjustment for non-financial risk relating to future services. The Group has elected not to disaggregate the change in the risk adjustment for non-financial risk between (i) a change related to non-financial risk and (ii) the effect of the time value of money and changes in the time value of money.
- Differences between the amount of investment components that were expected to be payable in the period and the amount of investment components that actually became payable. Both these amounts are measured at the discount rates applicable when the contracts in the group were initially recognised.

(vii) Subsequent measurement for contracts accounted under VFA

The carrying amount of the CSM for direct participating contracts at the end of the reporting period is the carrying amount at the beginning of the reporting period adjusted for:

- The effect of any new contracts added to the group;
- The change in the amount of the Group's share of the fair value of the underlying items except for:
    - Increases in FCFs that exceed the carrying amount of the CSM, giving rise to a loss that results in the group of contracts becoming onerous or more onerous; or
    - The decrease in the amount of the Group's share of the fair value of the underlying items that exceeds the carrying amount of the CSM giving rise to a loss.
    - The increase in the amount of the Group's share of the fair value of the underlying items that reverses a previously recognised loss on an onerous group of contracts.
- The changes in FCFs relating to future service, except to the extent that:
    - Such increases in the FCFs exceed the carrying amount of CSM, giving rise to a loss; or
    - Such decreases in the FCFs are allocated to the Loss Component (LC) of the LRC; and
- The amount recognised as insurance revenue because of the transfer of insurance contract services in the period, determined by the allocation of the CSM remaining at the end of the reporting period (before any allocation) over the current and remaining coverage period.

In determining the number of coverage units for contracts accounted under VFA, the Group applies the following methods:

(i) For investment contracts with discretionary participating features, the quantity of coverage units is determined based on the expected period of the contracts and the level of benefits based on the expected expenses the Group will incur to render the investment-related service that produces the policyholder's benefits under the contract.

(ii) For insurance contracts with direct participation features, the Group determines coverage units to represent the investment-related and insurance services that are delivered by these contracts.

(iii) The coverage units are based on the sum of the sums insured and bonuses, both current and future expected or on the sums of the account balances including crediting rates, both current and future expected. The Group chooses to discount the coverage units using the rate applicable to the VFA for insurance contracts with direct participation features.

All CSM adjustments are measured considering a current measure of the time value of money with full allowance of its dependency on the financial variables affecting the fair value returns of the underlying items.

41 Material accounting policies (continued)

(r) Insurance contracts (continued)

(vii) Subsequent measurement for contracts accounted under VFA (continued)

Applying the VFA, the changes in FCFs that adjust the CSM are changes in the amount of the Group's share of the fair value of the underlying items and changes in FCFs that do not vary based on the returns of the underlying items. The changes in FCFs that do not vary based on the returns of the underlying items are:

- Changes in the effect of the time value of money and financial risks not arising from the underlying items, for example, the impact of financial guarantees;
- Experience adjustments arising from premiums received in the period related to future service;
- Changes in the estimate of future expected cash flows of the LRC;
- Differences arising from timing of payment of investment components; and
- Changes in the risk adjustment for non-financial risk related to future service.

(viii) Onerous contracts for contracts other than PAA

The Group considers an insurance contract to be onerous if the expected FCFs allocated to the contract plus any previously recognised acquisition cash flows and any cash flows arising from the contract at the date of initial recognition in total result in a net cash outflow.

The onerous assessment is done on an individual contract level assessing future expected cash flows on a probability-weighted basis including a risk adjustment for non-financial risk. Contracts expected on initial recognition to be loss-making are grouped together and such groups are measured and presented separately. Once contracts are allocated to a group, they are not re-allocated to another group, unless they are substantively modified.

On initial recognition, the CSM of the group of onerous contracts is nil and the group's measurement consists entirely of FCFs. A net outflow expected from a group of contracts determined to be onerous is considered to be the group's loss component and is recognised in profit or loss. The amount of the group's loss component is tracked for the purposes of presentation and subsequent measurement.

After the loss component is recognised, the Group allocates any subsequent changes in FCFs of the LRC on a systematic basis.

For groups of onerous contracts, without direct participating features, the Group uses locked-in discount rates. These are determined at initial recognition to calculate the changes in the estimate of future cash flows relating to future service (both changes in a loss component and reversals of a loss component).

(ix) Subsequent measurement for insurance contracts measured under the PAA

On subsequent measurement, premiums due to the Group for insurance contract services already provided in the period but not yet received at the end of the reporting period are included in the LRC. The carrying amount of the LRC at the end of each subsequent reporting period represents the carrying amount at the start of the reporting period adjusted for the premiums and insurance revenue received in the period and the amount recognised as insurance revenue for insurance contract services provided in that period.

The Group has determined that there is no significant financing component in insurance contracts with a coverage period of one year or less. Hence, the Group does not discount the LRC to reflect the time value of money and financial risk for such insurance contracts.

For insurance contracts issued and measured under the PAA, the risk adjustment on LRC is applicable only when performing onerous contract testing or to calculate the LRC. The risk adjustment is determined using a confidence interval. The confidence interval is expressed as the minimum of the target net margin as set in the pricing philosophy.

For health insurance contracts, the risk equalisation payments to and from the Risk Equalisation Special Account (RESA) are treated as part of the FCFs, i.e., the calculated deficit is included in the insurance service expense and the gross deficit payment receipts are considered as third-party recoveries and included in the insurance service expense as a negative amount. Any balances in the RESA at the end of the reporting period are recorded as part of the LIC.

Applying the PAA, the insurance revenue is measured at the amount allocated from the expected premium receipts. This allocation is done based on the number of days in the coverage period of the insurance contracts issued.

For insurance contracts measured using the PAA, the contracts are assumed to be profitable unless facts and circumstances indicate otherwise. For the health insurance contracts, the assessment of facts and circumstances is performed on a quarterly basis.

41 Material accounting policies (continued)

(r) Insurance contracts (continued)

(ix) Subsequent measurement for insurance contracts measured under the PAA (continued)

When facts and circumstances indicate that a group of contracts has become onerous, the Group performs an onerous test. If the amount of the FCFs exceed the carrying amount of the LRC, the Group recognises the amount of the difference as a loss in profit or loss and increases the LRC for the corresponding amount.

The risk adjustment for the Group's health insurance for the LRC and LIC is set at the 80% confidence interval.

(x) Modification and derecognition

The Group derecognises a contract when it is extinguished, i.e. when the specified obligations in the contract expire or are discharged or cancelled. This is usually at the end of the coverage period.

The Group also derecognises a contract if its terms are modified in a way that would have changed the accounting for the contract significantly. Had the new terms always existed, a new contract based on the modified terms is recognised. Contracts based on modified terms are accounted for by applying Note 41(r)(v).

If a contract modification does not result in derecognition, then the Group continues to apply Note 41(r)(vi) and Note 41(r)(vii) to the contract at subsequent measurement.

(xi) Presentation

The Group presents separately in the balance sheet the carrying amount of portfolios of insurance contracts that are assets and those that are liabilities.

The Group disaggregates the amounts recognised in the statement of comprehensive income into an ‘operating profit’ sub-total which also includes the net insurance income. The net insurance income comprises of the insurance service result (being insurance revenue and benefit funds insurance revenue net of insurance services expenses and benefit funds insurance services expenses) net of insurance finance income and expense and benefit funds insurance finance income and expense.

Insurance revenue
For the contracts measured under the GMM and the VFA, the Group recognises insurance revenue as it satisfies its performance obligations, as it provides coverage or other services. The Group recognises the allocated amount as insurance revenue and an equal amount as insurance service expenses. The CSM is allocated equally to each coverage unit provided in the period, recognising in profit or loss the amount of the CSM allocated to coverage units provided in the period.

For contracts which are all measured under the PAA, the insurance revenue for each period is the amount of expected premium receipts for providing coverage in the period. The Group allocates the expected premium receipts to each period based on the passage of time or based on the expected pattern of release of risk during the coverage period.

Insurance service expense
Insurance service expenses arising from insurance contracts are recognised in profit or loss generally as they are incurred. They comprise of incurred claims and other insurance service expenses, amortisation of acquisition cash flows, losses on onerous contracts and reversals of such losses, and adjustments to the liabilities for incurred claims for movements in the undiscounted claims experience.

For health insurance, the calculated deficit in the RESA, i.e. the payments, are included in the insurance service expense and the gross deficit payment receipts are considered as third-party recoveries and included in the insurance service expense as a negative amount.

Insurance finance income or expenses (IFIE)
IFIE present the effect of the time value of money and the change in the time value of money, together with the effect of financial risk and changes in financial risk.

For PAA contracts

For those claims that the Group expects to be paid within one year or less from the date of incurrence, the Group does not adjust future cash flows for the time value of money and the effects of financial risks.

For non-participating contracts

For non-participating contracts whose cash flows are not affected by underlying items, the Group has elected to present all IFIE in profit or loss.

For direct participating contracts where the underlying items are held

For direct participating contracts, for which the Group holds the underlying items, the Group presents all IFIE in profit or loss.

41 Material accounting policies (continued)

(s) Intangible assets

(i) Goodwill

Goodwill is measured as described in Note 19. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains/(losses) on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash generating units for the purpose of impairment testing. The allocation is made to those cash generating units or groups of cash generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes.

In determining the recoverable amount of each CGU, the Group uses the higher of either value in use (VIU) or fair value less cost of disposal (FVLCOD) valuation method. When the recoverable amount of the cash generating unit is less than the carrying amount, an impairment loss is recognised. When goodwill forms part of a cash generating unit and an operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this manner is measured based on the relative values of the operation disposed and of the portion of the cash generating unit retained.

Impairment losses recognised for goodwill are not subsequently reversed.

(ii) Computer software

Costs incurred in acquiring software that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised as computer software. Computer software is initially recognised at cost. Following initial recognition, computer software is carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight line method to allocate the cost of software and licences over their estimated useful lives, which vary from 4 to 7 years.

Costs incurred in configuring or customising cloud-based software under software as a service (SaaS) arrangements are recognised as intangible assets if the activities create an intangible asset that the entity controls and the intangible asset meets the recognition criteria. Those costs that do not result in creating an intangible asset are expensed as incurred, unless they are paid to the supplier of the SaaS arrangement to significantly customise the cloud-based software for the entity, in which case the costs are recorded as a prepayment for services and amortised over the expected term of the arrangement.

(iii) Management rights and other intangible assets

Management rights and other intangible assets acquired separately are initially recognised at cost. The cost of management rights and other intangible assets acquired in a business combination is their fair value as at the date of acquisition. Management rights and other intangible assets with finite lives are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of intangible assets over their estimated useful lives, which vary from 4 to 10 years. These intangible assets are assessed for impairment whenever there is an indication that they may be impaired. Management rights and other intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

(t) Investment properties

Initially, investment properties are measured at cost including transaction costs. Subsequent to initial recognition, investment properties other than development sites are stated at fair value. Gains/(losses) arising from changes in the fair values of investment properties are included in the profit or loss in the year in which they arise. Retirement village development sites are recognised at fair value, while other development sites are recognised at the lower of cost or realisable value.

Retirement village investment property relates to interests in retirement village independent living units. These investments are initially measured at cost and when the facilities are complete, or substantially complete, they are stated at fair value. The fair value represents the present value of future cash flows based upon statistical modelling of incoming and outgoing residents and includes assumptions in respect of a number of factors, such as average length of residence and expected changes in property prices.

Land held for development purposes of investment property is also classified as investment property.

41 Material accounting policies (continued)

(t) Investment properties (continued)

Retirement village development sites are built in stages and usually take several years to complete. After each stage is built the developer operates it during the village's remaining construction phases and earns rentals and may earn capital appreciation from the completed stages during this period.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal. Any gains/(losses) on the derecognition of an investment property are recognised in the profit or loss in the year of derecognition.

When the Group begins to redevelop an existing investment property for use in business operation, the property is transferred to owner occupied assets as property, plant and equipment and held as a non-current asset. The property is remeasured to fair value as at the date of transfer with any gain or loss being taken to profit or loss. The remeasured amount becomes the deemed cost at conversion date.

(u) Investments and other financial assets

Classification
The Group classifies its financial assets into the following measurement categories:

- those to be measured at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the relevant cash flows.

A financial asset is measured at amortised cost only if both of the following conditions are met:

- it is held within a business model the objective of which is to hold assets in order to collect contractual cash flows, and
- the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Recognition and derecognition
A financial asset is recognised in the balance sheet when the Group becomes a party to the contractual provisions of the instrument, which is generally at trade date. Loans and receivables are recognised when cash is advanced to the borrowers.

A financial asset is derecognised when the contractual cash flows from the asset expire or the rights to receive contractual cash flows are transferred in a transaction in which substantially all the risks and rewards of the ownership are transferred. Any interest in a transferred financial asset that is created or retained by the Group is recognised as a separate asset or liability.

Measurement
Financial assets at fair value through profit or loss are recognised initially at fair value. All other financial assets are recognised initially at fair value plus directly attributable transaction costs.

Subsequent to the initial recognition, for financial assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held as described below. The Group reclassifies debt investments when and only when its business model for managing those assets changes. For investments in equity instruments, the fair value will be recorded in profit or loss, unless the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Repurchase agreements
Securities sold under repurchase agreements are retained on the balance sheet where substantially all of the risks and rewards of ownership remain with the Group. A liability for the agreed repurchase amount is recognised within the borrowings when the cash consideration is received.

Debt instruments
Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

41 Material accounting policies (continued)

(u) Investments and other financial assets (continued)

- Amortised cost
  Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in profit or loss using the effective interest rate method.

- Fair value through other comprehensive income (FVOCI)
  Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment losses or reversal of impairment losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is included in profit or loss using the effective interest rate method.

- Fair value through profit or loss (FVPL)
  Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at FVPL and is not part of a hedging relationship is recognised in profit or loss and presented net within investment gains/(losses) in the period in which it arises. Interest income from these financial assets is included in the profit or loss using the effective interest rate method.

Equity instruments
The Group subsequently measures all investments in equity instruments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends and distributions from such investments continue to be recognised in profit or loss when the Group's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in investment gains/(losses) in the statement of profit or loss.

Impairment
The Group assesses on a forward looking basis the expected credit losses (ECL) associated with its financial assets carried at amortised cost and FVOCI. The recognition of impairment depends on whether there has been a significant increase in credit risk.

Debt investments at amortised cost were considered to be low credit risk, and accordingly the impairment provision was determined as 12-month ECL.

For loans to customers, the Group applied a three-stage approach to measuring expected credit losses (ECL). Assets migrated through the following three stages based on the change in credit quality since initial recognition.

