

ASX Announcement

25 February 2026

Australian Unity Limited – interim financial report

Please find attached Australian Unity Limited’s interim financial report for the half-year ended 31 December 2025.

The Group made material progress in its business transformation and integration activities, notwithstanding the delayed introduction of the *Aged Care Act 2024*.

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

Group Executive – Finance & Strategy and Chief Financial Officer, Darren Mann said:

“During the period, the Group continued to progress the significant transformation, integration and portfolio reshaping activities highlighted in the past few years.

These activities are geared towards the progress of creating an efficient and sustainable set of businesses aligned to the Health, Wealth and Care thematic of the Group.”

-end-

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

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ASX code:

AYU

Issuer:

Australian Unity Limited
ACN 087 648 888

Securities on Issue:

AYUPA – 7,693,618

AYUHD – 2,070,000

AYUHE – 2,558,050

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The listing of Australian Unity Securities on the ASX does not affect Australian Unity Limited’s status as a mutual entity

Australian Unity Limited

ABN 23 087 648 888

Interim financial report and directors' report for the half-year ended 31 December 2025

Australian Unity Limited

ABN 23 087 648 888

Interim financial report and directors' report - 31 December 2025

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2025 and any public announcements made by Australian Unity Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and the Australian Securities Exchange Listing Rules.

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

The financial statements were authorised for issue by the directors on 25 February 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 half-year ended 31 December 2025 and the report of the auditor thereon.

Directors

The following persons were directors of Australian Unity Limited during the whole of the financial period 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 as at the date of this report.

Dividends

On 15 October 2025, the board of Australian Unity Limited paid a fully franked dividend of \$2.5068 (2025: \$2.5068) per Australian Unity Mutual Capital Instrument totalling \$12,711,858 (2025: \$12,711,858).

Operating and financial review

During the reporting period, the Australian Unity Group has made material progress in its business transformation and integration activities.

In the six months to 31 December 2025, the Group reported consolidated revenue of \$1,264.0 million (31 December 2024: \$1,322.3 million) and consolidated expenses of \$1,219.5 million (31 December 2024: \$1,202.9 million). Consolidated revenue and expenses include the impact of benefit funds operated by the Group, which are required to be consolidated for statutory reporting purposes, however, have nil impact on the Group's profit or loss¹.

Summary of financial performance - Australian Unity Group

	Half-year to 31 December 2025 \$million	Half-year to 31 December 2024 \$million	Variance \$million
Revenue and other income from continuing operations	1,130.6	1,091.2	39.4
Expenses from continuing operations, excluding finance costs	(1,116.3)	(1,040.4)	(75.9)
Adjusted EBITDA from continuing operations	28.1	58.0	(29.9)
Operating profit from continuing operations	14.4	50.5	(36.1)
Profit/(loss) from continuing operations, after income tax	(15.8)	12.9	(28.7)
Profit/(loss) after income tax	(16.7)	11.7	(28.4)

Revenue attributable to members of Australian Unity Limited (AUL) of \$1,130.6 million, increased \$39.4 million from the previous corresponding period. The majority of the growth in revenue relates to the acquisition of the Plena Healthcare business, the aged care reforms and home care package release, albeit not to the level projected.

Operating and financial review (continued)

Total expenses, excluding financing costs and attributable to members of AUL, of \$1,116.3 million, increased \$75.9 million over the prior corresponding period. The expenses primarily reflect costs from the acquisition of the Plena Healthcare business, inflation-based increases and the Group's continued transformation and integration activity. A further \$34.5 million was invested in integration and transformation activities in the period (31 December 2024: approximately \$33.4 million).

Adjusted EBITDA² from continuing operations was \$28.1 million, a decrease of \$29.9 million, and statutory loss after tax is \$16.7 million, a decrease of \$28.4 million.

The transformation program of work, which commenced in 2023 and has been centered around creating sustainable and scalable business offerings, has seen the Group focus efforts on reshaping its four operational platforms, Home Health, Insurances, Residential Aged Care, and Wealth & Capital Markets (W&CM). This is in response to the projected opportunities from the aged care reforms and ongoing challenges in the private health insurance (PHI) sector.

Strategic portfolio adjustments during the period include the September 2025 acquisition of the Plena Healthcare business, which added ~800 clinicians nationally and broadened the Group's Home Health and Aged Care service offerings through the provision of allied health services to over 100,000 customers across Residential Aged Care and community settings. During the half-year to 31 December 2025, the Group strengthened the balance sheet with two key achievements. In October 2025, the Group raised \$209.8 million in Mutual Capital Instruments, with proceeds partially used to fund the Plena Healthcare business acquisition. Furthermore, in November 2025, Australian Unity Bank Limited finalised the transfer of its banking business to Bank Australia Limited, resulting in the release of \$94.5 million in capital.

As foreshadowed in previous periods, the Insurances platform contributed lower earnings in the half. Expected Home Health earnings, which were forecast to offset lower insurance earnings, did not materialise as planned due to the delayed introduction of the *Aged Care Act 2024* and the subsequent backlog of 83,000 support packages from government that failed to materially eventuate.

The delay has had a direct impact to the Group's expected financial performance in the period. Since the government's staggered package release from 1 November 2025, the Group experienced modest package growth however less than expected. The Group anticipates continued funding uplift as the remaining support packages are released, and new operational rhythms steady across the care businesses.

Alongside the planned activities, the Group's operating environment was also impacted by both market and sector specific factors including the ongoing tightness of the care labour market and the introduction of significant regulatory reform across the health and aged care sectors, ongoing pressure on private health insurers from private hospitals and government in relation to pricing increases, and continued cost of living pressures affecting customers.

Performance insights from the four operational platforms are outlined below.

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

	Half-year to 31 December 2025 \$million	Half-year to 31 December 2024 \$million	Variance \$million
Total segment revenue	518.1	473.8	44.3
Operating expenses	(494.9)	(445.5)	(49.4)
Adjusted EBITDA	23.2	28.3	(5.1)

Home Health providers have experienced substantial change since the 1 November 2025 introduction of the government's Support at Home funding structures (previously known as Home Care packages). In anticipation of this rollout, and the implementation of the *Aged Care Act 2024*, the Group has made a significant uplift in investment over several years which is enabling the platform to transform its operating model and technology capabilities to best align with the anticipated changes and support customer and staff needs.

With the introduction of Support at Home, Australian Unity has observed a reduction in the earnings margin per customer across the sector and an industry wide increase in implementation costs associated with the new program. As the government releases the remaining packages to address unmet needs in the community, the platform anticipates an uplift in customer numbers and service delivery.

Operating and financial review (continued)
Home Health (continued)

The platform's revenue growth in the period was largely attributable to the benefits of the Plena Healthcare business acquisition which settled on 2 September 2025 and delivered revenue of \$25.7 million. Separate to the acquisition, increased transformation costs coupled with compressed margins under Support at Home and lower activity under the Commonwealth Home Support Program (CHSP), with increased volumes of customers being upgraded to Support at Home funding, resulted in lower Adjusted EBITDA for the period. Somewhat offsetting these headwinds has been an increase in the operational savings associated with the ongoing integration of myHomecare clients and staff, and the transformation activities within the business.

The total number of customers with Support at Home funding grew 4.9 percent in the period. There were 122.6 million safe minutes of care provided in the period, 3.4 percent above the prior comparative period, reflecting an uplift from the acquisition of the Plena Healthcare business offset by lower levels of activity with customers under the CHSP. Home Health achieved an 11.2 percent increase in the number of hospital substitution programs delivered.

The platform was supported by a workforce of 5,106 people, which was a 14.9 percent increase from 30 June 2025, primarily as a result of the Plena Healthcare business acquisition.

Insurances

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

Financial performance of continuing operations

	Half-year to 31 December 2025 \$million	Half-year to 31 December 2024 \$million	Variance \$million
Total segment revenue*	364.1	357.8	6.3
Operating expenses	(339.8)	(326.6)	(13.2)
Adjusted EBITDA	24.3	31.2	(6.9)

* Including \$1.4 million from the distribution of general insurance products (31 December 2024: \$1.2 million).

In the period, the platform reported modest revenue growth despite the ongoing pressures on private health insurers from private hospitals and government. The platform saw a reduction in gross margin, driven primarily by higher private hospital costs and, to a lesser extent, increased utilisation. These dynamics saw gross margins return to pre-pandemic levels, resulting in lower Adjusted EBITDA for the period.

Operating expenses, including claims, increased relative to the prior corresponding period due to the rise in net hospital claims costs. The movement in claims reflects both the higher cost base of private hospital services and a normalisation in member utilisation patterns.

In a highly competitive market, the total number of PHI policyholders remained broadly steady at ~162,000 policies.

