



Tax Transparency Report

2025

Message from the Chief Financial Officer

I am pleased to present Australian Unity Limited's (Australian Unity) Tax Transparency Report for the financial year ended 30 June 2025. This report details our tax profile, tax contributions and how we manage our tax obligations.

As Australia's first wellbeing company, we are proud of the impact our business operations have on the communities and the social value of those we serve.

An important part of this impact is our commitment to adopting open and transparent business practices including being a signatory to the Australian Board of Taxation's voluntary Tax Transparency Code (TTC) and the voluntary release of this report.

We see this report as an additional opportunity to actively share information with our stakeholders and it should be read in conjunction with our 2025 Annual Report which can be found on our online investor centre at: australianunity.com.au/investor-centre.



Darren Mann

Group Executive Finance & Strategy
and Chief Financial Officer

About Australian Unity

Established in 1840, we are Australia's first wellbeing company, delivering health, wealth and care services for our members and the community.

As a social enterprise, we're motivated by our purpose to positively impact the wellbeing of millions. We reinvest profits to deliver products and services sustainably that matter most to our members, customers and the Australian community.

For us, Real Wellbeing encompasses the whole experience of life. It's about feeling supported in your health, connected with your community and empowered to live life on your terms.

Australian Unity's Tax Profile

Australian Unity is a company limited by shares and guarantee, however, no ordinary shares have been issued. In 2019, Australian Unity made the necessary amendments to its constitution to allow for the issue of mutual capital instruments (MCI), a perpetual instrument that mutuals can issue. As at the date of this report, Australian Unity has 5,070,950 MCIs on issue. The holders of Australian Unity MCIs are expected to receive fully franked fixed rate dividend payments semi-annually, noting that payment of dividends is within the Australian Unity board's discretion.

Australian Unity and its wholly owned Australian controlled entities have formed a Tax Consolidated Group. As a mutual, while maintaining our purpose to positively impact the wellbeing of millions of Australians, we are subject to taxation on our activities and gains derived from the investment portfolio held on behalf of our life insurance policyholders. Tax paid by Australian Unity on mutual benefit fund income that is derived from policyholders is not available to frank dividends payable to holders of Australian Unity MCIs. However, tax paid on non-policyholder income will generate franking credits that are available to frank dividends payable to holders of the MCIs.

Our approach to tax

We take our tax obligations seriously. Our approach to tax is predicated on integrity and transparency, which are the overarching principles governing the Australian Unity Group Tax Risk Management Framework (Framework) endorsed by our board. These principles also govern our tax governance, reporting and strategy.

Key elements of our approach to tax include:

- Complying with all applicable tax laws from Federal to State;
- Applying the highest standards of compliance to meet our obligations under tax legislation and a low tolerance for failing to comply with our taxation obligations;
- Adopting a balanced risk appetite to tax structuring on a range of transactions and activities across the enterprise, which involves accepting a reasonable degree of preliminary risk that is subject to risk mitigation strategies and a robust control environment; and
- Maintaining a professional and transparent relationship with the Australian Taxation Office (and the relevant state tax revenue authorities) on any review activities that are being undertaken and with early engagement on major transactions.

The General Manager of Taxation & Tax Counsel reports on the effectiveness of the design and operation of the Framework annually and escalates tax matters in accordance with the Framework to the Audit Committee.

The Australian Unity Tax Team embeds risk management in all of our critical business activities, functions, processes and systems through the following mechanisms:

- Risk assessments: we regularly assess known, new and emerging risks and if concerns are raised external advice is sought;
- Risk controls: we put controls in place over material risks, and periodically assess the design and operational effectiveness of those controls and rectify any deficiencies; and
- Reputational risk: we assess the materiality of a risk based on the degree of financial and non-financial impacts, including community, reputational and legal impacts.