- Stage 1: 12-months ECL
  For exposures where there had not been a significant increase in credit risk since initial recognition and that were not credit impaired upon origination, the portion of lifetime ECL associated with the probability of default events occurring within the next 12 months was recognised.

- Stage 2: Lifetime ECL- not credit impaired
  For credit exposures where there had been a significant increase in credit risk since initial recognition but that were not credit impaired, a lifetime ECL was recognised.

- Stage 3: Lifetime ECL - credit impaired
  Financial assets were assessed as credit impaired when one or more events that had a detrimental impact on the estimated future cash flows of that asset had occurred. For financial assets that had become credit impaired, a lifetime ECL was recognised and interest revenue was calculated by applying the effective interest rate to the amortised cost (net of provision) rather than the gross carrying amount.

At each reporting date prior to the transfer of the banking business, the Group assessed whether there had been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition.

41 Material accounting policies (continued)

(u) Investments and other financial assets (continued)

The Group assessed whether credit risk on a financial asset had increased significantly on an individual or collective basis. For the purposes of collective evaluation, loans were grouped on the basis of shared credit risk characteristics, taking into account the type of loans, days in arrears, loan collateral, remaining term to maturity, geographical location of the borrower and other relevant factors.

The amount of ECL was measured as the probability-weighted present value of all expected cash shortfalls over the expected life of the loans, discounted at the effective interest rate. Cash shortfall represented the difference between contractual cash flows due to the Group and the cash flows the Group expected to receive.

The Group considered its historical loss experience and adjusted this for current observable data. In addition, the Group incorporated reasonable and supportable forecasts of future economic conditions, including macroeconomic factors, and assessed how changes in these factors would affect ECL. The methodology and assumptions, including forecasts of future economic conditions, were reviewed periodically.

The amount of ECL was recognised using a provision for doubtful debts account. If, in a subsequent period, credit quality improved and reversed any previously assessed significant increase in credit risk since origination, the provision for doubtful debts reverted from lifetime ECL to 12-month ECL.

(v) Leases

Group as a lessee
The Group leases commercial buildings, computer equipment and motor vehicles under non-cancellable lease contracts. While lease contracts are typically made for fixed periods, they have varying terms and renewal rights. On renewal, the terms of the leases can be renegotiated.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Initial measurement
Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option;
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option; and
- lease payments to be made under reasonably certain extension options.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the Group's incremental borrowing rate is used. The incremental borrowing rate is the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. The Group considers any recent external borrowing received by the Group's entities, including any changes in financing conditions since the borrowing is received. The Group applies a three-month bank bill swap curve plus a margin that reflects the credit risk to determine the incremental borrowing rate.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets mainly consist of computer equipment.

41 Material accounting policies (continued)

(v) Leases (continued)

Subsequent measurement
Subsequent to the initial recognition, lease liabilities are adjusted by the interest charges, lease payments made and any re-measurement to reflect reassessment or lease modifications.

When the Group is exposed to potential future increases in variable lease payments based on an index or rate, these are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Subsequent to the initial recognition, right-of-use assets are measured at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any re-measurement of the lease liability.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the asset's useful life and the lease term. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Extension and termination options
Extension and termination options are included in a number of leases. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

In determining the lease term for accounting, the Group considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Factors to be considered include, but are not limited to, historical lease duration, costs and business disruption required to replace the leased assets, the amount of termination penalties and remaining value of any leasehold improvements. Extension options are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The extension options in buildings and motor vehicles leases, if any, have not been included in the lease liability as the Group could replace the leases without significant cost or business disruption.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and is within the control of the lessee.

Group as a lessor
As lessor, leases are classified as either an operating lease or a finance lease. Income from operating leases is recognised on a straight-line basis over the lease term. The respective leased assets are included in the balance sheet based on their nature. Assets held under a finance lease are initially recognised on the balance sheet at an amount equal to the net investment in the lease. Finance income is recognised over the lease term, based on a pattern reflecting a constant periodic rate of return on the Group's net investment in the lease.

Where the Group is an intermediate lessor in a sublease transaction, the sublease is accounted for by reference to the respective head lease. If the head lease is a short-term lease, the sublease income is recognised as operating lease income over the lease term. For an asset that is subleased, the head lease does not qualify to be a lease of a low-value asset.

Surplus lease space
Where the Company has identified leased premises that are wholly or partially surplus to operational requirements, management assesses whether the associated right-of-use (ROU) asset is impaired in accordance with AASB 136 Impairment of Assets. Surplus lease space may arise due to workforce changes, property rationalisation, business restructuring, or other changes in the utilisation of leased assets.

The recoverable amount of the surplus leased space is determined based on the higher of its value in use and fair value less costs of disposal. In estimating recoverable amount, the Company considers expected future cash inflows from subleasing arrangements, net of directly attributable costs, together with any remaining economic benefits expected to be derived from the leased premises.

(w) Non-current assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

41 Material accounting policies (continued)

(w) Non-current assets held for sale (continued)

Such assets, or disposal groups, are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to financial assets, deferred tax assets, employee benefit assets or investment property, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for-distribution and subsequent gains and losses on remeasurement are recognised in profit or loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

(x) Property, plant and equipment

(i) Cost

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

(ii) Depreciation

Land is not depreciated. Depreciation on other property, plant and equipment is calculated on a straight line basis to write off the net cost or revalued amount of each asset over its expected useful life. Estimates of remaining useful lives are reassessed annually for major items.

The expected useful lives are as follows:

Category	**Useful life**
Buildings	40 years
Plant and equipment	4 - 20 years
Leasehold improvements	5 years

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains/(losses) on disposals are determined by comparing proceeds with carrying amount and included in the profit or loss. When revalued assets are sold, any amounts included in other reserves in respect of those assets are transferred to retained earnings.

Non-property assets under construction are recorded at cost within plant and equipment. These assets are transferred to an appropriate asset category on completion and depreciation commences only when the assets come into operational service.

(y) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(z) Reinsurance and other recoveries receivable

Reinsurance and other recoveries receivable on paid claims, reported claims not yet paid, IBNR, IBNER and unexpired risk liabilities are recognised as revenue.

Recoveries receivable are assessed in a manner similar to the assessment of outstanding claims. Recoveries are measured as the present value of the expected future receipts, calculated on the same basis as the liability for outstanding claims.

(aa) Reserve for credit losses

The reserve for credit losses is used by a bank subsidiary company to recognise an additional impairment allowance for credit losses required by the Australian Prudential Regulation Authority (APRA) when reporting financial results to this regulatory authority. It is recognised as an appropriation of retained earnings to non distributable reserves. This additional impairment allowance is not permitted by Australian Accounting Standards to be recognised as an impairment charge against loans and overdrafts or recognised as an expense in the Consolidated statement of comprehensive income.

41 Material accounting policies (continued)

(ab) Resident loans

Retirement village residents, upon entering certain accommodation types, provide a loan to the village operator, from which deferred management fees are deducted in respect of the provision of certain services and facilities. The actual amount repayable upon departure from the accommodation is determined by the terms of the existing tenancy contracts. In certain cases, the amount repayable includes the resident's share of any increase in the value of the property occupied by the resident during the period of tenancy. As these amounts are payable on demand, they are treated as a current liability and are carried at amortised cost using the effective interest method even though they relate to occupancy of the investment properties which are non-current assets and on average only a small proportion is repaid in any one year.

(ac) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the amount of revenue/income can be reliably measured. As the Group operates diverse businesses, it applies a number of relevant accounting standards for the recognition of revenue: AASB 9 *Financial Instruments*, AASB 15 *Revenue from Contracts with Customers*, AASB 16 *Leases*, AASB 17 *Insurance Contracts and AASB 120 Accounting for Government Grants and Disclosure of Government Assistance*. The following summarises specific recognition criteria in line with these standards:

(i) Insurance revenue (AASB 17)

As insurance services are provided the Group reduces its Liability for Remaining Coverage (LRC) and recognises insurance revenue, which is measured as the amount of consideration the Group expects to be entitled to in exchange for those services.

(ii) Government grants and subsidies (AASB 120)

Government grants and subsidies funding aged care and home care services are recognised as the services are provided.

(iii) Revenue from contracts with customers (AASB 15)

The Group's revenue governed by the requirements of AASB 15 is related to services provided under contracts with customers in the operation of retirement communities, aged care facilities, home care services, health services, wealth assets management and administration, financial planning, estate planning, trustee services, and finance and general insurance broking services. Revenue recognition from these services is based on the delivery of performance obligations by the Group and an assessment of when the control is transferred to the customer. Revenue is recognised either at a point in time when the performance obligation in the contract has been completed by the Group or over time when the customer simultaneously receives the benefits from the services provided by the Group as the Group performs under the contract.

The transaction price is measured at contract inception, being the amount to which the Group expects to be entitled and to which it has rights under the contract. This includes an assessment of any variable consideration where the Group's performance may result in additional revenues based on certain achievements. Such amounts are only included based on the expected value or the most likely outcome, and only to the extent that it is highly probable that no revenue reversal will occur. The Group identifies the various performance obligations of the contract and allocates the transaction price to these performance obligations. The transaction price is adjusted for the time value of money where the period between the transfer of the promised services to the customers and payment made by the customers exceeds one year.

Residential Aged Care and Home Health services fees
The services fees are revenue generated from the provision of home health services and the management of retirement communities and aged care facilities. Revenue is recognised over time when the customer simultaneously receives the benefits from the services provided by the Group as the Group performs under the contract.

Management and performance fees
Management fees are earned from wealth management and trustee services provided over the life of the contracts and revenue is recognised periodically over time. Any associated performance fees are deemed to be a variable component of the management services that are constrained and recognised only if it is highly probable that the performance hurdles are met and reversal will not occur.

Brokerage and commission income
Brokerage and commission are earned from contracts with customers where it is a licensed Authorised Representative of an insurer to distribute their general insurance products. Commission is also earned from property sale services provided within trustee services and the operations of retirement villages. Revenue is recognised at a point in time when the transfer of the underlying asset has occurred.

Healthcare services revenue
Healthcare services revenue represents fees charged for physiotherapy and other healthcare services provided to customers. Revenue is recognised after the delivery of services to the customers.

41 Material accounting policies (continued)

(ac) Revenue recognition (continued)

(iii) Revenue from contracts with customers (AASB 15) (continued)

Assets and liabilities recognised from contracts with customers
As a result of the contracts with customers, the Group recognises Trade receivables and a number of contract assets and liabilities. Trade receivables are recognised when the Group has the right to consideration that is unconditional (no change in accounting policy). Contract assets are recognised when the Group has a conditional right to consideration for the services that have been provided to customers. Contract liabilities are recognised when the Group receives payments in advance for the services that will be provided to customers. The Group also capitalises incremental costs in obtaining contracts with customers.

Accrued and deferred income
Customer contracts generally include arrangements for payments dependent upon the nature and type of services being provided. Customer payments may be required at the inception of the contract (advance payment) or regular payments for ongoing service delivery or at the end of the contract (in arrears) or a combination of these with varied amounts. Accrued income is recognised as a contract asset for unbilled service revenue. Deferred income is recognised as a contract liability where a customer pays in advance or pays a deposit prior to the delivery of the contracted services. On the balance sheet, accrued income is presented as part of Trade and other receivables, while deferred income is presented as part of Trade and other payables.

Capitalised costs to obtain a contract
The incremental costs of obtaining a contract with a customer are capitalised as an asset to the extent to which the costs are expected to be recovered over a period of more than one year. The asset is amortised on a systematic basis that is consistent with the timing of recognition of the relevant revenue. The asset is subject to an impairment assessment through a review of the recoverability against the remaining future revenue, net of respective future expenses. The capitalised costs to obtain a contract are presented as part of Intangible assets on the balance sheet.

In determining the amount of capitalised costs to obtain a contract, management forms a number of key judgements and assumptions which include an assessment of the incremental costs, whether such costs should be expensed as incurred or capitalised, and the period of amortisation of the capitalised costs. These judgements may inherently be subjective, and cover future events such as the recoverability of the capitalised costs through future net income streams over a certain period.

Deferred management fee
Deferred management fee (DMF) is a contracted fee charged to a resident of a managed retirement village. The amount of DMF is linked either to the ingoing contribution the resident paid on entry to the retirement village or to the turnover value of a unit on exiting the village and is expressed as a percentage charge per annum over the period of occupancy. The number of years the DMF can be charged is usually capped to a specific period of time. DMF revenue is recognised over the expected length of stay of a resident.

(iv) Interest income (AASB 9)

Interest income is recognised using the effective interest method when the Group has control of the right to receive the interest payment. The effective interest rate method calculates the amortised cost of a financial asset or financial liability and allocates the interest income or interest expense over the expected life of the financial asset or financial liability so as to achieve a constant yield on the financial asset or liability.

(v) Dividends and distributions (AASB 9)

Dividends and distributions are recognised when the Group's right to receive the income is established. This applies even if they are paid out of pre-acquisition profits. However, the investment may need to be tested for impairment as a consequence.

(ad) Risk Equalisation Special Account

Under the provisions of the *Private Health Insurance Act 2007*, stipulated in the *Private Health Insurance (Risk Equalisation Administration) Rules 2007*, all health insurers must participate in the Risk Equalisation Special Account (RESA). These rules charge a levy to all health insurers and share a proportion of the hospital claims on a sliding scale (by age) for all persons aged 55 years and over regardless of their length of stay in hospital. In certain circumstances, these rules also provide for a High Cost Claimants Pool.

The amounts receivable from the RESA are determined by the Private Health Insurance Administration Council after the end of each calendar quarter. Estimated provisions for amounts payable and income receivable are recognised in the liability for incurred claims.

41 Material accounting policies (continued)

(ae) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided as part of the monthly management reporting document. The chief operating decision maker has been identified as the Group Executive Committee that has delegated responsibility from the board for the achievement of the business strategic and operational plans approved by the board.

(af) Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid. These payables, which are generally settled on 30-90 day terms and are unsecured, are carried at amortised cost. They are presented as current liabilities unless payment is not due within 12 months after the end of each reporting period.

(ag) Trade and other receivables

Trade and other receivables, which are generally settled on 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

The Group applies the simplified expected credit loss approach in place of the incurred credit loss. Under the expected credit loss approach, the Group estimates the expected lifetime losses to be recognised from initial recognition of the receivables.

The amount of the impairment loss is recognised in the profit or loss. When a trade receivable for which an impairment provision had been recognised becomes uncollectible in a subsequent period, it is written off against the provision account. Subsequent recoveries of amounts previously written off are credited against other expenses in the Consolidated statement of comprehensive income.