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

	Half-year to 31 December 2025 \$million	Half-year to 31 December 2024 \$million	Variance \$million
Total segment revenue	122.0	113.6	8.4
Operating expenses	(106.5)	(94.9)	(11.6)
Adjusted EBITDA	15.5	18.7	(3.2)

Operating and financial review (continued)
Residential Aged Care (continued)

During the period, the platform's revenue was supported by increased occupancy including the successful sale of the first phase of rooms following expansion at The Alba in South Melbourne, Victoria. Operating expenses increased materially, reflecting higher wages, additional care minutes and other wage-related costs, and the platform experienced a decline in Adjusted EBITDA.

The platform made additional investment into preparations for the new *Aged Care Act 2024* that were implemented across the sector. These preparations including uplift to governance, clinical and consumer engagement systems to align with the Act's strengthened rights-based, accountability and quality standards framework from 1 November 2025.

Together with the Fair Work - Work Value wage increase from 1 October 2025, the Group, along with the broader sector, had expected that the government's Australian National Aged Care Classification (ANACC) funding model would offset these higher wage costs, however this has not eventuated.

At the end of the period, average occupancy across the platform's mature Residential Aged Care homes³ was 96.7 percent. This was 2.3 percentage points above the sector average of 94.4 percent and 1.3 percentage points above the sector top quartile⁴.

The 1,186 residents across these homes received care and support from a workforce of 2,147 employees at 31 December 2025 (30 June 2025: 1,175 residents and 2,077 employees).

Wealth & Capital Markets (W&CM)

The W&CM platform comprises investment funds, investment bonds, retirement living, social infrastructure and trustees businesses.

Financial performance

	Half-year to 31 December 2025 \$million	Half-year to 31 December 2024 \$million	Variance \$million
Total segment revenue	106.4	125.8	(19.4)
Other income	-	4.0	(4.0)
Operating expenses	(90.7)	(94.3)	3.6
Adjusted EBITDA	15.7	35.5	(19.8)

The platform experienced significant activity in the period with a number of strategic transactions including the acquisition of the Herston Quarter's Edith Cavell building in Brisbane, Queensland and divestment of The Oaks Retirement Community in Kilsyth, Victoria.

The reduction in revenues was largely due to non-recurring revenues in the previous period relating to property revaluation activity on parts of the Herston Quarter Precinct and reduced management fees as the business resigned as responsible entity of the Altius Asset Management funds, Talaria Asset Management funds, Australian Unity Real Estate Investment Trust and the Australian Unity Property Income Fund.

These impacts were partially offset by increased activity in the retirement living portfolio, which delivered 86 resale settlements, a 7.5 percent increase from the prior period (31 December 2024: 80 settlements). Occupancy levels of the 23 retirement villages across New South Wales, Victoria and Queensland, remained consistent with the prior reporting period, with 94.3 percent occupancy at 31 December 2025.

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

Funds under management, administration and advice (FUMAA)

	As at 31 December 2025 \$million	As at 30 June 2025 \$million	Variance %
Investment funds ⁵	4,259.0	6,612.2	(35.6)
Social infrastructure	3,902.4	3,920.4	(0.5)
Investment bonds	4,050.8	3,963.7	2.2
Trustees	795.3	708.6	12.2
Total FUMAA⁶	13,007.5	15,204.9	(14.5)

The strategy set in the prior year for the platform to resign as responsible entity of fixed interest and commercial property funds, resulted in a decrease in management fees relating to funds under management, administration and advice (FUMAA).

¹ A reconciliation of profit between that attributable to members of Australian Unity Limited (AUL) and that attributable to benefit fund policyholders is set out in Note 18 to the Consolidated financial statements.

² 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 benefit funds, 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 2 (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.

³ Mature homes are properties that are post full sell-down.

⁴ As reported in the StewartBrown Aged Care Financial Performance Survey Analysis Report (June 2025):
<https://www.stewartbrown.com.au/aged-care-articles/stewartbrown-aged-care-financial-performance-survey-analysis-report-june-2025>

⁵ Reduction was due to resignation as responsible entity or administrator and outflows in mandates.

⁶ Included in total gross FUMAA is \$494.1 million investments managed on behalf of the Group as at 31 December 2025 and \$521.4 million as at 30 June 2025.

Matters subsequent to the end of the half-year

Acquisition of Plena Healthcare Holdings Pty Ltd (Plena Healthcare)

On 1 February 2026, the Group settled the deferred consideration of \$25,000,000 relating to the acquisition of Plena Healthcare.

MCI dividend

On 25 February 2026, the board of Australian Unity Limited has determined an interim fully franked dividend of \$2.4932 per Australian Unity Mutual Capital Instrument, totalling \$19,181,349, to be paid on 15 April 2026. The financial effect of this dividend has not been brought to account in the condensed consolidated interim financial statements for the half-year ended 31 December 2025 and will be recognised in subsequent financial reports.

The board is not aware of any other matter or circumstance arising since 31 December 2025 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.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 7 and forms part of the report.

Rounding of amounts

The Company is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, 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
25 February 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 review of Australian Unity Limited for the half-year ended 31 December 2025 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contravention of any applicable code of professional conduct in relation to the review.

KPMG

Chris Wooden
Partner

Melbourne
25 February 2026

Australian Unity Limited
Condensed consolidated statement of comprehensive income
For the half-year ended 31 December 2025

		Half-year	
	Notes	2025 \$'000	2024 \$'000
Insurance revenue			
Insurance revenue	3	371,972	365,418
Benefit funds insurance revenue	3	7,712	7,661
		379,684	373,079
Insurance expense			
Insurance service expenses	5	(344,616)	(331,802)
Insurance finance income/(expense) from insurance contracts issued	7	155	(195)
Benefit funds insurance service expenses	5	(8,104)	(8,158)
Benefit funds insurance finance income/(expense) from insurance contracts issued	7	354	(14,404)
Net insurance income		27,473	18,520
Other revenue and other income	4	758,621	725,736
Benefit funds other income	4	125,685	223,447
Other expenses, excluding finance costs	5	(771,732)	(708,615)
Benefit funds other expenses	5	(95,086)	(154,293)
Operating profit		44,961	104,795
Finance costs	6	(42,019)	(40,526)
Share of net profit of joint ventures		543	208
Profit before income tax		3,485	64,477
Income tax expense		(19,299)	(51,573)
Profit/(loss) from continuing operations		(15,814)	12,904
Loss from discontinued operation	20	(837)	(1,180)
Profit/(loss) for the half-year		(16,651)	11,724
Other comprehensive income			
<i>Items that may be reclassified to profit or loss</i>			
Cash flow hedges		(738)	(6,585)
Income tax relating to this item		329	1,975
<i>Items that will not be reclassified to profit or loss</i>			
Remeasurements of post-employment benefit obligations		-	19
Other comprehensive income for the half-year, net of tax		(409)	(4,591)
Total comprehensive income for the half-year		(17,060)	7,133
Profit/(loss) for the half-year is attributable to:			
Members of Australian Unity Limited	18	(16,651)	11,724
Total comprehensive income for the half-year is attributable to:			
Members of Australian Unity Limited		(17,060)	7,133
Total comprehensive income for the half-year attributable to members of Australian Unity Limited arises from:			
Continuing operations		(16,223)	8,313
Discontinued operation		(837)	(1,180)
		(17,060)	7,133

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

Australian Unity Limited
Condensed consolidated statement of comprehensive income
For the half-year ended 31 December 2025
(continued)

Two subsidiaries of the Company, Lifeplan Australia Friendly Society Limited (LAFS) and Australian Unity Life Bonds Limited (AULBL), are friendly societies in accordance with the Life Insurance Act 1995. The funds of LAFS and AULBL 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 the Group's profit and loss. The combined benefit funds had Revenue of \$133,397,000, Expenses of (\$103,190,000), Insurance finance income of \$354,000 and Income tax expense of (\$30,561,000) for the half-year ended 31 December 2025 (for the half-year ended 31 December 2024: Revenue of \$231,108,000, Expenses of (\$162,451,000), Insurance finance expenses of (\$14,404,000) and Income tax expense of (\$54,253,000)).

