

ASX Announcement

8 September 2025

Australian Unity Limited – Annual Report 2025

Please find attached Australian Unity Limited's Annual Report for the year ended 30 June 2025.

-end-

This announcement has been authorised for release by: Melinda Honig Company Secretary.

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AYU

Issuer:

Australian Unity Limited
ACN 087 648 888

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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



Annual Report

2025



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

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

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

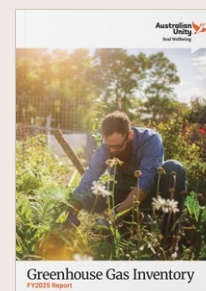
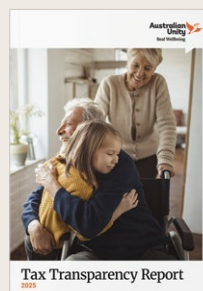
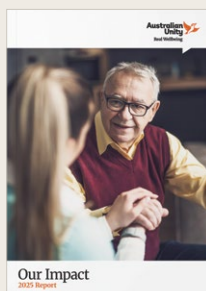
Visit our Investor Centre to access Australian Unity's full reporting suite—australianunity.com.au/investor-centre

Our 2025 corporate reports

- Our Impact
- Tax Transparency Report
- Greenhouse Gas Inventory Report

Find out more at:

australianunity.com.au/performance





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\$2.95b
in Revenues[#]

\$2.38b
Community & Social
Value in FY2025*

Chair's report

During my eight years as a member of the board, I can't recall a year quite like the year that's been.

As a Group, we have had opportunities to embrace and challenges to overcome, and through it all, it has been incredibly rewarding to see my fellow directors and the Group's executive team embracing change and, importantly, witnessing how our strategic planning efforts have allowed us to progress positively.

The year in review has been exceptionally busy with the embedding of the myHomecare Group operations post-acquisition and the ongoing transformation of our Home Health business, the ongoing realisation of the Herston Quarter Precinct in Brisbane, Queensland, and the implementation of new and updated technology platforms across the organisation, to name just a few elements. Every initiative we have completed or progressed this year has been an important part of our future success.

In FY2025, the Group delivered sound financial results, with material uplifts over the previous corresponding period. Revenues (including contributions to benefit funds) lifted to \$2.95 billion, and Adjusted EBITDA¹ rose to \$136.2 million. Further details of these results are outlined in the Group Managing Director's (GMD) Report and the balance of this report.

In the year under review, Australian Unity also delivered \$2.38 billion in Community & Social Value (CSV). As a mutual and social enterprise, the impact we have on those around us is core to our purpose and it provides us with clarity around why we do what we do. Our Impact report outlines our CSV Framework and measurement, and I invite you to access this report from

the Australian Unity website (available at australianunity.com.au/impact).

Alongside these efforts, we remained acutely aware of the geopolitical instability and resulting risks, along with the economic issues affecting our nation, including the impact on our communities of the current cost of living challenges. The November 2024 Australian Unity Wellbeing Index findings, delivered in partnership with Deakin University since 2001, highlighted starkly how these and other environmental factors are negatively impacting the wellbeing of Australians—with life satisfaction reaching an all-time low since our research commenced.

With these factors in mind, it has been pleasing to see that the Group's efforts have had positive financial and social impacts in the financial year.

A year with change and stability

This year we encountered a considerable amount of change within the Group and broader business operations. Such high levels of change are often associated with uncertainty, which we experienced. We also had many opportunities to introduce greater focus to our business activities and the sectors we operate in.

For example, as the nation's largest provider of in-home healthcare services, a significant provider of residential aged care, and custodians of a large portfolio of retirement residential communities, we are in a rare position to assess how a new aged care regulatory environment could directly benefit ageing Australians and the entire aged care sector. Coupled with considerable advocacy efforts, this year we have undertaken significant pre-

work on our clinical and technological processes and a realignment of our property portfolio.