(ah) New standards and interpretations not yet adopted

The following table sets out the new and amended accounting standards issued by the Australian Accounting Standards Board that are not mandatory for the 30 June 2026 reporting period and have not been adopted by the Group.

AASB	Title	Operative date *
AASB 2024-2	Amendments to Australian Accounting Standards – Classification and Measurement of Financial Instruments	1 January 2026
AASB 2024-3	Amendments to Australian Accounting Standards – Annual Improvements Volume 11	1 January 2026
AASB 2025-1	Amendments to Australian Accounting Standards – Contracts Referencing Nature-dependent Electricity	1 January 2026
AASB 2025-2	Amendments to Australian Accounting Standards – Classification and Measurement of Financial Instruments: Tier 2 Disclosures	1 January 2026
AASB 2022-9	Amendments to Australian Accounting Standards – Insurance Contracts in the Public Sector	1 July 2026
AASB 18	Presentation and Disclosure in Financial Statements	1 January 2027
AASB 2014-10	Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2028

* Operative date is for the annual reporting periods beginning on or after the date shown in the above table, unless otherwise stated.

The accounting standards noted above are not expected to have a material impact to the amounts reported in the consolidated financial statements at this stage. Where applicable the Group will apply these standards to the annual reporting periods beginning on or after the operative dates set out above.

AASB S1 - General Requirements for Disclosure of Sustainability-related Financial Information is the Australian sustainability reporting standard that establishes a framework for entities to disclose sustainability-related risks and opportunities. AASB S1 is voluntary in Australia.

41 Material accounting policies (continued)

(ah) New standards and interpretations not yet adopted (continued)

AASB 18 Presentation and Disclosure in Financial Statements

The Group assessing AASB 18 and considers it relevant to its financial statements, primarily affecting presentation and disclosure.

An initial assessment has been completed, including a review of the statement of profit or loss, management reporting and disclosure requirements. The assessment is ongoing, and at this stage the Group is not able to reasonably estimate the full impact of adopting the standard. AASB 18 reporting will apply from Australian Unity Limited's 2028 year end.

(ai) Parent entity financial information

The financial information for the Parent entity, Australian Unity Limited, disclosed in Note 29 has been prepared on the same basis as the consolidated financial statements, except as set out below.

Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost less any adjustments for impairment losses. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

(aj) Comparative information

To enhance comparability with current year disclosures in the Consolidated statement of cash flows, comparative cash flow information has been updated to present Receipts from customers and Payments to suppliers and employees on a basis consistent with the current-year presentation, including the treatment of goods and services tax (GST).

As part of this reclassification, gross cash flows of $54.3 million have been included in both Receipts from customers and Payments to suppliers and employees in the comparative period to reflect the gross presentation of GST.

These reclassifications did not impact net cash flows from operating activities for the comparative period.

Key assumptions and judgements

Determination of tax residency
Section 295(3A) of the *Corporations Act 2001 (Cth)* requires that the tax residency of each entity which is included in the Consolidated entity disclosure statement (CEDS) be disclosed. In the context of an entity which was an Australian resident, “Australian resident” has the meaning provided in the *Income Tax Assessment Act 1997 (Cth)*. The determination of tax residency involves judgement as the determination of tax residency is highly fact dependent and there are currently several different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

In determining tax residency, the consolidated entity has applied current legislation and judicial precedent in concluding that each entity is an Australian resident for tax purposes, as:

- they are incorporated in Australia;
- moreover, they carry on business in Australia and their central management and control is in Australia; and
- trust entities are resident trust estates within the meaning of Division 6 of Part III of the *Income Tax Assessment Act 1936*.

Set out below is a list of entities that are consolidated in this set of Consolidated financial statements at the end of the financial year as required by the *Corporations Act 2001* (s.295(3A)(a)).

Entity name	Type of entity	Place incorporated/ formed	% of share capital held directly or indirectly by the Company in the body corporate	Australian or Foreign tax resident
114 Albert Development Manager Pty Ltd	Body corporate	Australia	**100**	Australian
114 Albert Road Development Trust	Trust	Australia	**100**	Australian
114 Albert Road Holding Trust	Trust	Australia	**100**	Australian
ACN 004 414 653 Pty Ltd	Body corporate	Australia	**100**	Australian
ACN 085 352 405 Pty Ltd	Body corporate	Australia	**100**	Australian
ACN 087 652 079 Pty Ltd	Body corporate	Australia	**100**	Australian
ACN 109 163 813 Pty Ltd	Body corporate	Australia	**100**	Australian
ACN 131 346 300 Pty Ltd	Body corporate	Australia	**100**	Australian
Albert Road Development Manager Pty Ltd	Body corporate	Australia	**100**	Australian
Argent Nominees Pty Ltd	Body corporate	Australia	**100**	Australian
AUIAL Legal Services Pty Ltd	Body corporate	Australia	**100**	Australian
Australian Unity Advice Pty Ltd	Body corporate	Australia	**100**	Australian
Australian Unity Aged Care Investments Pty Ltd	Body corporate	Australia	**100**	Australian
Australian Unity Aged Care Trust #1	Trust	Australia	**100**	Australian
Australian Unity Aged Care Trust #2	Trust	Australia	**100**	Australian
Australian Unity Aged Care Trust #3	Trust	Australia	**100**	Australian
Australian Unity Aged Care Trust # 4	Trust	Australia	**100**	Australian
Australian Unity Aged Care Trust # 5	Trust	Australia	**100**	Australian
Australian Unity Albert Road Retirement Village Land Trust	Trust	Australia	**100**	Australian
Australian Unity Aurora Land Company Pty Ltd	Body corporate & Trustee	Australia	**100**	Australian
Australian Unity Aurora Land Owner Trust	Trust	Australia	**100**	Australian
Australian Unity Aurora Operations Company Pty Ltd	Body corporate & Trustee	Australia	**100**	Australian
Australian Unity Aurora Operations Trust	Trust	Australia	**100**	Australian
Australian Unity Aurora Pty Ltd	Body corporate & Trustee	Australia	**100**	Australian
Australian Unity Better Living Services Pty Ltd	Body corporate	Australia	**100**	Australian
Australian Unity Campbell Place Aged Care Land Trust	Trust	Australia	**100**	Australian
Australian Unity Capital Management Pty Ltd	Body corporate	Australia	**100**	Australian
Australian Unity Care Services Pty Ltd	Body corporate	Australia	**100**	Australian
Australian Unity Carlton Aged Care Trust	Trust	Australia	**100**	Australian

Entity name	Type of entity	Place incorporated/ formed	% of share capital held directly or indirectly by the Company in the body corporate	Australian or Foreign tax resident
Australian Unity Constitution Hill Retirement Community Holdings Pty Ltd	Body corporate	Australia	**100**	Australian
Australian Unity Dispensaries Friendly Society Pty Ltd	Body corporate	Australia	**100**	Australian
Australian Unity Employee Share Trust	Trust	Australia	**100**	Australian
Australian Unity Finance Pty Ltd	Body corporate	Australia	**100**	Australian
Australian Unity Funds Management Limited	Body corporate & Trustee	Australia	**100**	Australian
Australian Unity General Insurance Agency Pty Ltd	Body corporate	Australia	**100**	Australian
Australian Unity Group Services Pty Ltd	Body corporate	Australia	**100**	Australian
Australian Unity Health Limited	Body corporate	Australia	**100**	Australian
Australian Unity Herston Quarter Aged Care Land Holdings Pty Ltd	Body corporate	Australia	**100**	Australian
Australian Unity Herston Quarter Retirement Community Land Holdings Pty Ltd	Body corporate	Australia	**100**	Australian
Australian Unity Home Care Service Pty Ltd	Body corporate	Australia	**100**	Australian
Australian Unity Investment Bonds Pty Ltd	Body corporate	Australia	**100**	Australian
Australian Unity Investment Management Administration Pty Limited	Body corporate & Trustee	Australia	**100**	Australian
Australian Unity Investment Real Estate Limited	Body corporate	Australia	**100**	Australian
Australian Unity Investment Trust	Trust	Australia	**100**	Australian
Australian Unity Investments Strategic Holdings Pty Ltd	Body corporate	Australia	**100**	Australian
Australian Unity Lane Cove Operations Company Pty Ltd	Body corporate & Trustee	Australia	**100**	Australian
Australian Unity Life Bonds Pty Ltd	Body corporate	Australia	**100**	Australian
Australian Unity Limited	Parent entity	Australia	**100**	Australian
Australian Unity Nominees Pty Ltd	Body corporate & Trustee	Australia	**100**	Australian
Australian Unity Office Holdings Pty Ltd	Body corporate	Australia	**100**	Australian
Australian Unity Peninsula Grange RACF Land Trust	Trust	Australia	**100**	Australian
Australian Unity Property Management Pty Ltd	Body corporate	Australia	**100**	Australian
Australian Unity Retirement Development Management Pty Ltd	Body corporate	Australia	**100**	Australian
Australian Unity Retirement Living Holdings Pty Ltd	Body corporate	Australia	**100**	Australian
Australian Unity Retirement Living Investments Pty Ltd	Body corporate	Australia	**100**	Australian
Australian Unity Retirement Living Management Pty Ltd	Body corporate	Australia	**100**	Australian
Australian Unity Retirement Living Services Limited	Body corporate	Australia	**100**	Australian
Australian Unity Retirement Village Trust # 1	Trust	Australia	**100**	Australian
Australian Unity Retirement Village Trust # 2	Trust	Australia	**100**	Australian
Australian Unity Retirement Village Trust # 5	Trust	Australia	**100**	Australian
Australian Unity Retirement Village Trust # 6	Trust	Australia	**100**	Australian
Australian Unity Sienna Grange Aged Care Land Trust	Trust	Australia	**100**	Australian
Australian Unity Strategic Holdings Pty Ltd	Body corporate	Australia	**100**	Australian
Australian Unity Strategic Investments Pty Ltd	Body corporate	Australia	**100**	Australian
Australian Unity Support Foundation Limited	Body corporate	Australia	**100**	Australian
Australian Unity Trustees Limited	Body corporate	Australia	**100**	Australian
AUT Legal Services Pty Ltd	Body corporate	Australia	**100**	Australian
Better Home Care Pty Ltd	Body corporate	Australia	**100**	Australian
Big Sky Financial Planning Pty Ltd	Body corporate	Australia	**100**	Australian
Campbell Place Sub Trust	Trust	Australia	**100**	Australian
Cash Enhanced Plus Internal Investment Trust	Trust	Australia	**100**	Australian
Certainty Financial Pty Ltd	Body corporate	Australia	**100**	Australian
Credit Enhanced Internal Investment Trust	Trust	Australia	**100**	Australian
Dimple Dietetics Pty Ltd	Body corporate	Australia	**100**	Australian
Dimple Physiotherapy Pty Ltd	Body corporate	Australia	**100**	Australian
Dimple Podiatry Pty Ltd	Body corporate	Australia	**100**	Australian
Diversified No 1 Internal Investment Trust	Trust	Australia	**100**	Australian

Entity name	Type of entity	Place incorporated/ formed	% of share capital held directly or indirectly by the Company in the body corporate	Australian or Foreign tax resident
Drummond Place Sub Trust	Trust	Australia	**100**	Australian
Enrich Health Group BidCo Pty Limited	Body corporate	Australia	**100**	Australian
Enrich Health Group Finance Holdings Pty Limited	Body corporate	Australia	**100**	Australian
Enrich Health Group Finance Pty Limited	Body corporate	Australia	**100**	Australian
Enrich Health Group Pty Ltd	Body corporate	Australia	**100**	Australian
FTL Estate Services Pty Ltd	Body corporate	Australia	**100**	Australian
FTL Judge & Papaleo Pty Ltd	Body corporate	Australia	**100**	Australian
Funeral Plan Management Pty Ltd	Body corporate & Trustee	Australia	**100**	Australian
Grata Care Services Pty Ltd	Body corporate	Australia	**100**	Australian
Greengate Care Pty Ltd	Body corporate	Australia	**100**	Australian
Greengate Development Pty Ltd	Body corporate	Australia	**100**	Australian
Greengate Management Services Pty Ltd	Body corporate	Australia	**100**	Australian
Greengate Partnership Pty Ltd	Body corporate	Australia	**100**	Australian
Greengate Realty Pty Ltd	Body corporate	Australia	**100**	Australian
Health Providers Australia Pty Ltd	Body corporate	Australia	**100**	Australian
Herston Car Park Company Pty Ltd	Body corporate	Australia	**100**	Australian
Herston Company Pty Ltd	Body corporate	Australia	**100**	Australian
Herston Development Company Pty Ltd	Body corporate	Australia	**100**	Australian
Herston Heritage Development Company (No.2) Pty Ltd	Body corporate	Australia	**100**	Australian
Herston Heritage Development Company (No.3) Pty Ltd	Body corporate	Australia	**100**	Australian
Herston Heritage Development Company (No. 4) Pty Ltd	Body corporate	Australia	**100**	Australian
Herston Heritage Development Company Pty Ltd	Body corporate	Australia	**100**	Australian
Herston Management Company Pty Ltd	Body corporate	Australia	**100**	Australian
Herston Northern Car Park Company Pty Ltd	Body corporate	Australia	**100**	Australian
Herston Quarter Aged Care Developer Pty Ltd	Body corporate	Australia	**100**	Australian
Herston Quarter Childcare Company Pty Ltd	Body corporate	Australia	**100**	Australian
Herston Quarter Education Pty Ltd	Body corporate	Australia	**100**	Australian
Herston Quarter Management Company Pty Ltd	Body corporate	Australia	**100**	Australian
Herston Quarter Retirement Community Developer Pty Ltd	Body corporate	Australia	**100**	Australian
High Yield Plus Internal Investment Trust	Trust	Australia	**100**	Australian
Hills Nursing Pty Ltd	Body corporate	Australia	**100**	Australian
Hunters Hill Sub Trust	Trust	Australia	**100**	Australian
ItsMyCare Pty Ltd	Body corporate	Australia	**100**	Australian
J & P Services Pty Limited	Body corporate	Australia	**100**	Australian
KNS Essential Care Pty Ltd	Body corporate	Australia	**100**	Australian
Lane Cove Development Manager Pty Ltd	Body corporate	Australia	**100**	Australian
Lane Cove Holding Trust	Trust	Australia	**100**	Australian
Lane Cove Land Trust	Trust	Australia	**100**	Australian
Lifeplan Australia Friendly Society Limited	Body corporate	Australia	**100**	Australian
Lifestyle Manor Sub Trust	Trust	Australia	**100**	Australian
Long Duration Internal Investment Trust	Trust	Australia	**100**	Australian
Loqui Pty Ltd	Body corporate	Australia	**100**	Australian
MHC Employment Services Pty Ltd	Body corporate	Australia	**100**	Australian
Mortgages No 1 Internal Investment Trust	Trust	Australia	**100**	Australian
Murto Pty Ltd	Body corporate	Australia	**100**	Australian
myHomecare Group Pty Ltd	Body corporate	Australia	**100**	Australian
myHomecare Holdings Pty Ltd	Body corporate	Australia	**100**	Australian
myHomecare Pty Ltd	Body corporate	Australia	**100**	Australian
National Friendly Society Ltd	Body corporate	Australia	**100**	Australian
Other Securities Internal Investment Trust	Trust	Australia	**100**	Australian
Oxley Home Care Pty Ltd	Body corporate	Australia	**100**	Australian
Peninsula Grange Sub Trust	Trust	Australia	**100**	Australian
Platypus Asset Management Pty Limited	Body corporate	Australia	**100**	Australian