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

Australian Unity Limited
Condensed consolidated balance sheet
As at 31 December 2025

	Notes	31 December 2025 \$'000	30 June 2025 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	8	659,448	638,586
Trade and other receivables		206,044	219,657
Current tax assets		34,860	2,346
Financial assets at fair value through profit or loss	9(c)	4,048,278	3,994,167
Other financial assets at amortised cost		4,706	75,415
Other current assets		40,116	33,648
Assets held for sale	19	5,878	1,654,950
Total current assets		4,999,330	6,618,769
Non-current assets			
Loans and advances		31,915	32,440
Financial assets at fair value through profit or loss	9(c)	179,231	126,533
Investments in associates and joint ventures		2,133	2,619
Investment properties	14	2,419,491	2,461,348
Property, plant and equipment		600,656	552,891
Right-of-use assets		75,204	80,635
Intangible assets		682,415	612,329
Other non-current assets		14,050	14,672
Total non-current assets		4,005,095	3,883,467
Total assets		9,004,425	10,502,236
LIABILITIES			
Current liabilities			
Trade and other payables		162,984	157,835
Borrowings	10	211,680	120,656
Lease liabilities		15,547	20,530
Provisions	15	118,347	94,398
Other current liabilities	12	2,354,492	2,352,174
Health insurance contract policy liabilities	11(a)	98,785	145,650
Benefit fund insurance contract policy liabilities	11(b)	80,094	86,709
Benefit fund investment contract policy liabilities		307,649	313,864
Liabilities directly associated with the assets held for sale	19	4,792	1,664,416
Total current liabilities		3,354,370	4,956,232
Non-current liabilities			
Borrowings	10	252,717	458,500
Lease liabilities		74,283	74,072
Deferred tax liabilities		263,015	230,842
Provisions	15	34,943	28,723
Benefit fund insurance contract policy liabilities	11(b)	744,763	760,160
Benefit fund investment contract policy liabilities		2,860,690	2,751,566
Total non-current liabilities		4,230,411	4,303,863
Total liabilities		7,584,781	9,260,095
Net assets		1,419,644	1,242,141
EQUITY			
Members' balances		255,919	255,919
Mutual Capital Instruments	16	662,171	458,085
Reserves		21,072	18,292
Retained earnings		480,482	509,845
Equity attributable to members of Australian Unity Limited		1,419,644	1,242,141
Total equity		1,419,644	1,242,141

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

Australian Unity Limited
Condensed consolidated statement of changes in equity
For the half-year ended 31 December 2025

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 half-year					
Profit for the half-year	-	-	-	11,724	11,724
Other comprehensive income					
- Cash flow hedges	-	-	(4,610)	-	(4,610)
- Post-employment benefits	-	-	19	-	19
Total comprehensive income	-	-	(4,591)	11,724	7,133
Transactions with owners in their capacity as owners:					
Dividends provided for or paid	16	-	-	(12,712)	(12,712)
MCI-based payments reserve		-	(212)	-	(212)
Subsidiary share option payments		-	49	-	49
		-	(163)	(12,712)	(12,875)
Balance at 31 December 2024	255,919	458,085	19,595	507,651	1,241,250
Balance at 1 July 2025	255,919	458,085	18,292	509,845	1,242,141
Mutual Capital Instruments issued	16	204,086	-	-	204,086
Total comprehensive income for the half-year					
Loss for the half-year	-	-	-	(16,651)	(16,651)
- Cash flow hedges	-	-	(409)	-	(409)
Total comprehensive income	-	-	(409)	(16,651)	(17,060)
Transactions with owners in their capacity as owners:					
Dividends provided for or paid	16	-	-	(12,712)	(12,712)
MCI-based payments reserve		-	3,189	-	3,189
		-	3,189	(12,712)	(9,523)
Balance at 31 December 2025	255,919	662,171	21,072	480,482	1,419,644

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

Australian Unity Limited
Condensed consolidated statement of cash flows
For the half-year ended 31 December 2025

	Half-year	
Notes	2025 \$'000	2024 \$'000 Restated*
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)*	739,187	827,642
Payments to suppliers and employees (inclusive of goods and services tax)*	(797,883)	(889,750)
Health insurance premiums received	330,449	332,267
Health insurance claims and insurance service expenses paid	(339,630)	(320,541)
Benefit fund investment contracts - contributions received	174,880	176,301
Benefit fund investment contracts - withdrawals	(156,629)	(169,778)
Benefit fund insurance contracts - premiums received	26,232	23,058
Benefit fund insurance contracts - claims and insurance service paid	(42,892)	(43,764)
Benefit fund other receipts*	68,815	40,342
Benefit fund other payments*	(16,251)	(11,201)
Net receipts of loan assets	22,734	8,858
Net receipts/(payments) of deposits liability	(46,201)	26,162
Interest received	1,286	10,463
Dividends and distributions received	65,304	62,129
Interest and finance charges paid	(15,875)	(28,604)
Income tax refunds/(payments)	(5,973)	33
Net cash inflow from operating activities	7,553	43,617
Cash flows from investing activities		
Payments for business acquisitions	(48,027)	-
Payments for investments	(429,298)	(624,599)
Payments for investment properties	(35,833)	(27,081)
Payments for property, plant and equipment	(10,570)	(25,903)
Payments for intangible assets	(14,296)	(11,149)
Receipts from investments	457,152	547,010
Proceeds from divestments	6,500	-
Net cash outflow from investing activities	(74,372)	(141,722)
Cash flows from financing activities		
Receipts from MCI issues, net of issuance costs	204,086	1,096
Receipts from borrowings	-	26,948
Net receipts from refundable lease deposits and resident liabilities	22,835	76,316
Payments of borrowings	(115,556)	(70,214)
Payments of MCI dividend	(12,712)	(12,712)
Payment of lease liabilities	(10,972)	(11,486)
Net cash inflow from financing activities	87,681	9,948
Net increase/(decrease) in cash and cash equivalents	20,862	(88,157)
Cash and cash equivalents at the beginning of the period	638,586	965,568
Cash and cash equivalents at the end of the period	659,448	877,411
8		
Cash inflows/(outflows) from discontinued operations	(2,307)	12,600

* Comparative information has been reclassified to reflect the separate presentation of benefit fund other receipts and benefit fund other payments, previously included within receipts from customers and payments to suppliers and employees, to better align with the nature of benefit fund cash flows and enhance comparability between periods.

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

Notes to the condensed consolidated interim financial statements

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Basis of preparation of half-year report

The condensed consolidated interim financial statements (interim financial statements) for the half-year reporting period ended 31 December 2025 has been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The accounting policies and methods of computation applied in these interim financial statements are consistent with those applied in the Group's annual consolidated financial statements for the year ended 30 June 2025.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2025 and any public announcements made by Australian Unity Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and the Australian Securities Exchange Listing Rules.

1 Material accounting policies

(a) Implementation of new and amended accounting standards which are mandatory for the first time

Where applicable, the Group has adopted new and amended accounting standards which have become mandatory for the first time in the interim reporting period as set out below. The application of these standards has no impact to the amounts reported in the Group's financial statements.

AASB	Title
AASB 2023-05	Amendments to Australian Accounting Standards - Lack of Exchangeability

(b) Comparative information

To enhance comparability with current year disclosures, certain comparative amounts in the financial statements have been reclassified:

In Note 4, imputed income on refundable accommodation deposits and deferred management fees on retirement villages have been reclassified from Revenue from services to Other income.

In the Condensed consolidated statement of cashflows, amounts relating to benefit funds for the comparative period have been restated.

These reclassifications have no impact on the Group's profit or net assets.

(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 and statement of cash flows 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*.

In the comparative period, the discontinued operation relates to the transfer of the Group's banking business.

(d) Assets and liabilities 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.

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.

1 Material accounting policies (continued)

(d) Assets and liabilities held for sale (continued)

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.

(e) 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.

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).

2 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 distribution of general insurance products.
Residential Aged Care	Owens 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. Owens 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 2(c).

2 Segment information (continued)

(b) Segment information

The segment information provided to the Group Executive Committee for the reportable segments for the half-year ended 31 December 2025 is as follows:

Half-year ended 31 December 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	516,219	365,714	122,012	106,568	1,516	1,112,029
Inter-segment revenue	1,913	(1,606)	-	(205)	(102)	-
Total segment revenue	518,132	364,108	122,012	106,363	1,414	1,112,029
Adjusted EBITDA from continuing operations	23,170	24,262	15,483	15,664	(50,510)	28,069
Depreciation and amortisation						(27,891)
Impairment of assets						(4,000)
Interest expense						(42,019)
Investment income						20,777
Other expenses						(2,012)
Income tax benefit						11,262
Loss from continuing operations						(15,814)
Share of profit after tax from joint ventures (included in Adjusted EBITDA)						543

As at 31 December 2025

Total segment assets include:						
Income producing assets	80,586	354,917	22,799	140,865	154,297	753,464
Working capital assets	78,915	58,025	14,393	513,081	48,805	713,219
Non-interest bearing assets	596,995	4,003	505,715	917,070	196,857	2,220,640
Assets held for sale	-	-	-	5,878	-	5,878
Total segment assets	756,496	416,945	542,907	1,576,894	399,959	3,693,201
Total segment liabilities include:						
Borrowings and net inter-segment lending	368,831	25,518	497,937	309,414	23,466	1,225,166
Working capital liabilities	221,338	108,069	62,852	125,837	78,166	596,262
Non-interest bearing liabilities	6,705	19,029	36,544	346,339	38,720	447,337
Liabilities held for Sale	-	-	-	4,792	-	4,792
Total segment liabilities	596,874	152,616	597,333	786,382	140,352	2,273,557

* 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 per the definition in Note 2(c).