We assess the tolerability of a tax-related risk based on a combination of residual risk and control effectiveness. In addition, tax governance reviews and testing around the effectiveness of Australian Unity's income tax and GST controls are conducted by an independent specialist on a regular basis.

In accordance with the corporate tax transparency disclosure requirements for public companies, Australian Unity publishes details of its subsidiaries and tax residency in its annual financial statements. As a public country-by-country (CbC) reporting entity, Australian Unity will also be publishing its FY2025 Public CbC report and including a description of its approach to tax in light of the recently released public CbC reporting measures.

Income taxes disclosed in the Consolidated Financial Statements

Income taxes are disclosed at Note 8 to the Consolidated Financial Statements of Australian Unity's FY2025 and FY2024 Annual Reports. It sets out the reconciliation of accounting profit to income tax expense and contains income tax payable:

Reconciliation of income tax expense/(income) to prima facie tax payable	FY2025 \$'000	FY2024 \$'000
<i>(see Note 8(b) of Australian Unity's Consolidated Financial Statements)</i>		
Profit/(loss) before income tax from continuing operations	109,237	33,828*
Less: profit in benefit funds	(95,227)	(82,159)
Profit/(loss) before income tax and benefit funds	14,010	(48,331)*
Profit/(loss) before income tax from discontinued operations	(3,889)	(693)*
Profit/(loss) before income tax for the year	10,121	(49,024)
Tax at the Australian tax rate of 30%	3,036	(14,707)
Non-assessable income	(10,290)	(16,312)
Other assessable amounts	83	7
Non-deductible expenditure	1,880	7,198
Other deductible expenditure	(1,185)	(1,893)
Under/(over) provision in prior years	(539)	680
Tax credits	(275)	493
Other adjustments	(9,150)	(1,749)
Tax in benefit funds	95,227	82,159
Income tax expense/(income)	78,787	55,876
Reconciliation of income tax expense/(income) to income tax payable/(recoverable)		
Income tax expense/(income)	78,787	55,876
Temporary differences: deferred tax	(82,657)	(75,296)
Adjustments for current tax of prior periods and other adjustments	(566)	6,251
Income tax payable/(recoverable)	(4,436)	(13,169)
<i>(see current tax expense/(income) at Note 8(a) of Australian Unity's Consolidated Financial Statements)</i>		

* There was a minor restatement of the prior year's profit before tax figures to reallocate between discontinued operations and continuing operations. There is no impact to the overall profit figures from the restatement.

Further information in relation to the breakdown of Australian Unity's effective tax rate (ETR) is outlined in the section below. The key differences between Australian Unity's ETR of 75% per the Consolidated Financial Statements and the corporate tax rate of 30% for FY2025 can be attributed to the following key factors:

Items increasing income tax expense and ETR

- **Non-deductible expenditure:** attributed to expenditure and outgoings incurred on certain life insurance products issued before 1 January 2003 which are not subject to tax under the tax law, non-deductible expenses associated with various investments/divestments, non-deductible entertainment and non-deductible penalties/fines; and
- **Tax in benefit funds:** attributed to the tax paid on returns from investments held on behalf of life insurance policyholders.

Items decreasing income tax expense and ETR

- **Non-assessable income:** attributed to the following:
 - Management fee income on certain life insurance products issued before 1 January 2003 which are not subject to tax under the tax law;
 - Receipt of loan amounts from residents on entering a retirement village which are non-assessable;
- **Other deductible expenditure:** attributed to expenditure incurred for lease repayments to residents on leaving a retirement village;
- **Tax credits:** represents the franking credits receivable from external investments and foreign income tax offsets; and
- **Other adjustments:** related to the post acquisition adjustments normally impacting goodwill. As these amounts are unable to be recognised retrospectively after one year of the acquisition date in accordance with AASB 3 *Business Combinations*, this has resulted in a reduction to income tax expense.