Entity name	Type of entity	Place incorporated/ formed	% of share capital held directly or indirectly by the Company in the body corporate	Australian or Foreign tax resident
Plena Healthcare Holdings Pty Ltd	Body corporate	Australia	**100**	Australian
Premium Investment Management Pty Ltd	Body corporate	Australia	**67**	Australian
Premium Wealth Management Pty Ltd	Body corporate	Australia	**100**	Australian
Rathdowne Place Residences Project Manager Pty Ltd	Body corporate	Australia	**100**	Australian
Remedy Healthcare Group Pty Ltd	Body corporate	Australia	**100**	Australian
Retirement Management Services Pty Ltd	Body corporate	Australia	**100**	Australian
Retirement Village Operating Trust	Trust	Australia	**100**	Australian
Retirement Village Property Trust	Trust	Australia	**100**	Australian
Sarmace Pty Ltd	Body corporate	Australia	**100**	Australian
Short Term Securities Internal Investment Trust	Trust	Australia	**100**	Australian
Sienna Grange Development Manager Pty Ltd	Body corporate	Australia	**100**	Australian
Sienna Grange Sub Trust	Trust	Australia	**100**	Australian
SMG Labour Pty Ltd	Body corporate	Australia	**100**	Australian
St Brigid's Green Retirement Village Pty Ltd	Body corporate	Australia	**100**	Australian
St Faber's Green Retirement Village Pty Ltd	Body corporate	Australia	**100**	Australian
St Luke's Green Retirement Village Pty Ltd	Body corporate	Australia	**100**	Australian
St Patrick's Green Retirement Village Pty Ltd	Body corporate	Australia	**100**	Australian
The Couhe Unit Trust	Trust	Australia	**100**	Australian
The Governor's Retirement Resort Pty Ltd	Body corporate	Australia	**100**	Australian
The Trustee for RVPT Sub-Trust No 1	Trust	Australia	**100**	Australian
The Trustee for RVPT Sub-Trust No 2	Trust	Australia	**100**	Australian
Vianova Asset Management Pty Ltd	Body corporate	Australia	**100**	Australian
Vianova Unit Trust	Trust	Australia	**100**	Australian
Victoria Grange Sub Trust	Trust	Australia	**100**	Australian
Willandra Village Management Pty Ltd	Body corporate	Australia	**100**	Australian

In the opinion of the directors of Australian Unity Limited (Parent entity or Company):

(a) The consolidated financial statements and notes set out on pages 33 to 142, are in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2026 and of its performance for the financial year ended on that date;

(ii) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

(b) The financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 41; and

(c) There are reasonable grounds to believe that the Parent entity will be able to pay its debts as and when they become due and payable.

(d) The Consolidated entity disclosure statement as at 30 June 2026 set out on pages 143 to 146 is true and correct.

The directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer as required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of directors.

Lisa Chung AM
Chair

Kelly Bayer Rosmarin
Group Managing Director & CEO

Melbourne
26 August 2026

Independent Auditor's Report

To the members of Australian Unity Limited

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report*** of Australian Unity Limited (the Company).

In our opinion, the accompanying Financial Report of the Company gives a true and fair view, including of the ***Group's*** financial position as at 30 June 2026 and of its financial performance for the year then ended, in accordance with the *Corporations Act 2001*, in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001.*

The ***Financial Report*** comprises:

- Consolidated Balance Sheet as at 30 June 2026
- Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity, and Consolidated Statement of Cash Flows for the year then ended
- Consolidated Entity Disclosure Statement and accompanying basis of preparation as at 30 June 2026
- Notes, including material accounting policies
- Directors' Declaration.

The ***Group*** consists of the Company and the entities it controlled at the year end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the 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 financial report of public interest entities in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

KPMG

Key Audit Matters

The ***Key Audit Matters*** we identified are:

- Valuation of Goodwill
- Recoverability of Herston Quarter Development Costs
- Valuation of the Liability for Incurred Claims
- Valuation of Retirement Villages

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of Goodwill ($509m)

Refer to Note 19, Note 26 (a) (ii), Note 41(s)(i) to the financial report

The key audit matter	How the matter was addressed in our audit
A key audit matter for us was the Group's annual testing of goodwill for impairment, given the size of the balance and degree of management judgement. Certain conditions impacting the Group increased the judgement applied by us when evaluating the evidence available. We focused on the significant forward-looking assumptions the Group applied in their value in use models/fair value less cost of disposal model, including: • Forecast cash flows, growth rates and terminal growth rates – The Group has faced challenges from regulatory change, alongside continued strategic review of business portfolios and cost base across some of its operating business in the current year. These conditions increase the risk of inaccurate forecasts or a wider range of possible outcomes, for us to consider. • Forecast growth rates and terminal growth rates – In addition to the uncertainties described above, the Group's models are sensitive to small changes in these assumptions, reducing available headroom. This drives additional audit effort specific to their feasibility and consistency of application to the Group's strategy. • Discount rates – These are complicated in nature and vary according to the conditions and environment the specific Cash Generating Unit (CGU) is subject to from time to time, and the models approach to	Working with our valuation specialists, our procedures included: • We considered the appropriateness of the value in use /fair value less cost of disposal method applied by the Group to perform the annual test of goodwill for impairment against the requirements of the accounting standards. • We assessed the integrity of the value in use/fair value less cost of disposal models used, including the accuracy of the underlying calculation formulas. • We compared the forecast cash flows used to Board approved forecasts. • We assessed the accuracy of previous Group forecasts to inform our evaluation of forecasts incorporated in the models. • We assessed the Group's underlying methodology for the allocation of costs to the forecast operating cash flows contained in the value in use model/fair value less cost of disposal for consistency with our understanding of the business and the criteria in the accounting standards. • We assessed the Group's allocation of corporate assets to CGUs for reasonableness and consistency based on the requirements of the accounting standards. • We challenged the Group's forecast cash flow and growth assumptions with consideration to ongoing regulatory changes and continued integration efforts. We compared key events

incorporating risks into the cash flows or discount rates. The Group's modelling is sensitive to small changes in the discount rate. We involved our valuations specialists and senior team members with the assessment.

The Group uses complex models to perform their annual testing of goodwill for impairment. The models are largely manually developed, use adjusted historical performance, and a range of internal and external sources as inputs to the assumptions. Complex modelling, particularly those containing highly judgemental allocations of corporate assets and costs to CGUs, using forward-looking assumptions tend to be prone to greater risk for potential bias, error and inconsistent application. These conditions necessitate additional scrutiny by us, in particular to address the objectivity of sources used for assumptions, and their consistent application.

The Group made a significant acquisition of Plena Healthcare Holdings Pty Ltd and progressed the planned divestments of selected businesses and assets during the year, necessitating our consideration of the Group's allocation of goodwill to the CGUs to which they belong based on the management and monitoring of the business.

In addition to the above, the Group recorded an impairment charge against goodwill, resulting from the underperformance of certain businesses and the write-down of portfolios identified for divestment to their assessed recoverable amounts, increasing the sensitivity of the model to small changes. This further increased our audit effort in this key audit area.

We involved valuation specialists to supplement our senior audit team members in assessing this key audit matter.

to the Board approved plan and strategy. We compared forecast growth rates and terminal growth rates to published studies of industry trends and expectations, and considered differences for the Group's operations. We used our knowledge of the Group, their past performance, business and customers, and our industry experience.

- We analysed the Group's discount rates against publicly available data of a group of comparable entities and independently developed relevant discount rate ranges considered comparable using publicly available market data for comparable entities, adjusted by risk factors specific to the Group and the industry it operates in.
- We considered the sensitivity of the models by varying key assumptions, such as forecast growth rates, terminal growth rates and discount rates, within a reasonably possible range. We did this to identify those CGUs at higher risk of impairment and those assumptions at higher risk of bias or inconsistency in application and to focus our further procedures.
- We compared the implied multiples from comparable market transactions to the implied multiple determined by the Group's.
- We considered the Group's determination of their CGUs based on our understanding of the operations of the Group's business, impact of Plena Healthcare Holdings Pty Ltd acquisition, how independent cash inflows were generated, against the requirements of the accounting standards.
- We analysed the planned divestment of selected portfolios to assess the Group's monitoring and management of activities, and the consistency of the allocation of goodwill to CGUs.
- We recalculated the impairment charge against the recorded amount disclosed.

We assessed the disclosures in the financial report using our understanding of the matters obtained from our testing and against the requirements of the accounting standards.

KPMG

<table>
<tr><th colspan="2">Recoverability of Herston Quarter Development Costs ($189m)</th></tr>
<tr><td colspan="2">Refer to Note 16, Note 26(a)(iv) and Note 41(t) to the financial report</td></tr>
<tr><td>The key audit matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>
The Group capitalises development costs relating to the development of Herston Quarter. It is the Group's policy to carry the development cost at the lower of cost and net realisable value.
Recoverability of Herston Quarter development costs is a key audit matter due to the:

Extent of judgement required by the Group in determining the net realisable value of the development, particularly in relation to the net realisable value of future stages of the development where no contractual arrangement currently exists. Such judgements may have a significant impact on the overall recoverability of capitalised development costs, necessitating additional audit effort.
Challenging market conditions in the real estate construction industry continuing to experience cost escalation, which increases the risk of inaccurate forecasts or a wider range of possible outcomes, for us to consider.

The significant areas we focused on was in assessing the Group's:

Net realisable value of future stages of the development; and
Forecast future uncontracted costs, given its role in determining net realisable value.

We involved our senior audit team members in assessing this key audit matter.
</td><td>
Our procedures included:

Obtaining an understanding of the Group's key process for valuation of capitalised development costs.
Obtaining an understanding of each stage within the development, including the current status of any commercial negotiations with external parties.
In assessing the net realisable value of the project:

We have assessed external concept plans for future stages and reconciled the forecast future costs back to the underlying model.
We have also recalculated forecast fee revenue against this forecast cost back to underlying agreements held with third parties over the build of the stage.
We evaluated assumptions in relation to uncontracted forecast costs against historical experience of similar costs, and our industry expectation of cost contingency levels and cost escalation assumptions.

Using the findings from testing along with our understanding of economic conditions to evaluate the Group's application of lower of cost and net realisable value when determining recovery of the capitalised development costs.
Assessing the disclosures in the Group's financial report using our understanding obtained from our testing against the requirements of accounting standards.

</td></tr>
<tr><th colspan="2">Valuation of the Liability for Incurred Claims (A$48m)</th></tr>
<tr><td colspan="2">Refer to Note 13(a), Note 41(o), Note 41(r) to the financial report</td></tr>
<tr><td>The key audit matter</td><td>How the matter was addressed in our audit</td></tr>
</table>

We consider liability for incurred claims accounting to be a key audit matter given the complexity and judgemental nature of assumptions used to value the actuarially determined portion of Liability for Incurred Claims. The Group's claims liabilities for the health business of Australian Unity Health Limited are short-term in nature. The Group has valued reserves, which are a significant component of the Liability for Incurred Claims using its actuarial reserving methodology. The liability for incurred claims includes a risk adjustment for non-financial risk.	Our procedures included: • Working with our actuarial specialists, we performed an independent reprojection of the best estimate claims reserves of health business as at 30 June 2026. • We made adjustments to the selection of reserving assumptions based on our actuarial industry experience and judgements. We compare our results to the Group's reserving liability. • We compared our independent estimates to those made by the Group, and investigated significant differences. In doing so, we considered the underlying methodology, assumptions and processes. • We evaluated the adequacy of the risk adjustment and compared the risk adjustment to industry peers. • We reconciled the key inputs of paid and incurred claims used within the actuarial modelling to the source data in the Group's policy administration systems. We assessed the disclosures in the financial report using our understanding obtained from our testing and against the requirements of the accounting standard.
Valuation of Retirement Villages (A$2,224m)	
Refer to Note 16, Note 26(a)(iii), Note 41(t) to the financial report	
The key audit matter	**How the matter was addressed in our audit**

Retirement Villages represent the largest asset class of the Group. The Group primarily measures Retirement Villages at fair value internally using a discounted cash flow model based on forecast cashflows of current and future residents. On an annual basis, the Group has a sample of villages valued externally to compare to internal models. Separately, two villages are subject to annual external valuations, with the Group adopting these external values. Key assumptions used in the Group's internal model and by external valuers include: • Discount rates • Resident tenures and average length of stay • Property price and growth rates • Refurbishment costs • Common area capital expenditure The valuation of retirement villages is a key audit matter due to the significance of the balance and judgement required in assessing the Group's key valuation assumptions, methodologies and the final adopted values given the inherent estimation uncertainty. This leads to additional audit effort due to differing assumptions based on asset classes, locations and characteristics of individual property assets. We involved valuation specialists to supplement our senior audit team members in assessing this key audit matter.	Our procedures included: • Performing a walkthrough to understand the Group's process for valuing Retirement Villages, including the key inputs and assumptions used. • Assessing the Group's methodology used in the valuation of retirement villages for consistency with accounting standards, industry practice and the Group's policies. • Utilising KPMG valuation specialists to independently assessed the key assumptions including discount rates, property price and growth rates, refurbishment costs, common area capital expenditure and average length of stay. • Utilising KPMG valuation specialists to challenge a sample of valuations, including the valuation method and modelling accuracy. • Testing a sample of key inputs to the retirement village valuations such as resident contract terms, ingoing contributions, refurbishment costs and common area capex assessing their incorporation into the discounted cash flow model. • Assessing the Group's external valuations prepared for a sample of villages, including the valuation methodology and key assumptions adopted. We also assessed the scope, competence and objectivity of the valuers. • Comparing advice obtained from external valuers on key assumptions to those applied in the internal valuations of retirement villages for consistency. • Assessing the disclosures in the financial report using our understanding obtained from our testing and against the requirements of the accounting standards.