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

	31 December 2025 \$'000
Total loss before income tax for reportable segments	(26,239)
Profit before income tax attributable to benefit funds	30,561
Elimination of discontinued operation	(837)
Profit before income tax	3,485

2 Segment information (continued)

(b) Segment information (continued)

The segment information provided to the Group Executive Committee for the reportable segments for the half-year ended 31 December 2024 is as follows:

Half-year ended 31 December 2024	Home Health \$'000	Insurances \$'000	Residential Aged Care \$'000	Wealth & Capital Markets \$'000	Corporate Functions ¹ \$'000	Total \$'000
Continuing operations						
Revenue from external customers	472,027	359,570	113,552	124,733	1,790	1,071,672
Inter-segment revenue	1,773	(1,773)	-	1,028	(1,028)	-
Total segment revenue	<u>473,800</u>	<u>357,797</u>	<u>113,552</u>	<u>125,761</u>	<u>762</u>	<u>1,071,672</u>
Other income	-	-	-	3,951	-	3,951
Adjusted EBITDA from continuing operations	<u>28,253</u>	<u>31,221</u>	<u>18,696</u>	<u>35,431</u>	<u>(55,552)</u>	<u>58,049</u>
Depreciation and amortisation						(24,696)
Impairment of assets						(40,526)
Interest expense						17,909
Other expenses						(512)
Income tax benefit						2,680
Profit from continuing operations						<u>12,904</u>
Share of profit after tax from joint ventures (included in Adjusted EBITDA)						<u>208</u>
As at 30 June 2025						
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	<u>704,919</u>	<u>2,151,744</u>	<u>560,282</u>	<u>1,562,739</u>	<u>302,699</u>	<u>5,282,383</u>
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	<u>506,551</u>	<u>1,852,180</u>	<u>586,093</u>	<u>848,374</u>	<u>247,044</u>	<u>4,040,242</u>

¹ 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 2(c).

2 Segment information (continued)

(b) Segment information (continued)

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

	31 December 2024 \$'000
Total profit before income tax for reportable segments	8,539
Profit before income tax attributable to benefit funds	54,253
Elimination of discontinued operation	1,685
Profit before income tax	64,477

(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.

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 provided as follows:

	Half-year	
	2025	2024
	\$'000	\$'000
Adjusted EBITDA from continuing operations	28,069	58,049
Depreciation and amortisation expense:		
Depreciation and amortisation expense (Note 5)	(27,891)	(25,792)
Impairment of assets (Note 5)	(4,000)	-
Other	-	1,096
	(31,891)	(24,696)
Interest expense		
Finance costs (Note 6)	(42,019)	(40,526)
	(42,019)	(40,526)
Investment income:		
Dividend and distribution income (Note 4)	11,232	10,827
Gain/(loss) on investments in financial instruments (Note 4)	4,126	(3,382)
Other interest income (Note 4)	5,419	10,464
	20,777	17,909
Other income/(expenses):		
Merger and acquisition expenses	(2,319)	(1,360)
Other	307	848
	(2,012)	(512)

2 Segment information (continued)

(c) Other segment information (continued)

	Half-year	
	2025 \$'000	2024 \$'000
Profit/(loss) before income tax and benefit funds from continuing operations attributable to members of Australian Unity Limited (Note 18)	(27,076)	10,224
Profit before income tax of benefit funds (Note 18)	30,561	54,253
Profit before income tax from continuing operations	3,485	64,477

3 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
Half-year ended 31 December 2025			
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	-	1,369	1,369
- Change in risk adjustment for non-financial risk for risk expired	-	7	7
- Contractual Service Margin (CSM) recognised for services provided	-	6,336	6,336
Sub-total	-	7,712	7,712
Management of benefit funds	-	7,659	7,659
Contracts measured under the PAA	364,313	-	364,313
Total insurance revenue	364,313	15,371	379,684

	Health insurance contracts issued \$'000	Benefit fund insurance contracts issued \$'000	Total \$'000
Half-year ended 31 December 2024			
Contracts not measured under the PAA			
Amounts relating to changes in the LRC			
- Expected incurred claims and other insurance service expenses	-	1,325	1,325
- Change in risk adjustment for non-financial risk for risk expired	-	7	7
- CSM recognised for services provided	-	6,329	6,329
Sub-total	-	7,661	7,661
Management of benefit funds	-	7,028	7,028
Contracts measured under the PAA	358,390	-	358,390
Total insurance revenue	358,390	14,689	373,079

4 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.

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

	Half-year	
	2025	2024
	\$'000	Restated \$'000
Revenue from services		
Residential aged care and home health services, and other fees	446,659	400,209
Government grants and subsidies funding aged care, home care services	154,248	154,590
Management and performance fees revenue	36,368	52,572
Brokerage and commission	3,322	3,050
Healthcare services revenue	28,099	27,038
	668,696	637,459
Investment earnings		
Fair value gains on investment property	9,530	28,616
Dividends and distributions	11,232	10,827
Other interest income	5,419	10,464
Gain/(loss) on investments in financial instruments	4,126	(3,382)
	30,307	46,525
Other income		
Imputed income on refundable accommodation deposits	22,221	22,049
Deferred management fees	16,815	4,323
Gain on sale of business component	888	-
Others	19,694	15,380
	59,618	41,752
Total other revenue and other income	758,621	725,736
Benefit funds other income	125,685	223,447

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 half-year ended 31 December 2025 and reconciliation of other revenue and other income to other revenue from external customers in segment reporting are presented in the below table:

4 Other revenue and other income (continued)

Half-year ended 31 December 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	390,039	-	32,853	23,767	-	446,659
Government grants and subsidies funding aged care, home care services	87,883	-	66,365	-	-	154,248
Management and performance fees revenue	-	-	-	36,368	-	36,368
Brokerage and commission	-	1,328	-	1,994	-	3,322
Healthcare services revenue	28,099	-	-	-	-	28,099
	506,021	1,328	99,218	62,129	-	668,696
Investment earnings						
Fair value gains on investment property	-	-	-	9,530	-	9,530
Dividends and distributions	-	6,766	-	2,676	1,790	11,232
Other interest income	799	566	2,732	1,211	111	5,419
Gain/(loss) on investments in financial instruments	-	6,152	-	(2,157)	131	4,126
	799	13,484	2,732	11,260	2,032	30,307
Benefit funds other income	-	-	-	125,685	-	125,685
Other income						
Imputed income on refundable accommodation deposits	-	-	22,221	-	-	22,221
Deferred management fees	-	-	-	16,815	-	16,815
Gain on sale of business component *	-	-	-	888	-	888
Others	10,417	73	575	7,112	1,517	19,694
	10,417	73	22,796	24,815	1,517	59,618
Other revenue and other income from continuing operations	517,237	14,885	124,746	223,889	3,549	884,306
Reconciliation to other revenue from external customers in segment reporting						
<i>Items added to/(excluded from) the segment other revenue</i>						
Dividends and distributions	-	(6,766)	-	(2,676)	(1,790)	(11,232)
Insurance revenue (Note 3)	-	364,313	-	7,659	-	371,972
Other investment income	(799)	(6,718)	(2,732)	946	(242)	(9,545)
Benefit funds other income	-	-	-	(125,685)	-	(125,685)
Other items included in Adjusted EBITDA	(219)	-	(2)	2,435	(1)	2,213
	(1,018)	350,829	(2,734)	(117,321)	(2,033)	227,723

4 Other revenue and other income (continued)

Half-year ended 31 December 2025	Home Health \$'000	Insurances \$'000	Residential Aged Care \$'000	Wealth & Capital Markets \$'000	Corporate Functions \$'000	Total \$'000
Other revenue from external customers in segment reporting	516,219	365,714	122,012	106,568	1,516	1,112,029

* 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 14(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 \$888,000.

Half-year ended 31 December 2024 (Restated)	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	353,889	-	46,320	-	-	400,209
Government grants and subsidies funding aged care, home care services	89,585	-	65,005	-	-	154,590
Management and performance fees revenue	-	-	-	52,622	(50)	52,572
Brokerage and commission	-	1,180	-	1,870	-	3,050
Healthcare services revenue	27,038	-	-	-	-	27,038
	<u>470,512</u>	<u>1,180</u>	<u>111,325</u>	<u>54,492</u>	<u>(50)</u>	<u>637,459</u>
Investment earnings						
Fair value gains on investment property	-	-	-	28,616	-	28,616
Dividends and distributions	-	8,146	-	407	2,274	10,827
Other interest income	1,388	780	2,966	1,676	3,654	10,464
Gain/(loss) on investments in financial instruments	-	1,831	-	(1,969)	(3,244)	(3,382)
	<u>1,388</u>	<u>10,757</u>	<u>2,966</u>	<u>28,730</u>	<u>2,684</u>	<u>46,525</u>
Benefit funds other income	-	-	-	223,447	-	223,447
Other income						
Imputed income on refundable accommodation deposits	-	-	315	21,734	-	22,049
Deferred management fees	-	-	-	4,323	-	4,323
Others	1,535	-	-	12,631	1,214	15,380
	<u>1,535</u>	<u>-</u>	<u>315</u>	<u>38,688</u>	<u>1,214</u>	<u>41,752</u>
Other revenue and other income from continuing operations	<u>473,435</u>	<u>11,937</u>	<u>114,606</u>	<u>345,357</u>	<u>3,848</u>	<u>949,183</u>