Similarly, in November 2024, we announced the transfer of our wholly owned subsidiary Australian Unity Bank Limited, to fellow mutual Bank Australia. While we understood that this shift would initiate significant change, strategically the increasing demands on smaller credit unions and mutual banks to operate and remain competitive meant that this transition would provide greater stability in the medium term for our banking clients.

Australian Unity has a long history of stability and growth. Our strategic focus continues to prioritise the continued evolution of a solid foundation for the opportunities that lay before us.

Opportunities ahead

My aspiration for Australian Unity is to be recognised and respected as a corporate and community leader, from which standing we are able to advocate for and influence policy and other outcomes for the benefit of the community and the nation. As a large mutual with substantial and broad operations nationally, we can be seen with credibility, valuable experience and insights, to inform debates on complex matters and policy development.

When looking forward to the opportunities that will help deliver on this aspiration, it is hard to look past one demonstration related to the impending aged care regulatory changes and our adoption of technologies.

Over the last three years we have reinvented, tested and commenced a broader realisation of a new home health operating model, seeking benefits for clients, staff and the sector. Through the careful amalgamation of clinical and operational processes with purpose-built technologies, this model is planned to modernise the way we deliver in-home care to communities across most states of Australia. In addition to the anticipated benefits for our clients, the model is also attracting interest from other home health providers and relevant agencies to better deliver efficiencies at scale while providing a new standard of care.

When embracing opportunities like this, our focus remains on the ongoing provision of products and services that strengthen the relationships we have with our members, customers and clients. The opportunities ahead will require boldness given the objectively large disruptions that are afoot in the care services economy.

Our board

It continues to be an honour to lead a board of professionals who share my passion for the dynamic and complex organisation that is Australian Unity. I sincerely thank each director for their ongoing support and the tremendous responsibilities they boldly accept, despite increasing levels of complexity, depth and scale within the business areas in which the Group operates.

Paul Kirk retired as a director on 30 June 2025. On behalf of my fellow directors, I sincerely thank Paul for his contribution to Australian Unity over nine years, particularly as a director of numerous subsidiaries and as a board committee member. When Paul commenced as a director on the board in February 2016, he joined at a time of significant change and growth for the Group. Paul immediately took on the role of Chair of the Audit Committee, a position he held for six years. He significantly bolstered the board's financial expertise and analytical acumen during that time, and he also provided significant input into the NSW Homecare acquisition and

Herston Quarter project. We remain grateful to Paul for generously sharing his skills and experiences, and we wish him well with his future endeavours.

At a time when there are significant regulatory changes occurring in aged care, we recognise the need to include a high level of clinical governance skills on the board. In response, I am delighted to welcome the appointment of two non-executive directors whose tenure is effective from 28 August 2025. We welcomed Prof Patricia O'Rourke, who has over 35 years' experience in the public and private healthcare and medical research sectors, including executive, senior management and clinical experiences at St Vincent's Health Australia. We also welcomed Gordon Ballantyne, who has over 25 years' global executive experience in the health, telecommunications and technology sectors.

Retirement of our Group Managing Director & Chief Executive Officer

After 21 years, our Group Managing Director & Chief Executive Officer, Rohan Mead, announced his retirement this year and will end his tenure in late 2025.

It is impossible to summarise more than two decades of achievements, however, it is easy to describe the legacy that Rohan is leaving our organisation, members, customers, stakeholders and the communities around us.

When Rohan commenced in 2004, Australian Unity was a very different organisation. Operating in an environment with limited access to capital, the Group was predominately recognised as a provider of private health insurance. Rohan very quickly saw that there was opportunity to further enhance this business offering, and to advance our other health, financial services, and retirement living activities, and beyond.

Rohan set a vision for Australian Unity to be recognised and respected as a leading, purpose-driven organisation—and he has delivered. He also saw the need to build organisational sustainability for

ongoing viability, but this vision for viability went beyond our organisation. Drawing on the fundamentals of being a modern mutual, Rohan saw that we had a responsibility to tangibly extend the reach and influence of Australian Unity as an advocate for real wellbeing in the wider community.

Importantly for the sector, Rohan played a critical role in paving the way for investment and growth through the creation of Mutual Capital Instruments.