Other Information

Other Information is financial and non-financial information in Australian Unity Limited's annual report which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Director's Report, including the Remuneration Report, Operating and Financial Review and Sustainability Disclosures. The Chair's Report and Group Managing Director's Report are expected to be made available to us after the date of the Auditor's Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not and will not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and specified sustainability disclosures within the Sustainability Report and our respective assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors of Australian Unity Limited are responsible for:

- Preparing the Financial Report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Group, and in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*
- Implementing necessary internal control to enable the preparation of a Financial Report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Group, and that is free from material misstatement, whether due to fraud or error
- Assessing the Group's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- To obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- To issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/media/bwvjcgre/ar1_2024.pdf. This description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Australian Unity Limited for the year ended 30 June 2026, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

The Directors of the Australian Unity Limited are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included in pages 13 to 27 of the Directors' report for the year ended 30 June 2026.

Our responsibility is to express an opinion as to whether the Remuneration Report complies in all material respects with Section 300A of the Corporations Act 2001, based on our audit conducted in accordance with Australian Auditing Standards.

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Chris Wooden
Partner
Melbourne
26 August 2026

Sustainability Disclosures

1. Introduction

1.1. Basis of preparation

The sustainability report covers Australian Unity, comprising Australian Unity Limited (ACN 087 648 888 111) and its consolidated entities. This is the same reporting entity as the related financial statements, as identified in the FY2026 Annual Report available on our Investor Centre website.

The sustainability report represents the climate-related disclosures for Australian Unity for the financial year ended 30 June 2026, which corresponds to the same reporting period as the related financial statements.

1.2. Statement of compliance

The sustainability report for Australian Unity has been prepared in accordance with the Australian Sustainability Reporting Standards adopted by the Australian Accounting Standards Board (being AASB S2 *Climate-related Disclosures*) and the *Corporations Act 2001.*

1.3. Early adoption of amendments to AASB S2

Australian Unity has elected to apply AASB S2025-1 *Amendments to Greenhouse Gas Emissions Disclosures* early, prior to its mandatory application date of annual reporting periods beginning on or after 1 January 2027. The amendments clarified and amended certain disclosure requirements relating to GHG emissions.

1.4. Transition relief

In preparing this report, Australian Unity has applied the following transition reliefs for the first annual reporting period:

- not to disclose comparative information, and
- not to disclose Scope 3 greenhouse gas (GHG) emissions.

Notwithstanding the Scope 3 GHG emissions relief, Australian Unity has elected to disclose selected Scope 3 GHG emissions categories on a voluntary basis to enhance transparency and provide users with additional information about its climate-related impacts across the value chain.

Australian Unity's Scope 3 GHG emissions are broken down into 15 categories and measured in accordance with the *GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011).* Australian Unity has determined that 8 of those categories are relevant.

Further information on Australian Unity's Scope 3 GHG emissions measurement approach is provided in our *FY2026 Greenhouse Gas Inventory Report*, which can be accessed on the Australian Unity website at www.australianunity.com.au/investor-centre.

2. Preface

2.1. Group overview

Australian Unity is a mutual organisation established in 1840 and serves the wellbeing needs of its members and customers across the areas of health, wealth and care. Today, Australian Unity operates as a non-operating holding company with prudentially regulated subsidiaries, delivering services to more than 340,000 members and 360,000 customers across Australia.

Australian Unity's purpose is centred on improving the wellbeing of individuals and communities, which informs its strategy, operating model and investment decisions. Its activities span both service delivery and investment in the infrastructure that supports the health, aged care and financial wellbeing sectors.

Australian Unity's operations are organised into a number of business platforms, each aligned to a component of Australian Unity's value chain and broader wellbeing strategy.

2.1.1. Home Health

Home Health is Australian Unity's integrated community healthcare platform, providing in-home and community-based care services that support people to live well and age well in their own homes.

Services are delivered through a mobile, multidisciplinary workforce and span the continuum of care – including care planning, day-to-day support, clinical and allied health services, and rehabilitation. Care delivery is supported by digital scheduling systems, client management platforms and clinical governance frameworks, enabling coordinated and personalised services.

This business is highly dependent on workforce mobility, digital coordination and supporting infrastructure, reflecting its distributed service delivery model.

2.1.2. Residential Aged Care and Retirement Communities

The Residential Aged Care and Retirement Communities businesses provide accommodation and care services to older Australians, supported by physical assets including residential aged care facilities and retirement village infrastructure.

These businesses combine service delivery with asset ownership and management, including the operation of facilities, provision of care, resident services and daily living support, and ongoing investment in infrastructure to meet regulatory and community expectations.

They are capital-intensive and subject to regulatory frameworks governing safety, quality of care and building standards.

2.1.3. Private Health Insurance

The Private Health Insurance business offers hospital and extras cover products to members across Australia, providing access to private healthcare services alongside the public health system.

The value of this business is driven by member engagement and retention, product design and pricing, and relationships with healthcare providers. Its performance is also influenced by public hospital utilisation and demand for private healthcare services.

Australian Unity's insurance business includes distributing products other than private health insurance (for example, general insurance). We have not considered those businesses for the purposes of the climate risk assessment as Australian Unity acts solely as a distributor and does not underwrite the underlying insurance risks. In addition, those activities are not financially material, representing approximately 2% of gross profit. Management has therefore concluded that their inclusion would not have a material impact on the assessment.

2.1.4. Wealth and Capital Markets

The Wealth and Capital Markets business provides a range of financial and investment services, including investment funds, investment bonds, social infrastructure and trustees services.

This business manages assets and investment products that support long term value creation and community wellbeing.

2.1.5. Value chain and operating model

Australian Unity mapped the value chain of each business platform across five stages, from inputs through to outputs, as shown in Figure 1, below. The mapping is the basis for identifying where climate-related risks and opportunities (CRROs) arise, and each identified risk is linked to a specific point in the value chain.

Two features of Australian Unity's operating model shape its climate exposure.

- First, Australian Unity combines service-based businesses (such as Home Health and Private Health Insurance) with asset-based businesses (such as Residential Aged Care, Retirement Communities and the property assets within Wealth and Capital Markets), so exposure arises through both service disruption and physical asset impacts.
- Second, Australian Unity relies on government policy settings across health and ageing, including private health insurance premium setting and rebates, home care funding and aged care subsidies.

Because of this diversity, different businesses are affected through different transmission pathways.

- ***Disruption to care delivery*** – extreme weather damages transport, power, and communications infrastructure, disrupting the workforce's ability to travel, coordinate, and deliver in-home and virtual care. This most affects Home Health services in regional areas, where infrastructure and workforce availability are more limited.
- ***Compliance burden and capital costs*** – climate impacts can compromise building integrity and operational continuity of residential aged care facilities and retirement villages, driving capital expenditure on resilience upgrades and affecting capital planning.
- ***Shifting demand and funding*** – rising climate-related health emergencies could influence demand patterns across the health system and public hospital use, prompting a shift in government funding and policy support for the public system, and altering the perceived value of private health insurance.
- ***Indirect climate risks*** – second-order effects, such as changes in customer behaviour, increased pressure on public systems and shifts in policy, could affect customer retention, regulatory or capital settings, and market dynamics.

Figure 1 – Australian Unity value chain

Our businesses create value for members and customers across five stages of the value chain. The table below summarises the activities in which each business platform primarily engages.

Business platform	**Inputs** Resources, relationships and settings that support our operations.	**Supply chain** Goods, services and infrastructure that support our business.	**Activities** How we deliver our products, services and solutions.	**Enablers and capabilities** Systems, technology and capabilities that enable and support our operations.	**Outputs** Value created for members, customers, communities and other stakeholders.
Home Health In-home and community healthcare services	Care workforce and clinical professionals, care funding and regulatory settings	Subcontracted care providers, allied health and support services, utilities and ICT providers	In-home and virtual care delivery, care management, clinical and allied health services and coordination	Mobile workforce and scheduling systems, digital platforms, clinical governance and reporting	Personalised care and support that improves health outcomes and enables independence
Residential Aged Care and Retirement Communities Accommodation, care and retirement living	Capital investment, care workforce, land and assets, regulatory settings	Food, hospitality and medical suppliers, building and maintenance services, utilities	Clinical and personal care, accommodation, daily living support, facility operations and resident services	Facility management systems, clinical governance, compliance and safety management	Safe, high-quality residential and retirement living, member satisfaction and community connection
Private Health Insurance Hospital and extras cover for members	Member data, capital and reinsurance, health system settings	Healthcare provider networks, intermediaries, partners and technology providers	Underwriting, product pricing, claims management and member support	Member and pricing analytics, claims systems, digital channels and governance	Health cover products and member support that improve access to private healthcare
Wealth and Capital Markets Investment, funds management and trustee services	Investor capital, relationships, market information and regulatory settings	Custodians, brokers, investment managers, external service providers	Investment origination, portfolio management, trading, administration and advisory services	Trading and data platforms, risk and compliance systems, research and analytics	Investment products and returns, income streams and support for social infrastructure

Climate-related risks and opportunities can arise at any of these points in the value chain. Our full assessment of climate-related risks and opportunities and their potential financial effects is set out in Section 4 (Strategy).

2.2. Judgements and measurement uncertainty

Preparing these disclosures required judgement about what information is relevant, reliable and useful, and the use of estimates for amounts that cannot be measured directly. Measurement uncertainty arises from data gaps, reliance on third parties and the forward-looking nature of climate analysis. The tables below set out the significant judgements made, and the amounts most affected by measurement uncertainty.

Significant judgements

Area	Judgement made, assumptions applied and effect on disclosures	Section reference
Identifying and rating CRROs	Management identified a long list of CRROs across the value chain and all business platforms, then judged which could reasonably be expected to affect Australian Unity's prospects. Each risk was rated using the Enterprise Risk Management Framework (ERMF) risk matrix (likelihood against consequence), with consequence assessed across financial, customer, clinical, people and regulatory dimensions. The judgement was that two risks reached high in the medium term: physical service disruption (Home Health) and government carbon policy (Australian Unity). Effect: the two CRROs described in section 5.4 drive the strategy and risk disclosures; other risks presented in section 5.5 were assessed as high in the long term and, while risk descriptions and their nature are disclosed, the level of measurement uncertainty involved in estimating the effects of these risks is so high that the resulting quantitative information and any further qualitative information would not be useful. These risks will be monitored on a regular basis for changes in the internal and external environment and in their measurement uncertainty.	Climate risk assessment (5.1) Risk management (4)
Relative significance	In deciding what to disclose, management judged the relative significance of each CRRO to users of the financial report, prioritising those with the greatest potential effect on financial performance, position or cash flows over each horizon. Effect: shorter-dated, lower-rated matters are summarised rather than disclosed in full, keeping the report focused on decision-useful information.	Risk management (4)
GHG emissions boundary	Management judged that the operational control approach (rather than equity share or financial control) best reflects the emissions Australian Unity can directly influence, because it captures the operations where Australian Unity has authority to implement operating policies, and aligns with how Australian Unity manages and monitors climate risk. Effect: determines which emissions fall into Scope 1 and 2 versus Scope 3, and therefore the reported emissions figures.	Metrics and targets (6.1)
Scenario selection	We selected physical scenarios (SSPs) and transition scenarios (NGFS) to give a plausible range of futures, assessing physical risk under high emissions and transition risk under low emissions to show each at its most pronounced.	Scenario analysis (5.2) Climate resilience (5.6)

Measurement uncertainty

Area	Source of uncertainty (data limitations, estimation method, assumptions and dependencies)	Section reference
Scope 1 and 2 GHG emissions	Emissions metrics rely on third-party activity data and emissions factors, and are inherently uncertain. Where invoices were unavailable at reporting date, consumption was estimated using accruals or pro-rated estimates to the FY2026 boundary. The figures depend on the timeliness and completeness of utility and landlord-provided data. Australian factors (National Greenhouse Accounts Factors 2025) are applied.	Metrics and targets (section 6) *FY2026 Greenhouse Gas Inventory Report*, available at: www.australianunity.com.au/investor-centre
Scope 3 GHG emissions	Voluntarily disclosed Scope 3 emissions rely more heavily on estimation, proxy data and emissions factors across the value chain, and carry a higher degree of uncertainty than Scope 1 and 2 emissions.	Metrics and targets (6)
Anticipated financial effects of climate risks	The estimated effects rely on scenario assumptions and macro-economic and emissions modelling. They are forward-looking and highly uncertain, and the carbon-policy estimate excludes planned emissions-reduction initiatives and shared supply-chain costs, which are key drivers of the range.	Strategy (5)
Climate resilience	The resilience assessment depends on assumptions about future policy, energy mix, carbon pricing and physical-hazard intensity under each scenario. These assumptions may not eventuate and the scenarios are not predictions.	Scenario analysis (5.6)
Other risks assessed	As described above, the level of measurement uncertainty involved in estimating the effects of other risks assessed is so high that the resulting quantitative information and any further qualitative information would not be useful in the current reporting period.	Other risks assessed (5.5)

3. Governance

3.1. Board oversight

The Board of Australian Unity Limited (Australian Unity) retains ultimate accountability for CRROs and climate-related disclosures. It discharges this through three bodies whose climate responsibilities are set out in their charters.

3.1.1. Risk & Compliance Committee (RCC)

The RCC oversees climate risk within Australian Unity's risk management framework and the Risk Appetite Statement (RAS). The RCC Charter specifically references monitoring exposure to climate risk. It meets at least quarterly and, in FY2026, reviewed and endorsed the inaugural climate risk assessment and scenario analysis. All Board members were members of the RCC in the reporting period. The Group Managing Director (GMD), General Counsel (GC), and Chief Risk Officer (CRO) have permanent invitations to attend.

3.1.2. Audit Committee (AC)

The AC oversees the integration of climate reporting into Australian Unity's financial reporting and disclosures. Under its Charter, it reviews and recommends the annual sustainability report for Board approval, and assesses sustainability developments affecting the financial statements. The AC comprises no fewer than three independent non-executive directors, and all non-executive directors have a standing invitation to attend. The GMD, GC, CRO, Chief Financial Officer (CFO), Chief Audit Executive and external auditor have standing/permanent invitations to attend. It meets at least quarterly.

3.1.3. ESG Forum

The ESG Forum is a management committee reporting to the RCC, established in FY2023, meeting at least half-yearly. Its charter makes it responsible for setting sustainability governance and reporting standards, ensuring compliance with climate disclosure reporting, implementing the Group ESG and Sustainability Policy, and endorsing ESG goals and frameworks. The charter permits it to set climate-related targets (none set to date). Members include the Group CFO, CRO, General Manager – Strategy & Impact, Head of Group Risk & Compliance and Senior Legal Counsel.