4 Other revenue and other income (continued)

Half-year ended 31 December 2024 (Restated)	Home Health \$'000	Insurances \$'000	Residential Aged Care \$'000	Wealth & Capital Markets \$'000	Corporate Functions \$'000	Total \$'000
Reconciliation to other revenue from external customers in segment reporting						
<i>Items added to/(excluded from) the segment other revenue</i>						
Dividends and distributions	-	(8,146)	-	(407)	(2,274)	(10,827)
Insurance revenue (Note 3)	-	358,390	-	7,028	-	365,418
Other investment income	(1,388)	(2,611)	(2,966)	293	(410)	(7,082)
Other income	-	-	-	(3,951)	-	(3,951)
Benefit funds other income	-	-	-	(223,447)	-	(223,447)
Other items included in Adjusted EBITDA	(20)	-	(1)	1,773	626	2,378
	(1,408)	347,633	(2,967)	(218,711)	(2,058)	122,489
Other revenue from external customers in segment reporting	472,027	359,570	111,639	126,646	1,790	1,071,672

5 Expenses, excluding finance costs

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

	Half-year	
	2025 \$'000	2024 \$'000
Client care costs	207,780	189,694
Commission expense	7,298	6,412
Computer and equipment costs	46,672	38,036
Depreciation and amortisation expense	27,891	25,792
Employee benefits expense	430,626	403,885
Expenses in relation to benefit funds	103,190	162,451
Fund manager and administration fees	3,229	17,416
Health insurance claims expense	367,079	344,964
Health insurance claims recoveries - Net Risk Equalisation Special Account	(66,124)	(55,224)
Impairment of assets*	4,000	-
Legal and professional fees	26,864	19,780
Marketing expenses	10,961	9,825
Occupancy costs	21,264	19,035
Other expenses	28,808	20,802
Insurance service expenses and Other expenses, excluding finance cost, from continuing operations	1,219,538	1,202,868
<i>Depreciation and amortisation</i>		
Depreciation of property, plant and equipment	10,555	10,367
Depreciation of right-of-use assets	6,707	7,013
Amortisation of intangible assets	10,629	8,412
	27,891	25,792

5 Expenses, excluding finance costs (continued)

* As at 31 December 2025, the Group assessed the recoverable amount of the Trustees CGU following weaker financial performance compared to budget during the period. As a result, the value-in-use model was updated by changes to five year revenue compound annual growth rate (CAGR) to 6.5% (2025: 9.7%), related operating expenses and using a pre-tax discount rate of 14.0% (2025: 12.5%). Consequently, the Group recognised an impairment charge of \$4.0 million against the CGU's goodwill.

A reasonable possible change in financial performance or assumptions could result in a further impairment. The Group estimated that, with all other key assumptions held constant, either a 1 percentage point decline in the 5 year revenue CAGR or a 4 percentage point increase in the pre-tax discount rate, would give rise to an impairment of the remaining goodwill balance of \$4.4 million.

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

Insurance service expenses		
- Health insurance	342,192	329,745
- Management of benefit funds	2,424	2,057
- Benefit funds	8,104	8,158
	352,720	339,960
Other expenses, excluding finance costs	771,732	708,615
Benefit funds other expenses	95,086	154,293
	866,818	862,908
Insurance service expenses and Other expenses, excluding finance cost, from continuing operations	1,219,538	1,202,868

6 Finance costs

	Half-year	
	2025	2024
	\$'000	\$'000
Interest and finance charges on borrowings	16,672	14,837
Imputed interest charge on refundable accommodation deposits	22,210	22,049
Interest on leases and related accounts	3,137	3,640
Total finance costs	42,019	40,526

7 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
Half-year ended 31 December 2025			
Insurance finance income/(expenses) from insurance contracts issued recognised in P&L:			
Interest accreted	-	(439)	(439)
Effect of changes in interest rates and other financial assumptions	-	652	652
Effect of changes in Fulfillment Cash Flows (FCFs) at current rate when the Contractual Service Margin (CSM) is unlocked at locked-in rate	-	(15)	(15)
Changes in FCFs and CSM of contracts measured applying the Variable Fee Approach (VFA) due to changes in fair value of underlying items	-	156	156
	-	354	354
Management of benefit funds	-	155	155
Total insurance finance income from insurance contracts issued (Note 11)	-	509	509

	Health insurance contracts issued \$'000	Benefit fund insurance contracts issued \$'000	Total \$'000
Half-year ended 31 December 2024			
Insurance finance income/(expenses) from insurance contracts issued recognised in P&L:			
Interest accreted	-	(539)	(539)
Effect of changes in interest rates and other financial assumptions	-	143	143
Effect of changes in FCFs at current rate when the CSM is unlocked at locked-in rate	-	(3)	(3)
Changes in FCFs and CSM of contracts measured applying the VFA due to changes in fair value of underlying items	-	(14,005)	(14,005)
	-	(14,404)	(14,404)
Management of benefit funds	-	(195)	(195)
Total insurance finance expenses from insurance contracts issued	-	(14,599)	(14,599)

Financial assets and liabilities

8 Financial assets - Cash and cash equivalents

	31 December 2025 \$'000	30 June 2025 \$'000
Cash at bank and on hand	15	15
Bank balances	156,770	130,835
Deposits at call	38,175	58,553
Cash equivalents held in the form of investment trusts*	464,488	449,183
Total cash and cash equivalents	659,448	638,586

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

The balance of cash and cash equivalents as at 31 December 2025 included the Parent Entity's accounts totalling \$133,688,000 (30 June 2025: \$104,217,000) and amounts held by benefit funds totalling \$183,503,000 (30 June 2025: \$187,064,000).

9 Financial assets at fair value through profit or loss

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

	31 December 2025 \$'000	30 June 2025 \$'000
Securities held by benefit funds	3,843,992	3,705,111
Securities held by parent and corporate entities	383,517	415,589
Total financial assets at fair value through profit and loss	4,227,509	4,120,700

Changes in fair values of financial assets at fair value through profit or loss are recorded in investment earnings in the statement of comprehensive income (see Note 4).

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

	31 December 2025 \$'000	30 June 2025 \$'000
Equity trusts	2,880,552	2,900,951
Fixed interest and other investment securities trusts	878,323	716,411
Mortgage trusts	13,696	23,921
Property syndicates and trusts	71,421	63,828
Total FAFVTPL securities held by benefit funds	3,843,992	3,705,111

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

	31 December 2025 \$'000	30 June 2025 \$'000
Equity trusts	20,234	18,606
Fixed interest and other investment securities trusts	184,458	216,359
Property syndicates and trusts	178,825	180,624
Total FAFVTPL securities held by parent and corporate entities	383,517	415,589

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

(c) Current and non-current classifications

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:

	31 December 2025 \$'000	30 June 2025 \$'000
Current		
Securities held by benefit funds	3,841,463	3,702,563
Securities held by parent and corporate entities	206,815	291,604
	4,048,278	3,994,167
Non-current		
Securities held by benefit funds	2,529	2,548
Securities held by parent and corporate entities	176,702	123,985
	179,231	126,533
Total financial assets at fair value through profit and loss	4,227,509	4,120,700

(d) Fair value and risk exposures

Information on the fair value measurement basis is provided in Note 13.

10 Financial liabilities - Borrowings

Financial liabilities classified as held-for-sale are not included in the table below, but are disclosed at Note 19. Their carrying amount is a reasonable approximation of fair value.

	31 December 2025 \$'000	30 June 2025 \$'000
Current		
<u>Unsecured interest bearing liabilities</u>		
Series D Australian Unity Bonds		
Face value	207,000	-
Valuation at amortised cost	(420)	-
At amortised cost	206,580	-
Loan payable to related entity	5,100	5,100
Bank Loans	-	115,556
	5,100	120,656
Total unsecured interest bearing liabilities	211,680	120,656
Total current borrowings	211,680	120,656

10 Financial liabilities - Borrowings (continued)

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	(3,088)	(3,615)
At amortised cost	252,717	252,190
Total unsecured interest bearing liabilities	252,717	458,500
Total non-current borrowings	252,717	458,500
Total borrowings	464,397	579,156

(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.

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 23 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 31 December 2025, the Covenant Gearing Ratio was 24.4% (30 June 2025: 33.5%).

(b) Bank loans

The loan facility outstanding at 30 June 2025 was fully repaid during the period (30 June 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 13.