Effective tax rate

The ETR is calculated as income tax expense divided by accounting profit. For comparability, as required under the TTC guidance, prior year assessments and tax return under/overs are to be excluded. While the ETR has reduced significantly from the prior year, it remains high in comparison to the statutory rate of 30% primarily due to the “tax in benefit funds” adjustment (as noted in the section above).

Effective tax rate	FY2025	FY2025	FY2024	FY2024
	\$'000	\$'000	\$'000	\$'000
	Per Annual Report	Adjustment for one-off	Per Annual Report	Adjustment for one-off
Income tax expense/(income) per Annual Report	78,787	78,787	55,876	55,876
Adjustments for (under)/over provision in prior years**	—	539	—	(680)
Income tax expense/(income) adjustment for one-off	—	79,326	—	55,196
Profit/(loss) before income tax	105,348	105,348	33,135	33,135
Effective tax rate %***	75%	75%	169%	167%

** Adjustments for (under)/over provision are primarily due to the differences between the income tax return and income tax provision.

*** This includes an ETR of 100% attributable to benefit fund policyholders, where both the income tax expense and profit before tax relating to the benefit fund policyholders are \$95,227k for FY2025 and \$82,159k for FY2024, as shown in the reconciliation section above. The tax payable (after tax offsets and credits of \$275k) for the corporate group (excluding the benefit funds) was calculated to be nil for both FY2025 and FY2024, with a reported income tax income of (\$16,440k), i.e. \$78,787k less \$95,227k; and accounting profit before tax of \$10,121k resulting in a negative ETR. In accordance with the guidance in the AASB's *Draft Appendix to the Tax Transparency Code*, the ETR for the corporate group (excluding the benefit funds) would be nil for FY2025 and FY2024.

Australian tax return information published by the ATO

The ATO has published FY2023 Australian tax information for large public companies (Australian public tax entities with total income of \$100 million or more) in October 2024. The following table of Australian Unity's FY2023 tax return information was reported by the ATO.

Australian Unity Limited		FY2023
ABN: 23 087 648 888		Tax Return
		\$'000
Total income		1,860,003
Taxable income [†]		-
30% on taxable income		-
Franking credits		(7,621)
Foreign tax credits		-
Income tax refundable^{††}		(7,621)

[†] Taxable income is calculated based on accounting profit (total income less total expenses) adjusted for allowable tax differences provided for under Australian income tax law. The AUL tax consolidated group incurred a tax loss in FY2023 resulting in nil taxable income reported.

^{††} Australian Unity's prima facie tax payable is 30% of taxable income, however a tax refundable position has resulted mainly due to refundable franking credits received. The tax refundable amount of (\$22.8m) per the FY2023 tax provision differs from the final tax refundable (\$7.6m) per Australian Unity's 2023 lodged consolidated income tax return due to the tax offsets as detailed above and over/under provision adjustments arising primarily from the implementation of AASB 17 *Insurance Contracts*. As a result of the AASB 17 implementation, the FY2023 comparative information was restated which resulted in an increase to the estimated tax refundable amount from \$22.8m to \$43.9m.

Total tax contribution summary

The following tables and chart provide a summary of Australian Unity's contribution to the Australian tax system (both Federal and State taxes) in FY2025 and FY2024.

Total taxes borne by Australian Unity	FY2025 \$'000s	FY2024 \$'000s
Corporate income tax [†]	-	-
Employer - payroll tax ^{††}	41,578	36,381
Non recoverable GST ^{†††}	4,558	3,204
Fringe benefits tax	420	372
Total	46,556	39,957

[†] As per tax provision at 30 June, Australian Unity is in a tax refundable position in FY2025 due to refundable franking credits and accordingly, an estimated nil tax payable (after tax offsets and credits) has been disclosed for the AUL tax consolidated group.