3.1.4. How the Board is informed

The RCC receives reporting on any changes to risks or risks outside target on a quarterly basis. This would include any climate risks that meet this criteria; the AC reviews climate reporting and disclosures at its quarterly meetings when required; and the ESG Forum reports to the RCC on ESG-related matters at least annually, which could include climate risk. In FY2026 the RCC met 4 times and considered, among other matters:

- endorsement of the inaugural climate risk assessment and scenario analysis
- the identified CRROs and their risk ratings
- integration of climate risk into the ERMF and Risk Appetite Statement.

The AC met 4 times in FY2026 and considered the approach to climate-related disclosures and their assurance. Material developments are escalated to the Board between scheduled meetings; further detail on the monitoring cycle is in section 4.4.

3.1.5. How skills and competencies are determined

As part of its annual board governance processes, the Board's collective skills and competencies are reviewed, including against a desirable skill relating to CRROs. Through this process, the Board has been assessed as having the appropriate skills, experience and expertise required to discharge its responsibilities and provide effective oversight in accordance with applicable legal and governance requirements (including in relation to Australian Unity's CRROs). Where development needs are identified, they are addressed through director briefings and external expert sessions, including on climate-related risk and reporting where required.

3.2. Management responsibilities

Execution of climate risk management is delegated primarily to the Chief Risk Officer, with input from the CFO, the General Manager – Strategy & Impact, and business-unit leaders. With that input, the CRO manages the integration of identified climate risks into the ERMF. Responsibilities across senior management are:

- CRO – oversight of integration of climate risks within the ERMF and risk reporting to the RCC
- CFO – oversight of financial implications of climate risks and integration into financial disclosures and planning
- General Manager – Strategy & Impact – coordination of climate risk assessment, scenario analysis and strategy alignment
- GMD and Executive Committee (ExCo) – overall accountability for delivery of strategic responses to CRROs.

Climate responsibilities are not explicitly reflected in the role descriptions of management personnel, however are in the mandates of the governance forums above, and in reporting processes.

3.2.1. How oversight is exercised

The CRO, CFO and General Manager – Strategy & Impact sit on the ESG Forum, which reports to the RCC; the RCC and AC in turn report to the Board. This reporting line is how the Board oversees management's discharge of its climate responsibilities.

3.2.2. Controls and procedures

Management uses the Group's existing controls to manage the CRROs and the broader risks to which they relate. This is supported by the inclusion of specific climate risk measures in the RAS with associated tolerance metrics, integration into the ERMF risk taxonomy (to which physical and transition climate risks have been added as causes), and the Investment Case and capital-allocation processes.

3.3. Strategy oversight and decision making

Climate risk – specifically extreme weather and shifting ESG expectations – forms part of an Exposure to External Events strategic risk in Australian Unity's annual strategic plan, and any trade-offs with those risks are considered when shaping strategy and major transaction decisions.

Climate risk is incorporated into capital allocation through the Funding and Capital Management Plan (overseen by the Funding Governance Group, ExCo and the Board) and into the Investment Case process, where the Guide on Risk Assessment for Investment Cases now considers climate risks rated high in the short term and those moving to high in the medium term.

Australian Unity's broader risk appetite, controls and continuous-improvement approach are described in the Risk management section (4) and the FY2026 Annual Report.

4. Risk management

4.1. Our approach

Climate risk is managed within Australian Unity's ERMF, described in the FY2026 Annual Report, not as a separate framework. Consistent with that framework, climate risks are managed within the RAS, which sets tolerance metrics for financial exposures from short-term high-rated risks and for emissions reduction. Climate risk is recorded both as a contributing cause of existing enterprise risks (for example, business continuity and service-delivery disruption) and as a standalone risk where material.

4.2. Identifying, assessing and prioritising CRROs

The climate risk assessment (section 5.1) is the single source used to identify and assess CRROs; the process is not repeated in parallel. It drew on internal inputs (asset and site data, business-platform value-chain mapping, and risk-owner and executive input) and external inputs (the Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report (AR6) climate risk framework, physical climate datasets by asset postcode, and Network for Greening the Financial System (NGFS) transition scenarios). The assessment covered Australian Unity's operations and value chain across all business platforms.

Scenario analysis was used to stress-test and refine the risk ratings from the assessment across different scenarios and time horizons, informing which CRROs were identified as most highly-rated (section 5.6).

Each CRRO was assessed using the ERMF risk matrix, which rates likelihood against consequence. Consequence is assessed across financial, customer, clinical, people and regulatory dimensions, combining quantitative data where available with qualitative management judgement, to produce a rating of low, medium, high or critical over the short, medium and long term.

Because CRROs are assessed on the same Group-wide scales as all other key risks, they can be compared and prioritised within the overall risk profile rather than in isolation. Most climate issues are treated as drivers of existing risk categories (operational, financial, regulatory, strategic). Climate risks rated high or critical are prioritised for management response, and in the inaugural assessment two were rated high in the medium term.

4.3. Treatment and controls

Where a residual CRRO exceeds target, management develops a Risk Treatment Plan specifying actions, owners and timelines, subject to the Group's standard escalation rules. Where existing controls are insufficient, the gap is remediated as for any other control weakness (for example, strengthening business continuity plans for climate extremes).

4.4. Monitoring and oversight of CRROs

The Risk & Compliance teams prepare quarterly risk reports for the RCC covering changes in key risks and progress on mitigation for risks outside target; this is the mechanism by which the Board is informed at least quarterly, with additional updates for material changes. Climate scenario analysis and risk assessments will be refreshed periodically (every one to two years or in line with regulatory expectations), and the Board will receive an update on the highest-priority climate risks at least annually.

5. Strategy

5.1. Climate risk assessment

In FY2026, Australian Unity undertook a climate risk assessment to better understand how CRROs could influence its business model, operations, strategy and financial performance.

The assessment was:

- designed to identify the most relevant CRROs across the organisation's value chain, over various time horizons and under a range of climate scenarios
- developed as an extension of Australian Unity's existing risk management framework, aligning with its established governance and risk processes, while incorporating climate-specific considerations
- informed by the Intergovernmental Panel on Climate Change's (IPCC) Sixth Assessment Report (AR6) Climate Risk Framework which considers the interaction between hazard, exposure, vulnerability, and response, and applied best-practice data sources for climate scenario analysis.

Risks were identified at both the business and Australian Unity levels to ensure operational relevance, with all risks assessed through an Australian Unity-level lens of consequence to support prioritisation and reporting. Climate-related opportunities were also considered across Australian Unity, none were assessed as relevant for further evaluation in this reporting period.

Australian Unity's climate risk assessment began with a comprehensive review of potential climate-related risks across its businesses, operating model and value chain. Risks assessed as relevant to Australian Unity's activities were then evaluated through business-level workshops with risk owners, business leaders, and executive teams. Consistent with the ERMF, each relevant risk was rated on likelihood against consequence (assessed across financial, customer, clinical, people and regulatory dimensions) to produce a rating of low, medium, high or critical. All ratings were recorded in a climate risk register.

5.2. Scenario analysis

Final risk ratings from the risk assessment process were stress-tested using scenario analysis, looking at different climate scenarios over different time horizons (short-term 2027, medium-term 2030, long-term 2050) across Australian Unity's value chain.

5.2.1. Scenario selection

Climate scenarios were selected to provide a plausible range of physical and transition futures.

(a) Physical climate scenarios

The below physical climate scenarios have been selected to align to Shared Socioeconomic Pathways (SSPs), scenarios developed by the IPCC for AR6.

These scenarios are data-driven stories about tomorrow that can help organisations make better decisions today. They are not predictions but instead describe a range of possibilities for the future. They are plausible, distinctly different and internally consistent. SSPs vary from SSP1-1.9 which is a 'sustainable' future and aligned with the Paris Agreement goal, to SSP5-8.5 which is a worst case no climate policy scenario.

1. Low physical risk **(SSP1-2.6)**	The scenario is broadly aligned with the objectives of the Paris Agreement and limits warming to below 2°C. While AASB S2 refers to a 1.5°C-aligned scenario, SSP1-2.6 was considered an appropriate low-emissions comparator given its widespread use, availability of robust modelling outputs and close alignment with a Paris-consistent transition. Projected physical climate impacts under SSP1-2.6 were largely immaterial relative to the baseline, and analysis therefore focused on higher-emissions scenarios that provided more decision-useful insights into potential climate-related risks. Key assumptions include: • strong, coordinated global action, with Australian policy consistent with net zero by 2050, a tightening Safeguard Mechanism and ambitious state and territory renewable targets • steady, orderly economic growth, with investment shifting toward low-carbon sectors and limited climate-driven economic disruption • warming held below 2°C, so only modest increases in extreme heat, bushfire and extreme rainfall across the postcodes where Australian Unity holds assets; continued population ageing sustains demand for health and care services • rapid decarbonisation of the electricity grid, high renewable penetration, and progressive electrification of transport and buildings • accelerated deployment of clean technologies, including renewable generation, storage, electric vehicles and energy efficiency.
2. Moderate physical risk **(SSP2-4.5)**	A moderate emissions pathway resulting in ~2.7°C warming by 2100, reflecting a development trajectory similar to the past with slow progress. Key assumptions include: • gradual policy progress in line with current commitments, with no material strengthening of ambition; Australian policy broadly follows its historical trajectory • economic and social development follows historical patterns, with moderate growth • warming of about 2.7°C brings more frequent heatwaves, droughts and extreme weather across Australian Unity's asset locations; an ageing population continues to drive care demand • renewable adoption increases but fossil fuels remain significant, so grid decarbonisation is slower • incremental improvement and moderate uptake of low-emissions technologies, without breakthrough acceleration.
3. High physical risk **(SSP5-8.5)**	A high-emissions pathway with minimal mitigation, sustained fossil fuel reliance, and limited global coordination – projecting ~4.3°C warming by 2100. Key assumptions include: • limited or no strengthening of climate policy, with a risk of rollback and fragmented global coordination; Australian policy ambition remains constrained • fossil-fuel-intensive growth, with rising costs from climate impacts and higher insurance premiums • warming of ~4.3°C drives substantially higher physical hazard intensity (extreme heat, bushfire, extreme rainfall and cyclone) across Australian Unity's asset locations, with greater pressure on public infrastructure and health systems, compounded by an ageing population • continued reliance on fossil fuels and slow grid decarbonisation • limited adaptation investment and slow deployment of clean technologies.

(b) Transition climate scenarios

To support the analysis of transition risks, scenarios were selected from the NGFS framework to assess and quantify transition risk impacts. The framework incorporates climate-related and macro-financial variables across multiple models and regions.

1. High transition risk	***NGFS Net Zero 2050*** A highly ambitious and orderly transition scenario aligned with limiting warming to 1.5°C, driven by strong global policy coordination, rapid innovation, and deep decarbonisation across all sectors. Key assumptions include: • immediate, coordinated and stringent global policy, with Australia moving to net zero by 2050 through a rising carbon price or equivalent mechanisms, a tightening Safeguard Mechanism and stronger disclosure and building standards • orderly transition with manageable transition costs; carbon prices rise steadily and capital reallocates toward low-emissions activities • physical hazards remain relatively contained (consistent with the 1.5°C pathway); transition effects concentrate in emissions-intensive operations such as Residential Aged Care • rapid grid decarbonisation, high renewable penetration and accelerated electrification of transport and buildings • rapid innovation and deployment of clean technologies (renewables, storage, electric vehicles, energy efficiency), lowering abatement costs over time.
2. Moderate transition risk	***NGFS Nationally Determined Contributions (NDCs)*** A transition scenario aligned with the climate policies currently committed to by national governments, resulting in approximately 2.3°C warming by 2100. Key assumptions include: • only currently legislated commitments are implemented, with no material strengthening of ambition; Australian policy follows existing NDC settings, delivering a slower, less predictable transition • moderate growth with uneven, delayed transition costs; carbon prices rise more slowly and less predictably than under Net Zero 2050 • warming of about 2.3°C brings greater physical hazard intensity than the net zero pathway, so Australian Unity faces both moderate transition pressure and rising physical exposure across its asset locations • partial grid decarbonisation, with fossil fuels retaining a meaningful share and slower electrification • moderate, uneven uptake of low-emissions technologies, without the breakthrough acceleration assumed under Net Zero 2050.

5.2.2. Time horizons

The following parameters were used for the climate scenario analysis.

Short term (2027)	The usual 12 month budgeting cycle, with specific focus on targets and deliverables
Medium term (2030)	Australian Unity's typical strategic planning horizon of 3–5 years
Long term (2050)	Australian Unity's long term future focus for building and operating sustainable businesses, allowing for meaningful outcomes of CRROs to develop

The outcomes of the scenario analysis can be found in the Climate resilience and scenario analysis section of this report (section 5.6).

5.3. Outcomes of climate risk assessment

The output of this process is a comprehensive set of climate risk scenarios and risk statements relevant to our business. These cover a spectrum of issues – from acute physical risks (bushfires, floods, cyclones, extreme heat impacting our assets and services) to chronic physical risks (rising temperatures affecting health demand) and transition risks (climate policy changes, carbon pricing, shifts in investor and customer preferences). Each risk is documented with a clear risk statement, the potential climate hazard or driver, the parts of the business affected, and our preliminary assessment of its potential impact. This forms the basis for the evaluation and prioritisation described below.

5.4. Identified climate-related risks

While no risks were rated as high in the short term (2027), two were rated high in the medium term (2030), and are prioritised for our strategic response. Risks assessed as high in the long term (2050) are presented in section 5.5.

For those rated high in the medium term, the physical risk was assessed under a high-emissions scenario (SSP5-8.5) and the transition risk under a low-emissions scenario (NGFS net zero), to show each at its most pronounced. For each risk, financial effects are described below. Where quantitative estimates are not provided, qualitative information is provided, with the reasons for not providing quantitative estimates set out in section 2.2 .

No climate-related opportunities were assessed as relevant for further evaluation in this reporting period.