11 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		Total
	Excluding loss component	Loss component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	
31 December 2025	\$'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	(364,313)	-	-	-	(364,313)
Insurance service expenses					
Incurred claims and other expenses	-	-	347,086	-	347,086
Changes that relate to future service; losses and reversal of losses on onerous contracts	-	(1,906)	-	-	(1,906)
Changes that relate to past service: changes to liabilities for incurred claims	-	-	(2,549)	(439)	(2,988)
Insurance service result	(364,313)	(1,906)	344,537	(439)	(22,121)
	-	-	-	-	-
Sub-total	(364,313)	(1,906)	344,537	(439)	(22,121)
Cash flows					
Premiums received	330,449	-	-	-	330,449
Claims and other insurance service expenses paid	-	-	(359,121)	-	(359,121)
Total cash flows	330,449	-	(359,121)	-	(28,672)
Other movements in the net balance	-	-	3,928	-	3,928
Closing policy liabilities	52,782	647	40,016	5,340	98,785
Net closing balance	52,782	647	40,016	5,340	98,785

	LRC		LIC		Total
	Excluding loss component	Loss component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	
30 June 2025	\$'000	\$'000	\$'000	\$'000	\$'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)

11 Insurance contract policy liabilities (continued)

(a) Health insurance contract policy liabilities (continued)

	LRC		LIC		Total
	Excluding loss component	Loss component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	
30 June 2025	\$'000	\$'000	\$'000	\$'000	\$'000
Insurance service result	(714,014)	(1,985)	669,921	(42)	(46,120)
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

Benefit fund insurance contracts issued

(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		Total
	Excluding loss component	Loss component	\$'000	\$'000	
31 December 2025	\$'000	\$'000	\$'000	\$'000	\$'000
Opening policy liabilities	836,093	-	10,776	-	846,869
Net opening balance	836,093	-	10,776	-	846,869
Policy liabilities acquired on business combination	-	-	-	-	-
Changes in the statement of comprehensive income					
Insurance revenue					
Other contracts	(7,746)	-	-	-	(7,746)
Insurance service expenses					
Incurred claims and other expenses	2,010	-	448	-	2,458
Adjustments to LIC	-	-	445	-	445
Losses and reversals of losses on onerous contracts	-	-	-	-	-
Insurance service result	(5,736)	-	893	-	(4,843)
Insurance finance income from contracts issued	(509)	-	-	-	(509)
Sub-total	(6,245)	-	893	-	(5,352)
Investment components excluded from insurance revenue and insurance service expenses	(40,435)	-	40,435	-	-
Cash flows					
Premiums received (including investment components)	26,232	-	-	-	26,232
Insurance acquisition cash flows paid	-	-	-	-	-
Claims and other insurance service expenses paid (excluding investment components)	(2,010)	-	(40,882)	-	(42,892)
Total cash flows	24,222	-	(40,882)	-	(16,660)

11 Insurance contract policy liabilities (continued)

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

	LRC		LIC	Total
	Excluding loss component \$'000	Loss component \$'000	\$'000	
31 December 2025				
Closing policy liabilities	813,635	-	11,222	824,857
Net closing balance	813,635	-	11,222	824,857
	LRC		LIC	Total
	Excluding loss component \$'000	Loss component \$'000	\$'000	
30 June 2025				
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				
Other contracts	(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 expense 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:

	Estimate of present value of future cash flows \$'000	Risk adjustment for non-financial risk \$'000	Contractual Service Margin (CSM)	Total
			Contracts under fair value approach \$'000	
31 December 2025				
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	(4,301)	-	(6,482)	(10,783)
Adjustment to loss recovery component	-	(10)	-	(10)
Experience adjustments	(806)	-	6,311	5,505

11 Insurance contract policy liabilities (continued)

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

	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
31 December 2025				
Changes that relate to future service				
Changes in estimates that adjust the CSM	(96)	(10)	106	-
Changes that relate to past service				
Adjustments to LIC	445	-	-	445
Insurance service result	<u>(4,758)</u>	<u>(20)</u>	<u>(65)</u>	<u>(4,843)</u>
Insurance finance income from contracts issued	(397)	-	(112)	(509)
Sub-total	<u>(5,155)</u>	<u>(20)</u>	<u>(177)</u>	<u>(5,352)</u>
Cash flows				
Premiums received (including investment components)	26,232	-	-	26,232
Insurance acquisition cash flows	-	-	-	-
Claims and other insurance service expenses paid (excluding investment components)	(42,892)	-	-	(42,892)
Total cash flows	<u>(16,660)</u>	<u>-</u>	<u>-</u>	<u>(16,660)</u>
Closing policy liabilities	821,399	312	3,146	824,857
Net closing balance	<u>821,399</u>	<u>312</u>	<u>3,146</u>	<u>824,857</u>

	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
30 June 2025				
Opening policy liabilities	860,392	316	3,396	864,104
Net opening balance	<u>860,392</u>	<u>316</u>	<u>3,396</u>	<u>864,104</u>
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)
Adjustment to loss recovery component	-	(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	<u>(9,466)</u>	<u>16</u>	<u>(842)</u>	<u>(10,292)</u>
Insurance finance expense from contracts issued	35,539	-	769	36,308
Sub-total	<u>26,073</u>	<u>16</u>	<u>(73)</u>	<u>26,016</u>
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)

11 Insurance contract policy liabilities (continued)

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

	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
30 June 2025				
Total cash flows	(43,251)	-	-	(43,251)
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	
	Profitable contracts	Onerous contracts	Profitable contracts	Onerous contracts
	\$'000	\$'000	\$'000	\$'000
31 December 2025				
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	20,001	-	-	-
Risk adjustment for non-financial risk	-	-	-	-
CSM	-	-	-	-
Total insurance contracts initially recognised in the period	20,001	-	-	-

	Contracts issued		Acquired contracts	
	Profitable contracts	Onerous contracts	Profitable contracts	Onerous contracts
	\$'000	\$'000	\$'000	\$'000
30 June 2025				
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	-	-	-

12 Other current liabilities

	31 December 2025 \$'000	30 June 2025 \$'000
Financial liabilities		
Refundable accommodation deposits	667,431	644,073
Resident loan liabilities	1,572,485	1,577,613
	2,239,916	2,221,686
Non-financial liabilities		
Unearned income	79,459	94,850
Other	35,117	35,638
	114,576	130,488
Total other current liabilities	2,354,492	2,352,174

13 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

The Group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at 31 December 2025.

(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 31 December 2025 and 30 June 2025 on a recurring basis:

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
31 December 2025				
Recurring fair value measurement				
Financial assets				
Financial assets at fair value through profit or loss				
Equity trusts	8,443	2,892,343	-	2,900,786
Fixed interest and other debt security trusts	-	1,062,781	-	1,062,781
Mortgage trusts	-	13,696	-	13,696
Property syndicates and trusts	3,266	246,980	-	250,246
Interest rate swaps	-	5,605	-	5,605
Other financial assets	-	-	161	161
Total financial assets	11,709	4,221,405	161	4,233,275
Non-financial assets				
Investment properties	-	-	2,419,491	2,419,491

13 Fair value measurements (continued)

(a) Recognised fair value measurements (continued)

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Total non-financial assets	-	-	2,419,491	2,419,491
Financial liabilities				
Life investment contract policy liabilities	-	3,168,339	-	3,168,339
Resident loan liabilities	-	-	1,572,485	1,572,485
Total financial liabilities	-	3,168,339	1,572,485	4,740,824
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
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 security 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
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

Most 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 Note (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.

13 Fair value measurements (continued)

(a) Recognised fair value measurements (continued)

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

All 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 and other commercial property holdings.

At the end of each reporting period, the directors update their assessment of the fair value of each property, considering 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 cost.

Fair value for retirement villages is determined using a financial model which calculates the net present value of future cash flows. 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;
- 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 commercial property holdings is based on periodic, but at least triennial, valuations by external accredited independent valuers and supported by a financial model.

All 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 assets for the half-year ended 31 December 2025:

	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	-	49,908	49,908
Commercial property rent received in advance movements	-	(40,452)	(40,452)
Net fair value movements	9	9,530	9,539
Transfers to property, plant & equipment (Note 14)	-	(47,973)	(47,973)
Disposals (Note 14)	-	(14,087)	(14,087)
Transfers to assets held for sale (Note 20)	-	(4,795)	(4,795)
Other	-	6,012	6,012
Closing balance 31 December 2025	161	2,419,491	2,419,652

13 Fair value measurements (continued)

(a) Recognised fair value measurements (continued)

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

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 31 December 2025 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 of accounting estimates.

To assess the exposure of the 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 the fair value measurement of investment property and the impact of changes in each input:

Description	Fair value at 31 December 2025 \$'000	Unobservable inputs	Range of inputs	Relationship of unobservable inputs to fair value
Retirement Village Independent Living Units	\$2,179,230	Discount rate	12.75% - 16.0%	Increase/decrease in discount rate by +/- 50 basis points changes the fair value by -\$27.9 million/+\$30.9 million.
		Property growth rate	2.0% - 4.0%	Increase/decrease in property growth rate by +/- 50 basis points would change the fair value by +\$51.8 million/ -\$47.0 million.
		Average length of residents' stay	8 - 14 years for independent living units	The higher the average length of stay, the lower the fair value.

13 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 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.