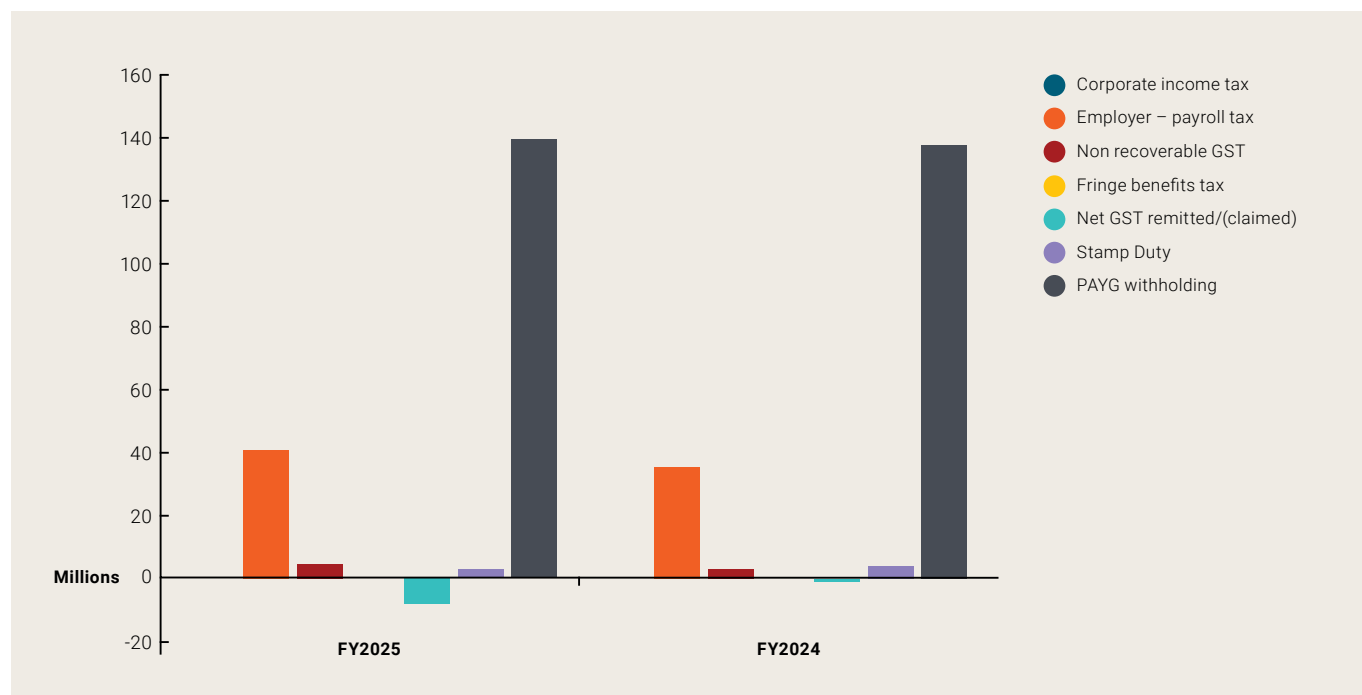
^{††} Our operations employ approximately 9,166 employees.

^{†††} This amount represents the GST paid by Australian Unity in relation to making input taxed supplies (i.e. financial supplies and retirement village accommodation) that are not recoverable from the ATO.

Total taxes collected and remitted by Australian Unity	FY2025 \$'000s	FY2024 \$'000s
GST collected	46,162	44,800
GST claimed [§]	(54,298)	(45,524)
Net GST remitted/(claimed)	(8,136)	(724)
Stamp duty ^{§§}	2,937	3,825
PAYG withholding	142,449	140,605
Total	137,250	143,706

[§] The increase in net GST claimed in FY2025 was due to an increase in input tax credits for expenses incurred relating to GST-free supplies in the myHomecare Group.

^{§§} Majority of stamp duty paid relates to the purchasing and selling of properties by Australian Unity.



This report should be read in conjunction with the Australian Unity 2025 Annual Report: australianunity.com.au/companyperformance

For Real Wellbeing Since 1840

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