Risk 1	Physical service disruption – infrastructure and access (Home Health)
Nature/rating	Physical. Rating: medium (2027), high (2030), high (2050). Assessed under SSP5-8.5.
Risk description	Extreme weather (bushfires, extreme heat, extreme rainfall, cyclones) can damage power, telecommunications and digital infrastructure, and make travel and access unsafe. Both mechanisms converge at the point of service delivery, causing missed or delayed visits, coordination breakdowns, reduced reliability, with clinical, legal and reputational consequences that increase in frequency and severity over time.
Value chain impact and concentration	Concentrated in enabling capabilities (mobile workforce, digital scheduling and coordination systems reliant on power and telecommunications) and in home care, which requires physical access and cannot be fully substituted by virtual delivery. Exposure is highest at inland and regional NSW sites (for example Wilcannia, Dareton, Bourke), where infrastructure redundancy and alternative access are limited, and is heightened by reliance on public roads and external utility providers.
Current management response	Group level business continuity and crisis management arrangements apply to Home Health, including Business Continuity Plans, a Critical Systems Recovery plan with regular testing, tested Crisis Management Plans and appropriate business-interruption insurance, within existing allocated resources.
Anticipated management response	Because restoration of external infrastructure is outside our control, adaptation will increasingly rely on: • stakeholder management and coordination of suppliers and local authorities • resource planning for surge response and continuity where disruption frequency rises (which creates more stressful working conditions for staff and operational bottlenecks during high demand periods).
Financial statement impact	• Service revenue – delayed, cancelled or unrecoverable visits • Employee-related and other operating expenses – coordination effort, surge response, retention pressure
Current financial effects	No material financial impacts in the current reporting period.
Anticipated financial impacts	• Hazard frequency and severity are projected to rise, unevenly across the portfolio and concentrated at inland NSW sites, suggesting increasing effects over the medium to long term through service disruption, customer attrition and workforce cost pressure. • Potential effects scale from limited (rescheduling and timing effects) to sustained inefficiency and revenue pressure in high-exposure regions as event frequency increases. • Quantitative financial effects have not been disclosed because the measurement uncertainty is sufficiently high that the resulting information would not be useful, individually or in combination with other risks. • No balance sheet items are expected to require material adjustment within the next annual reporting period.

<table>
<tr><th>Risk 2</th><th>Government carbon reduction policies (Group)</th></tr>
<tr><td>Nature/rating</td><td>Transition. Rating: medium (2027), high (2030), high (2050). Assessed under SSP1-2.6.</td></tr>
<tr><td>Risk description</td><td>The shift to a low-carbon economy, through evolving carbon pricing, emission regulation and compliance obligations is expected to increase costs (energy, fuel, offsets) and drive capital investment in energy-efficient, resilient assets. It may materialise progressively across multiple business units.</td></tr>
<tr><td>Value chain impact and concentration</td><td>Australian Unity's vulnerability is directly linked to operations, focused on emissions produced and emissions reduction activity. Electricity consumption comprises ~85% of Australian Unity's emissions profile. Residential Aged Care (RAC) is the most exposed business, due to the emissions-intensive nature and scale of operations.</td></tr>
<tr><td>Current management response</td><td>Managing this risk centres on reducing emissions to reduce carbon price and offset exposure.

Current initiatives include recently installed rooftop solar (approximately 800 kW) across four aged care/retirement sites (Racecourse Grange, Sienna Grange, Campbell Place and Geelong Grove). This is expected to generate ~800 MWh of renewable energy annually and reduce Group emissions by ~700–800 tCO_2e (~6% of electricity-related emissions). The capex allocated to this program is approximately $1m. We will continue to look for opportunities to install further solar capacity as well as work on other energy efficiency initiatives.</td></tr>
<tr><td>Anticipated management response</td><td>As carbon policy tightens, we will consider an indirect mitigation plan (supplier engagement, procurement standards, contract clauses) and the potential to pass through some costs.

A resourcing plan (budget, accountabilities, governance cadence) will be developed over time, led by the ESG Forum, including a greenhouse gas emissions reduction plan.</td></tr>
<tr><td>Financial statement impact</td><td>• Operating expenses – carbon offset and compliance costs, particularly energy and fuel
• Capital expenditure – energy-efficient, lower-emissions and resilient assets
• Cash flows – higher operating and capital outflows under tightening policy</td></tr>
<tr><td>Current financial impacts</td><td>No material financial impacts in the current reporting period.</td></tr>
<tr><td>Anticipated financial impacts</td><td>Although Australia has no economy-wide carbon price, this risk can materialise through offset requirements or other policy mechanisms.

If no action is taken to reduce overall emissions, the estimated overall profit impact is up to ~$5m per annum in the medium term and ~$21m per annum in the long term (low emissions scenario), driven largely by electricity-related emissions.

The tables below show carbon price ranges and modelled cost increases by business on an annual basis (compared to the 2025 ACCU price). Modelling excludes planned emissions reductions and shared supply-chain costs, which are key uncertainty drivers.
<table>
<tr><th>Current</th><th>2030</th><th>2050</th></tr>
<tr><td>ACCU price ~$33 (end Mar 25 quarter)

(Clean Energy Regulator, 2025)</td><td>$280–340/$tCO_2e$ carbon price projected by NGFS

Corporate: $270–340k

Home Health: $360k–450k

RAC: $2.7–3.27m

RC: $750–920k</td><td>$270–1,400/tCO_2e carbon price projected by NGFS

Corporate: $270k – $1.4m

Home Health: $360k – $1.86m

RAC: $2.6–13.6m

RC: $730k – $3.83m</td></tr>
<tr><td>Cumulative total cost increase</td><td>$4.1–5.0m pa</td><td>$4.0–20.7m pa</td></tr>
</table>
Anticipated upper and lower 'markers' for financial impact:
<table>
<tr><th>Lower end</th><th>Upper end</th></tr>
<tr><td>Medium emissions scenario</td><td>Low emissions scenario</td></tr>
<tr><td>Lower end of NGFS carbon price range</td><td>Upper end of NGFS carbon price range</td></tr>
<tr><td>$280/$tCO_2e$ by 2030</td><td>$1400/$tCO_2e$ by 2050</td></tr>
<tr><td>Likely impact ~$4m pa in additional energy costs</td><td>Likely impact ~$21m pa in additional energy costs</td></tr>
</table>
No balance sheet line items are expected to require a material adjustment within the next annual reporting period (including identifying specific assets for impairment, decommissioning, or materially shortened useful lives).</td></tr>
</table>

5.4.1. Transition planning and key assumptions

None of the two risks considered above are rated as 'high' in the short term. Australian Unity's forward-looking strategy includes continuous monitoring and management of climate risks consistent with our ERMF, including these 'medium' rated risks and other emerging climate risks.

Progress against prior plans

This is the first time Australian Unity has conducted an organisation-wide climate risk assessment. While there is no formal, organisation-wide climate transition plan in place, we have commenced work on various decarbonisation initiatives, including solar generation, energy optimisation programs and waste management initiatives. We also continue to manage risk in a manner consistent with the ERMF.

Decarbonisation activities

Australian Unity has been measuring and disclosing its GHG emissions since FY2024. We are also committed to managing and actively reducing our environmental impact through various initiatives, including:

- Installation of solar across four aged care/retirement sites (described above in 'Government carbon reduction policies risk' section)
- Expanded energy efficiency initiatives, including running Buildings Alive (building management software helping track, predict, and minimise electricity, gas, and water consumption) across 12 aged care sites and other assets; currently reducing Group emissions by 300–400 tCO_2e per annum
- Implementation of a data-driven waste management model, piloted at Western Hospital in SA and now scaling across our aged care, retirement and property fund assets
- Installation of a Battery Energy Storage System (BESS) at our Campbell Place retirement village, developing a targeted resilience solution to support residents during outages (meal preparation, lighting, heating/cooling).

5.4.2. Assets affected by climate change

Physical risks

The Home Health physical risk disclosed in section 5.4 affects the majority, if not all, of the Home Health business. This represents assets of $766m and annual revenue of $1,059m.

Transition risks

The transition risk disclosed in section 5.4 primarily affects the Residential Aged Care business. This represents assets of $544m and annual revenue of $246m.

5.5. Other risks assessed

While our climate risk assessment identified two climate risks in section 5.4 as high in the medium term, it also identified emerging risks that are currently rated as low or medium but are expected to reach high or critical in the long term.

While we identified these risks and concluded they were not relevant in the short term, they serve as early signals of systemic vulnerability. While their impacts may not be immediately disruptive, they could intensify over time as chronic stressors (e.g. rising temperatures) interact with acute events (e.g. heatwaves, storms, infrastructure failure).

Set out below are some of the themes we identified in the risk assessment and where they would most likely present in the Australian Unity value chain and operating model. For these risk themes, there are no material financial impacts in the current reporting period, nor are there any material financial impacts anticipated in the short or medium term regarding our business model, operations, strategy or financial performance.

Risk	Risk type and description	Business platforms most affected
Workforce and service delivery strain	***Physical risk*** Climate-related illness and extreme weather may increase demand for care services while disrupting workforce availability, staff access to residential sites and service delivery. These pressures could affect service continuity across care-based businesses, particularly in regional areas.	Home Health Residential Aged Care and Retirement Communities
Asset resilience, compliance and insurance costs	***Physical and transition risk*** Climate impacts may increase maintenance, repair, insurance and capital upgrade costs across aged care and retirement and property assets. Evolving building, safety and planning requirements may also increase compliance obligations and investment in climate resilience.	Residential Aged Care and Retirement Communities Wealth & Capital Markets
Policy and funding settings	***Transition risk*** Australian Unity operates in sectors influenced by government policy, funding and regulatory settings. Changes to subsidies, funding models, rebates or pricing arrangements could affect demand, affordability, operating models and financial performance over time.	Home Health Residential Aged Care and Retirement Communities Private Health Insurance
Financial and investment impacts	***Physical risk*** Acute weather events, economic pressures and changing market conditions could contribute to broader financial, operational or reputational impacts. Climate-related disruptions may affect member behaviour, investment performance and asset values over time. For Private Health Insurance, more frequent climate events may also increase claims volatility and underwriting risk.	Private Health Insurance Wealth & Capital Markets
Transition and regulatory compliance costs	***Transition risk*** The shift to a low-carbon economy and stricter climate regulation, including evolving disclosure obligations, green-investment criteria and the transition of products, supply chains and vehicle fleet (for example from internal combustion engine to electric vehicles), may increase compliance, monitoring and capital costs across Australian Unity's operations and investment portfolio.	Australian Unity (Group-wide)
Reputation and social licence	***Transition risk*** A perceived lack of clear climate strategy or action could affect Australian Unity's reputation and social licence, contributing to reduced trust among members and communities, and to workforce attraction and retention pressures over time.	Australian Unity (Group-wide)

Australian Unity will need to continue to monitor these risks in future reporting periods and consider targeted strategies to mitigate them if they appear likely to intensify, including:

- workforce planning
- infrastructure resilience upgrades
- insurance and financial product reviews
- contingency planning for system-wide shocks.

Early action will be critical to maintaining service continuity, financial performance, and member trust as climate pressures grow.

5.6. Climate resilience and scenario analysis

5.6.1. Capacity to adjust or adapt strategy and business model

Resources and flexibility

The scenario analysis highlights that financial exposure to transition drivers (particularly carbon price) is sensitive to emissions reduction actions. This implies that the organisation's capacity to adapt is linked to the pace and scale of emissions reduction planning and implementation, as well as the ability to manage cost volatility associated with electricity price movements.

Australian Unity has sufficient liquidity buffers, capital allocation flexibility and other financial levers to be respond to transition driver exposure should the need arise. The organisation is working on the basis that future emissions reduction actions will adequately mitigate this risk.

Redeploying, repurposing, upgrading or decommissioning assets

The physical scenario analysis identifies increasing exposure to heat, rainfall, bushfire and storm-related impacts across the asset footprint, which implies a growing need for upgrading assets and systems exposed to higher hazard intensity (e.g. buildings and infrastructure, energy and telecommunications dependencies).

Australian Unity will continue to use its annual asset management planning cycle, especially for Residential Aged Care and Retirement Communities, capital works programs, and facility condition assessments to manage the portion of capital expenditure allocated to climate exposure mitigation and identify which assets, if any, should be flagged for redesign, major retrofit, relocation, or exit due to increasing climate exposure and other factors.

Investment in climate-related mitigation, adaptation and opportunities

Transition scenario analysis highlights that carbon price exposure may reach ~$21m by 2050 under a low emissions scenario if emissions are not reduced, noting this exposure is driven largely by electricity-related emissions (~85%).

The organisation's resilience would be strengthened by investments in:

- the purchase of 'green' or renewable energy
- energy efficiency programs, and
- adaptation investments that reduce reliance on vulnerable infrastructure, where feasible (e.g. backup power, continuity arrangements for service delivery).

Australian Unity will continue to monitor the proportion of planned capex allocated across each of our businesses for climate resilience, for example digital resilience in Home Health, HVAC upgrades in Residential Aged Care and Retirement Communities, and data and modelling uplift in Private Health Insurance, and adjust to ensure we continue to manage the risks associated with climate exposure.

5.6.2. Scope and methodology

Australian Unity undertook climate-related scenario analysis during the reporting period to assess the resilience of its strategy and business model against physical climate hazards and transition drivers.

Exposure ratings were determined for each climate metric using percentile thresholds. For each metric, future change values were compiled (expressed as the difference between projected conditions and the agreed baseline) for all Australian postcodes containing Australian Unity assets. These datasets included different climate scenarios (see below) and time horizons, ensuring that the thresholds captured the full distribution of projected changes.

Final ratings for each hazard, time horizon, and scenario were determined by calculating the average projected change across all assets, then comparing this average to the percentile thresholds for that metric.

5.6.3. Physical hazards

Physical exposures were quantified using climate metrics selected for operational relevance, including extreme heat, extreme rain, bushfire and cyclones.

The table below shows Australian Unity's projected exposure to key physical climate hazards. For each metric, it compares the historical baseline (1995–2014) to projected changes under medium and high emissions scenarios for 2030 and 2050, with an exposure rating of Low, Medium, or High. These ratings are based on national percentile thresholds for each metric, calculated across all postcodes where Australian Unity has assets.

			Exposure Rating			
			Low	Medium		High
Hazard	**Climate metrics**	**Baseline value (1995–2014)**	**Future Change and Exposure Rating**			
			Medium Emissions Scenario		**High Emissions Scenario**	
			2030	**2050**	**2030**	**2050**
Extreme heat	Annual count of days above 35°C	**13.6 days** (0.1 to 92.1 days)	**+3.7 days** (+0.2 to +19.2 days)	**+7.7 days** (+0.5 to +31.5)	**+3.8 days** (+0.2 to +17.0 days)	**+9.4 days** (+0.5 to +38.5)
Extreme rain	Annual count of days where rainfall in a day is greater than 20mm	**7.8 days** (0.9 to 33.1 days)	**+0.4 days** (-0.8 to +1.0 days)	**+0.2 days** (-2.3 to +0.6)	**+0.4 days** (-0.4 to +1.0 days)	**+0.5 days** (-1.0 to +1.0)
Bushfire	Annual count of days where the Fire Weather Index exceeds the 95th percentile	**18.5 days** (11.7 to 21.2 days)	**+2.7 days** (+0.7 to +5.5)	**+6.7 days** (+2.3 to +8.9)	**+2.0 days** (-0.5 to +4.0)	**+6.7 days** (+3.1 to +10.4)
Cyclones*	Future change in the intensity of CAT4/5 tropical cyclones and landfall rain rate; Future change in CAT4/5 tropical cyclone frequency	East AUS: **2 CAT 4/5**			East AUS: -14% frequency, +1% intensity, +7% landfall rain rate	

** Climate modelling data is not available for cyclones. Qualitative data has been utilised to assess and analyse future changes.*

5.6.4. Transition drivers

Transition scenario analysis focused on drivers where metrics were available, including a carbon price (expressed as a cost exposure to Australian Unity) and changing energy prices (expressed as cost exposure driven by electricity price changes).