Description	Fair value at 31 December 2025 \$'000	Unobservable inputs	Range of inputs	Relationship of unobservable inputs to fair value
Herston Commercial Property (referred to as Herston Property Carparks and Edith Cavell)	\$113,744	Discount rate	6.25% - 9.00%	Increase / decrease in discount rate by +/- 50bps changes the fair value estimate by (\$3.4 million) / +\$4.5 million.
		Rental Growth Rate	3.15% - 3.25%	Increase / decrease in rental growth rate by +/- 50bps changes the fair value estimate by (\$1.6 million) / +\$1.7 million.
		Terminal Capitalisation Rate	7.20% - 8.50%	Increase / decrease in terminal capitalisation rate by +/- 50bps changes the fair value estimate by (\$3.5 million) / +\$4.6 million.

13 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 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 +/- 50bps changes the fair value estimate by (\$3.0 million) / +\$4.0 million.
		Rental Growth Rate	3.25%	Increase / decrease in rental growth rate by +/- 50bps changes the fair value estimate by (\$0.9 million) / +\$1.0 million.
		Terminal Capitalisation Rate	8.50%	Increase / decrease in terminal capitalisation rate by +/- 50bps 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 and commercial property sites 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 a model for property valuation. The main level 3 inputs used in measuring the fair value of retirement villages, 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 property valuation model are monitored via a regular cycle of periodic external valuations by independent accredited valuers.

(b) Disclosed fair values

The Group also has several 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:

	31 December 2025		30 June 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	2,920	2,722	2,389	2,299
Personal loans	-	-	8,351	8,351
Total	2,920	2,722	1,472,811	1,472,721
Current and non-current liabilities				
Australian Unity Bonds	459,297	466,393	458,500	468,948
Bank loans	-	-	115,556	112,923
Total	459,297	466,393	574,056	581,871

13 Fair value measurements (continued)

(b) Disclosed fair values (continued)

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

14 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 several of the development sites will be sold to retirement village operators.

	31 December 2025 \$'000	30 June 2025 \$'000
Retirement village independent living units	2,179,230	2,218,137
Development sites	203,585	177,919
Commercial property measured at fair value	113,744	101,908
Commercial property rent received in advance*	(77,068)	(36,616)
Total investment properties	2,419,491	2,461,348

* Commercial rent received in advance relates to receipt in the 2021 financial year end for the full term of a lease expiring in 2059. In half-year, 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

	31 December 2025 \$'000	30 June 2025 \$'000
At fair value		
Balance at the beginning of the year	2,461,348	2,244,905
Additions ⁽⁶⁾	49,908	96,802
Commercial property rent received in advance movements	(40,452)	1,066
Net fair value movements ^{(1),(2)}	9,530	71,904
Transfers to property, plant & equipment ⁽⁵⁾	(47,973)	-
Disposals (Note 4)	(14,087)	-
Transfers to assets held for sale (Note 19)	(4,795)	-
Other	6,012	46,671
Balance at the end of the period	2,419,491	2,461,348

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

	Half-year	
	2025 \$'000	2024 \$'000
Revenue ⁽³⁾	42,644	28,837
Expenses ⁽⁴⁾	(30,001)	(25,042)
Changes in fair value recognised in profit or loss	9,530	28,616
Total amounts recognised in profit or loss	22,173	32,411

14 Non-financial assets - Investment properties (continued)

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

⁽¹⁾ Changes in fair value gains or loss on investment property are detailed in Note 4.

⁽²⁾ The Group has determined that the current use of 114 Albert Road 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 and rental income from investment properties, which is detailed as Other revenue and other income in Note 4.

⁽⁴⁾ Expenses from investment properties are detailed as Expenses, excluding finance costs in Note 5.

⁽⁵⁾ In the half-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 turnover of occupation rights between residents.

15 Non-financial liabilities - Provisions

	31 December 2025 \$'000	30 June 2025 \$'000
Current provisions		
Employee benefits provision	85,423	72,802
Self insurance provision	5,008	4,774
Other provisions	27,916	16,822
	118,347	94,398
Non-current provisions		
Employee benefits provision	12,249	7,281
Self insurance provision	21,949	20,926
Other provisions	745	516
	34,943	28,723
Total provisions	153,290	123,121

16 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).

16 Mutual Capital Instruments (continued)

	Half-year	
	2025	2024
	\$000	\$000
Dividend for the 2025 financial year of \$2.5068 per MCI paid on 15 October 2025	12,712	-
Dividend for the 2024 financial year of \$2.5068 per MCI paid on 15 October 2024	-	12,712
Total fully-franked dividends paid	12,712	12,712

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.

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.

17 Business combination

(a) Acquisition of Plena Healthcare (PHC)

On 2 September 2025, the Group acquired 100% shares of Plena Healthcare Holdings Pty Ltd (Plena Healthcare) from Zenitas Healthcare Pty Ltd. The Group agreed to pay \$70.3 million on a debt and cash free basis, with the amount subject to adjustments in accordance with the sale and purchase agreement. The total purchase price comprises an initial payment of \$45.3 million, with a deferred consideration of \$25 million payable on 1 February 2026. The deferred consideration was paid on 1 February 2026. Refer to Note 23.

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

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

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

Provisional net liabilities acquired based on the provisional fair value at the date of acquisition:	
Cash and cash equivalents	3,265
Trade and other receivables	6,890
Other assets	3,825
Trade and other payables	(4,212)
Employee liabilities	(4,309)
Provisions	(5,881)
Total provisional net liabilities acquired	(422)
Provisional goodwill on acquisition	70,754
Total purchase consideration	70,332

At the date of this report, the purchase price allocation accounting required under AASB 3 *Business Combinations* has not been finalised. The acquisition-date fair values of identifiable intangible assets, property, plant and equipment, certain liabilities and the resulting goodwill remain provisional. These amounts will be finalised once the Group completes its review of valuation reports, acquisition-date balances and other estimates within the 12-month measurement period permitted under AASB 3.

17 Business combination (continued)

(a) Acquisition of Plena Healthcare (PHC) (continued)

The goodwill component, once finalised, will be related to the value of expected synergy benefits from the business combination, customer relationships, workforce and other items that do not qualify to be separately recognised.

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

	\$'000
Net cash acquired	3,265
Cash consideration *	(48,259)
Transaction costs of the acquisition	(3,032)
Net cash outflow	(48,027)

* Includes initial cash consideration of \$45,332,000 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 31 December 2025, the business has contributed revenue of \$25.7 million and profit before tax of \$0.5 million to the Group.

18 Reconciliation of profit attributable to members of Australian Unity Limited

Half-year ended 31 December 2025

	Attributable to members of Australian Unity Limited \$'000	Attributable to benefit fund policyholders \$'000	Consolidated Profit or Loss \$'000
Insurance revenue	371,972	7,712	379,684
Insurance service expenses	(344,616)	(8,104)	(352,720)
Insurance finance income from insurance contracts issued	155	354	509
Net insurance income	27,511	(38)	27,473
Other revenue and other income	758,621	125,685	884,306
Other expenses, excluding finance costs			
- Movement in policyholder liabilities	-	(84,446)	(84,446)
- Other expenses	(771,732)	(10,640)	(782,372)
Operating profit	14,400	30,561	44,961
Finance costs	(42,019)	-	(42,019)
Share of net gains of joint ventures	543	-	543
Profit before income tax	(27,076)	30,561	3,485
Income tax benefit/(expense)	11,262	(30,561)	(19,299)
Loss from continuing operations	(15,814)	-	(15,814)
Loss from discontinued operation	(837)	-	(837)
Loss for the half-year	(16,651)	-	(16,651)

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

Half-year ended 31 December 2024

	Attributable to members of Australian Unity Limited \$'000	Attributable to benefit fund policyholders \$'000	Consolidated Profit or Loss \$'000
Insurance revenue	365,418	7,661	373,079
Insurance service expenses	(331,802)	(8,158)	(339,960)
Insurance finance expense from insurance contracts issued	(195)	(14,404)	(14,599)
Net insurance income	<u>33,421</u>	<u>(14,901)</u>	<u>18,520</u>
Other revenue and other income	725,736	223,447	949,183
Other expenses, excluding finance costs			
- Movement in policyholder liabilities	-	(143,389)	(143,389)
- Other expenses	(708,615)	(10,904)	(719,519)
Operating profit	<u>50,542</u>	<u>54,253</u>	<u>104,795</u>
Finance costs	(40,526)	-	(40,526)
Share of net gains of joint ventures	208	-	208
Profit before income tax	<u>10,224</u>	<u>54,253</u>	<u>64,477</u>
Income tax benefit	2,680	(54,253)	(51,573)
Profit from continuing operations	<u>12,904</u>	<u>-</u>	<u>12,904</u>
Loss from discontinued operation	(1,180)	-	(1,180)
Profit for the half-year	<u>11,724</u>	<u>-</u>	<u>11,724</u>

19 Assets held for sale

(a) Description

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 20 for further details. Accordingly, the assets held for sale balance as at 31 December 2025 relates to the following current assets classified as held for sale, which are presented as a single line item on the Condensed consolidated balance sheet:

(i) One retirement village within the Wealth & Capital Markets segment, classified as held for sale, comprising assets held for sale of \$4.86 million and liabilities directly associated with assets held for sale of \$4.79 million, following the Group's decision to divest this asset; and

(ii) The Group's 48.1% equity investment in Acorn Capital Limited, held within the Wealth segment, has been classified as held for sale following approval to exit the joint venture. The investment is measured at its carrying amount of \$1.02 million, which is lower than its fair value less costs to sell.