The table below shows the transition drivers assessed, available climate scenarios, time horizons, and an overview of findings. The figures presented have been modelled using data from the Network for Greening the Financial System (NGFS) and the Australian Energy Market Operator (AEMO) multi-sectoral models to assess each risk's level of change under a transition to a low-emissions economy. The modelling suggests Australian Unity's exposure to:

- a carbon price becomes higher into the future as governments implement more carbon reduction policies
- electricity pricing appears to decrease in the near future with prices potentially increasing in the medium-term (however modelling becomes more uncertain further in the future).

			Exposure Rating			
			Low	Medium		High
Driver	**Climate metrics**	**Baseline value (2024)**	**Future Change and Exposure Rating**			
			Medium Emissions Scenario		**High Emissions Scenario**	
			2030	**2050**	**2030**	**2050**
Policy and Legal	Carbon price	**$0** 33/ACCU	**~$5m** $340/tCO₂e	**~$21m** $1,400/tCO₂e	**~$4m** $276/tCO₂e	**~$4m** $270/tCO₂e
Technology	Energy price	**8c/kWh**	**(~$320k)** 6c/kWh	**(~$120k)** 8c/kWh	**(~$200k)** 7c/kWh	**~$90k** 9c/kWh

** Cost estimates are modelled on an annual basis (compared to the baseline value).*

5.6.5. Significant areas of uncertainty

The scenario analysis includes several explicit limitations and uncertainty drivers, including:

- Cyclones – climate modelling data is not available for cyclones and qualitative data is used, limiting the ability to apply consistent exposure ratings
- Physical hazard variability – ranges for baseline and projected changes across assets and locations, indicating substantial dispersion in exposure outcomes (e.g. extreme heat baseline range 0.1 to 92.1 days across asset postcodes)
- Transition modelling – uncertainty increases over time (e.g. electricity price modelling becomes more uncertain further into the future)
- Dependency on internal choices – strategic choices materially affect transition outcomes; e.g. carbon price exposure will be heavily influenced by Australian Unity's emissions reduction plans and targets
- Asset locations – climate risks are assessed according to the physical locations of assets, assuming each business operates in the same geographic locations as its assets and that these locations remain unchanged over time. The analysis does not account for potential future changes in asset locations, which could alter exposure to climate risks under different scenarios.
- Distinct emissions pathways (e.g. low, medium, and high) – each represent different policy and regulatory trajectories. In practice, climate and policy developments are unlikely to follow any single pathway precisely; instead, the future may blend elements from multiple scenarios, with unpredictable shifts in climate and policy responses
- Regulatory policy uncertainty – both globally and domestically may result in ongoing changes to targets and regulation (including reporting demands). Changes to consumer behaviour across Australian Unity's products and services is also uncertain.

6. Metrics and targets

6.1. Overview/boundary

Australian Unity has calculated its Scope 1 and 2 GHG emissions in accordance with the requirements of AASB S2 and the Greenhouse Gas Protocol: *A Corporate Accounting and Reporting Standard* (2004)

For each of our Scope 1, Scope 2 and Scope 3 emissions, the details of our approach and associated inputs, assumptions and justifications are included in our *FY2026 Greenhouse Gas Inventory Report*, which can be accessed on the Australian Unity website at www.australianunity.com.au/investor-centre.

Australian Unity applies the operational control approach (as defined in section 1.1) when defining its GHG emissions boundary. It reports only those emissions it can directly influence – such as those arising from aged care and retirement living, offices and corporate activities – consistent with the definition of operational control in the GHG Protocol.

The operational control approach was selected as it aligns reported emissions with operations over which Australian Unity has the authority to implement operational and environmental policies, providing a practical and decision-useful basis for managing and reducing emissions.

6.2. Scope 1 and 2 GHG emissions

Set out in the table below is an estimate of Australian Unity's Scope 1 and Scope 2 GHG emissions across our business platforms reported in tonnes of carbon dioxide equivalent (tCO_2e).

	Corporate Functions[1]	Home Health	Residential aged care	Retirement communities	Total
Scope 1					
Mobile combustion	2	703	7	16	728
Stationary combustion	67	1	1,250	473	1,791
Fugitive emissions	n/a	n/a	27	103	130
Total Scope 1 Emissions					**2,649**
Scope 2 (location-based)					
Purchased electricity	902	640	8,511	2,536	12,589
Total Scope 1&2 Emissions	**971**	**1,344**	**9,768**	**3,025**	**15,238**

1 Corporate Functions includes corporate operations as well as functions from Insurances and Wealth & Capital Markets without material real estate assets (for example funds management, Australian Unity Life). These functions are typically housed within corporate offices and the emissions generated from their operations are relatively low.

6.3. Internal carbon price

Australian Unity has not set an internal carbon price in the reporting period.

However, we note that our climate risk assessment highlights that Australian Unity's exposure to transition drivers – particularly carbon price – is likely to increase over time (from the short term to the medium and long term). We will monitor this in a manner consistent with our ERMF and consider the introduction of an internal carbon price as the likelihood and/or consequence of this risk increases.

6.4. Remuneration

Climate-related considerations are not directly factored into executive remuneration and are treated consistently with all other risk categories.

In future reporting periods, we will consider linking executive remuneration policies to the way in which we manage CRROs as our climate risk framework matures.

6.4.1. Climate-related targets

Australian Unity does not have any climate-related targets it is required to meet by law or regulation, and has not set any climate-related targets in this reporting period. We will consider setting targets in future reporting periods.

7. Events after the reporting period

No transactions, events or conditions have occurred after the end of the reporting period and before the date this report was authorised for issue that require disclosure in this report.

8. Directors' declaration

The directors of Australian Unity Limited (Australian Unity) declare that, in their opinion, the entity has taken reasonable steps to ensure that the substantive provisions of the sustainability report set out on pages 156 to 172 are in accordance with the *Corporations Act 2001* (the Act) and Australian Sustainability Reporting Standards (being AASB S2 *Climate-related Disclosures*), including:

a. *section 296C of the Act, and*

b. *section 296D of the Act.*

This declaration is made in accordance with a resolution of directors.

Lisa Chung AM
Chair

Kelly Bayer Rosmarin
Group Managing Director & CEO

Melbourne
26 August 2026

Independent Auditors' Review Report

To the members of Australian Unity Limited

Report on specified Sustainability Disclosures of Australian Unity Limited presented in the Sustainability Report information section of the Annual financial report and directors' report – 30 June 2026, prepared in accordance with the Corporations Act 2001

Review Conclusion on specified Sustainability Disclosures as required under the Corporations Act 2001

We have conducted a review of the following specified Sustainability Disclosures presented in the Sustainability Report information section of the Australian Unity Limited Annual financial report and directors' report – 30 June 2026 for the year ended 30 June 2026 (the "Sustainability Report") in accordance with Australian Standards on Sustainability Assurance (ASSA) 5010 *Timeline for Audits and Reviews of Information in Sustainability Reports under the Corporations Act 2001* issued by the Auditing and Assurance Standards Board (AUASB).

Specified Sustainability Disclosures	Reporting requirement of Australian Sustainability Reporting Standard AASB S2 Climate-related Disclosures (AASB S2) (including related general disclosures required by Appendix D) (the Criteria)	Locations in Sustainability Report
Governance disclosures	Paragraph 6	Section 3 "Governance" on pages 160–161.
Strategy (risk and opportunities) disclosures	Subparagraphs 9(a), 10(a) and 10(b)	Section 5 "Strategy", subsections 5.4 "Identified climate-related risks" and 5.5 "Other risks assessed", on pages 165–166 and 167–168.
Scope 1 greenhouse gas emissions	Subparagraphs 29(a)(i)(1) to (2) and 29 (a)(ii) to (v)	Total Scope 1 greenhouse gas emissions of 2,649 tCO_2-e and total Scope 2 greenhouse gas emissions (location-based) of 12,589 tCO_2-e on page 171. Section 6 "Metrics and targets", subsections 6.1 "Overview/boundary" and 6.2 "Scope 1 and 2 GHG emissions" on page 171, including the emissions calculation methodology described in the *FY26 Greenhouse Gas Inventory Report*.
Scope 2 greenhouse gas emissions (location-based)		

The requirements of AASB S2 identified in the table above form the Criteria relevant to the specified Sustainability Disclosures and apply under Division 1 of Part 2M.3 of the *Corporations Act 2001* (the Act). We have not become aware of any matter in the course of our review that makes us believe that the specified Sustainability Disclosures specified in the table above do not comply with Division 1 of Part 2M.3 of the *Corporations Act 2001*.

Basis for Conclusion

Our review has been conducted in accordance with ASSA 5000 *General Requirements for Sustainability Assurance Engagements* issued by the AUASB. Our review includes obtaining limited assurance about whether the specified Sustainability Disclosures are free from material misstatement.

In applying the relevant Criteria, we note that subsection 296C(1) of the Act includes a requirement to comply with AASB S2.

Our conclusion is based on the procedures we have performed and the evidence we have obtained in accordance with ASSA 5000. The procedures in a review vary in nature and timing from, and are less in extent than for, an audit. Consequently, the level of assurance obtained in a review is substantially lower than the assurance that would have been obtained had an audit been performed. See the "Summary of the Work Performed" section of our report. Our responsibilities under ASSA 5000 are further described in the "Auditor's responsibilities" section of our report.

We comply with the independence and other ethical requirements of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* issued by the Accounting Professional & Ethical Standards Board Limited.

Our firm applies Auditing Standard ASQM1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements*, issued by the AUASB. This standard requires the firm to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Other Matter

Scope 1 and scope 2 greenhouse gas emissions information relating to FY2025 and FY2024 is included in the FY26 Greenhouse Gas Inventory Report. The FY2024 comparative information was not subject to a prior assurance engagement.

We previously expressed an unmodified conclusion on the FY2025 Scope 1 and 2 greenhouse emissions for the year ended 30 June 2025. That engagement had a different scope from our current year engagement. The other comparative information was not subject to an assurance engagement in the prior year. Our conclusion is not modified with respect to this matter.

Other Information

The Directors of Australian Unity Limited are responsible for the other information. The other information comprises the financial and non-financial information included in Australian Unity Limited's Annual financial report and directors' report – 30 June 2026, including the Financial Report, the Directors' Report, the Remuneration Report, the Sustainability Report and the FY26 Greenhouse Gas Inventory Report, but does not include the specified Sustainability Disclosures (defined above) and our review report thereon.

Our conclusion on the specified Sustainability Disclosures does not cover the other information and we do not express any form of conclusion thereon, with the exception of the Financial Report and Remuneration Report and our respective audit reports.

In connection with our review of the specified Sustainability Disclosures, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the specified Sustainability Disclosures, or our knowledge obtained when conducting the review, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities for the specified Sustainability Disclosures

The Directors of Australian Unity Limited are responsible for:

- The preparation of the specified Sustainability Disclosures in accordance with the Act; and
- Designing, implementing and maintaining a system of internal control that it determines is necessary to enable the preparation of specified Sustainability Disclosures in accordance with the Act that are free from material misstatement, whether due to fraud or error.

Inherent Limitations

Inherent limitations exist in all assurance engagements due to the selective testing of the information being examined. It is therefore possible that fraud, error or material misstatement in the specified Sustainability Disclosures may occur and not be detected. Non-financial data may be subject to more inherent limitations than financial data, given both its nature and the methods used for determining, calculating, and estimating such data. The precision of different measurement techniques may also vary. The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, evaluation and measurement techniques that can affect comparability between entities and over time.

For climate risks and opportunities, there is inherent uncertainty as a result of using assumptions about future events and management's actions that may not occur.

Greenhouse gas quantification is subject to inherent uncertainty due to the nature of the information and the uncertainties inherent in: (i) the methods used for determining or estimating the appropriate amounts, (ii) information used to determine emission factors and (iii) the values needed to combine emissions of different gases.

Auditors' Responsibilities

Our objectives are to plan and perform the review to obtain limited assurance about whether the specified Sustainability Disclosures are free from material misstatement, whether due to fraud or error, and to issue a review report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the specified Sustainability Disclosures.

As part of a review in accordance with ASSA 5000, we exercise professional judgment and maintain professional scepticism throughout the engagement. We also:

- Perform risk assessment procedures, including obtaining an understanding of internal controls relevant to the engagement to identify and assess the risks of material misstatement, whether due to fraud or error, at the disclosure level but not for the purpose of providing a conclusion on the effectiveness of the entity's internal control.

- Design and perform procedures responsive to the assessed risks of material misstatement at the disclosure level.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Summary of the Work Performed

A review is a limited assurance engagement and involves performing procedures to obtain evidence about the specified Sustainability Disclosures. The nature, timing and extent of procedures selected depend on professional judgement, including the assessed risks of material misstatement at the disclosure level, whether due to fraud or error. In conducting our review, we:

- Enquired with relevant Australian Unity Limited personnel to understand and evaluate the design and implementation of the key systems, processes and internal controls to capture, collate, calculate and report the specified Sustainability Disclosures.
- Obtained an understanding of processes and information flows related to the specified Sustainability Disclosures by performing inquiries.
- Reviewed internal documentation including, charters, minutes of board and committee meetings and relevant supporting documentation.
- Reviewed Australian Unity Limited's process undertaken to identify climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects. We did this through inquiries with management and inspecting underlying documentation and analysis prepared by management.
- Assessed the suitability and application of the Criteria in respect of the specified Sustainability Disclosures.
- On a sample basis, reconciled Scope 1 and 2 greenhouse gas emissions to underlying source documentation and checked the application of emissions factors. We also re-performed emissions calculations based on the underlying data, on a sample basis.
- Read the Australian Unity Limited Annual financial report and directors' report – 30 June 2026 in its entirety to check it is consistent with our overall knowledge of Australian Unity Limited and our observation and understanding of its operations.

KPMG	Chris Wooden	Julia Bilyanska
Melbourne	Partner	Partner
26 August 2026		