Accordingly, the retirement village and the investment in Acorn Capital Limited were classified as assets held for sale as at 31 December 2025, totalling \$5.88 million.

19 Assets held for sale (continued)

(b) Assets and liabilities held for sale

The detailed quantitative disclosures below relate only to the retirement villages classified as held for sale. The Group's investment in Acorn Capital Limited does not represent a major line of business and, as it does not constitute a disposal group, does not give rise to further quantitative disclosure under AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*.

As at 31 December 2025, the retirement villages held for sale were stated at fair value less costs to sell and comprised the following assets and liabilities.

	31 December 2025 \$'000
Assets	
Cash and cash equivalents	26
Investment properties	4,795
Property, plant and equipment	2
Other financial assets at amortised cost	33
Assets held for sale	4,856
 Liabilities	
Provisions	160
Other current liabilities	4,632
Liabilities held for sale	4,792

(c) Measurement of fair values

i. Fair value hierarchy

The non-recurring fair value measurement for the retirement village held for sale of \$4,795,225 have been categorised as a Level 3 fair value based on the inputs to the valuation technique used (refer Note 13).

20 Discontinued operation - transfer of banking business

(a) Description

On 6 November 2024, the Group announced that its wholly-owned subsidiary, Australian Unity Bank Limited (AUBL), had signed an agreement to transfer its banking business to Bank Australia in late 2025.

In 2025, the Banking business was classified as a discontinued operation and was presented as 'asset held for sale' in the statement of financial position as at 30 June 2025.

On 22 November 2025, the Group transferred its banking business to Bank Australia. The transaction included the transfer of all banking customers and their associated loans, credit cards, and deposit accounts. At the date of transfer, AUBL had \$1.46 billion in loans and credit and \$1.62 billion in deposits (30 June 2025: \$1.47 billion in loans and credit, and \$1.66 billion in deposits).

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 2).

The transfer is reported in the current period as a discontinued operation. Financial information relating to the discontinued operation for the period up to the date of disposal is set out below.

(b) Financial performance and cash flow information

The financial performance and cash flow information presented are for the five months ended 22 November 2025 and six months ended 31 December 2024.

20 Discontinued operation - transfer of banking business (continued)

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

	Half-year 2025 (five months) \$'000	Half-year 2024 \$'000
Interest income	29,929	40,843
Interest expense	(20,037)	(29,791)
Net interest income	9,892	11,052
Other banking income	698	684
Net operating income	10,590	11,736
Operating expenses	(19,210)	(13,327)
Loan impairment provision	-	(94)
Loss before income tax	(8,620)	(1,685)
Income tax benefit	2,583	505
Loss after income tax from discontinued operation	(6,037)	(1,180)
Net cash inflows/(outflows) from banking business	(2,307)	12,600

(c) Detail of the transfer of Banking business

	\$000
Gain on transfer before income tax	3,174
Loan impairment provision	4,255
Carrying amount disposal group	7,429
Income tax benefit	(2,229)
Gain on transfer of Banking business after income tax	5,200
Reconciliation to condensed consolidated statement of comprehensive income from discontinued operation	
Gain on transfer of Banking business after income tax	5,200
Loss after income tax from discontinued operation	(6,037)
Loss from discontinued operation	(837)

20 Discontinued operation - transfer of banking business (continued)

(d) Carrying amount of disposal group

	\$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)

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.

21 Commitments

Capital commitments

Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

	31 December 2025 \$'000	30 June 2025 \$'000
Financial assets at fair value through profit or loss		
Within one year	1,000	2,060
Later than one year but not later than five years	600	-
	1,600	2,060
Investment properties		
Within one year	9,807	17,996
	9,807	17,996
Total capital commitments	11,407	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 seven years with capital expenditure in the range of \$75 million to \$90 million.

22 Contingencies

Contingent liabilities

Current provisions as at 30 June 2025 included an allowance for civil penalty proceedings initiated against a Group entity in the Federal Court of Australia (the Court), alleging breaches of Design and Distribution Obligations related to the Australian Unity Select Income Fund. At that time, the matter was at an early stage, with the final cost being uncertain. On 23 December 2025, the Court issued Orders and, as a result, current provisions were increased by \$2,025,000 to the amount of the penalty plus estimated associated legal fees.

In addition, 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, including costs which might arise from a customer remediation program, in relation to which any unprovided liabilities cannot yet be reliably estimated.

Guarantees

The Group has entered into bank guarantee arrangements totalling \$105,179,000 as at 31 December 2025 (30 June 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 31 December 2025.

23 Events occurring after the reporting period

Acquisition of Plena Healthcare

On 1 February 2026, the Group settled the deferred consideration of \$25,000,000 relating to the acquisition of Plena Healthcare.

MCI dividend

On 25 February 2026, the board of Australian Unity Limited has determined an interim fully franked dividend of \$2.4932 per Australian Unity Mutual Capital Instrument, totalling \$19,181,349, to be paid on 15 April 2026. The financial effect of this dividend has not been brought to account in the condensed consolidated interim financial statements for the half-year ended 31 December 2025 and will be recognised in subsequent financial reports.

The board is not aware of any other matter or circumstance arising since 31 December 2025 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.

24 Related party transactions

(a) Related party transactions

Transactions between the Group and related parties for the half-years ended 31 December 2025 and 2024 were as follows:

- Property development management fees charged to related entities, \$nil (2024: \$625,574).
- Fees charged by related entities for the construction of aged care and retirement village properties, \$nil (2024: \$23,774,000).
- Dividends received from associates, \$nil (2024: \$152,940).
- Interest charged to a related entity, \$30,873 (2024: \$nil).
- Interest charged by a related entity, \$120,223 (2024: \$165,313).
- Investment income from related entities, \$9,545,117 (2024: \$7,082,281).
- Payments to related parties relating to investment into the Australian Unity Select Income Fund \$753,040 (2024: \$469,200)*

(b) 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:

	31 December 2025 \$	30 June 2025 \$
Assets		
Cash and cash equivalents	-	10,000,000
Trade and other receivables	896,898	-
Loans to related entities	920,061	-
Financial assets at fair value through profit or loss	440,004,532	477,462,706
	441,821,491	487,462,706
Liabilities		
Trade and other payables	-	23,003
Loans payable to related entities	5,100,000	5,100,000
	5,100,000	5,123,003

* Australian Unity Funds Management Limited, a wholly owned subsidiary of Australian Unity Limited, has arrangements in place with related parties which enhance the returns earned on their investment in the 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.

In the opinion of the directors of Australian Unity Limited (Parent entity or Company):

- (a) The condensed consolidated interim financial statements and notes set out on pages 8 to 50, are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Company's financial position as at 31 December 2025 and of its performance for the six month period ended on that date;
 - (ii) complying with Australian Accounting Standards as it relates to AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- (b) 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.

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



Lisa Chung AM
Chair



Kelly Bayer Rosmarin
Group Managing Director & CEO

Melbourne
25 February 2026



Independent Auditor's Review Report

To the members of Australian Unity Limited

Report on the Condensed Consolidated Interim Financial Report

Conclusion

We have reviewed the accompanying **Condensed Consolidated Interim Financial Report** of Australian Unity Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Condensed Consolidated Interim Financial Report of Australian Unity Limited does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 31 December 2025 and of its performance for the half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Condensed Consolidated Interim Financial Report** comprises:

- Consolidated Balance Sheet as at 31 December 2025.
- Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity, and Consolidated Statement of Cash Flows for the half-year then ended.
- Notes 1 to 24, including material accounting policies.
- The Directors' Declaration.

The **Group** comprises Australian Unity Limited the Company and the entities it controlled at the half-year end or from time to time during the half-year period.

The **Interim Period** is the 6 months ended on 31 December 2025.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Interim 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 APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* issued by the Accounting Professional & Ethical



Standards Board Limited (the Code) that are relevant to audits of annual financial reports of public interest entities in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Responsibilities of the Directors for the Condensed Consolidated Interim Financial Report

The Directors of the Company are responsible for:

- the preparation of the Condensed Consolidated Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*.
- such internal control as the Directors determine is necessary to enable the preparation of the Condensed Consolidated Interim Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Condensed Consolidated Interim Financial Report

Our responsibility is to express a conclusion on the Condensed Consolidated Interim Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Condensed Consolidated Interim Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2025 and its performance for the Interim Period ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

KPMG

Chris Wooden

Partner

Melbourne

25/02/2026