Under Rohan's leadership, we have an excellent platform from which to leverage a very bright future. Through continued improvement in our financial performance in accordance with our strategic plan, effective implementation of key strategic priorities and projects and the solid capital base from which we now operate, we have the opportunity to assess and pursue significant growth opportunities in the market.

This is a significant moment in time for Australian Unity and I sincerely thank Rohan for his unwavering commitment to this organisation and all that we serve. We remain proud to carry the responsibility and privilege of advancing these endeavours for our now 185-year-old corporation, delivering on our purpose to positively impact the wellbeing of millions.

I also extend my thanks to the executive and management teams who retain their steadfast focus on the enormous amount of important work that is in train, all of which is delivering meaningful change and value at Australian Unity.

I am pleased to present our FY2025 Annual Report, and I look forward to our shared strong and positive future.



Lisa Chung AM
Chair

* Revenues: comprise revenue and other income receipts (shown as the bottom section of the bar chart) as shown in the Consolidated statement of comprehensive income in the Annual Report, excluding discontinued operations, plus life investment contract premium receipts (shown as the top section of the bar chart). The latter receipts are recorded as movements in benefit fund policy liabilities in the balance sheet and not through the statement of comprehensive income.

* Reported in *Our Impact* (Released August 2025).

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


\$136.2m

Adjusted EBITDA¹ from
continuing operations

\$26.6m

Net profit after tax

Group Managing Director's report

Following a multi-year program of portfolio adjustments, this year our transformation program started to show material results as well as the realisation of our strategic growth objectives.

In the year to 30 June 2025, the Australian Unity Group reported consolidated revenues of \$2,602.4 million, up \$505.6 million, Adjusted EBITDA¹ from continuing operations of \$136.2 million an increase of \$65.8 million, and statutory profit after tax of \$26.6 million, also improved on the prior year by \$49.3 million. The Group's profit for the year (after income tax) from continuing operations was \$29.3 million (30 June 2024: \$24.0 million loss).

The favourable aggregate results relative to the prior reporting period should be read in conjunction with the Group's portfolio transformation, and associated operationalisation, along with acquisition and integration activities.

The Group invested \$70.2 million of non-recurring expenses into its integration and transformation programs during the financial year (30 June 2024: \$43.8 million) and expects these programs of work to be substantially complete by 31 December 2025. The remaining non-recurring costs to complete the transformation and integration programs are expected to be \$38-\$48 million. The costs of these programs may be affected if there were to be further material delays in the implementation of the *Aged Care Act 2024* reforms.

Importantly, at the same time these programs are being implemented, the Group has been delivering improved services to Home Health customers, improved operating effectiveness, and generating the expected benefits in line with the financial assumptions that supported the original investment plan.

Commenced in FY2023, these programs continue to strengthen the operating portfolio's focus in the areas of Health, Wealth and Care. This portfolio of activities supports our purpose to positively impact the wellbeing of millions. In FY2025, the Group's four operational platforms were Home Health, Insurances², Residential Aged Care and Wealth & Capital Markets (W&CM).

In the period under review, Australian Unity further progressed the integration of staff, customers and systems for myHomecare Group and IOOF Ltd (now known as Australian Unity Life Bonds Pty Ltd), which were the two businesses acquired in the previous financial year in the Home Health and W&CM platforms. Investment also continued into operating systems for these two platforms, along with Group-wide technology investment to enable innovation and efficiency in an evolving and complex landscape. We also went further in embedding a strategic technology provider, to realise scalable and sustainable technology performance for our future operations.

During the year, the Group announced the transfer of its Australian Unity Bank Limited banking business to Bank Australia Limited. This is expected to be complete in November 2025. Further corporate activity was progressed with the Group announcing the sale of Australian Unity Investments Limited (AUIL), the responsible entity of the Australian Unity Property Income Fund (PIF), to Newmark Capital.

Additional activities of note during the period included entering into a Project Delivery Deed for the

development of the Queensland University of Technology's new medical and healthcare faculty facilities on Stages 9 and 10 of the Herston Quarter Precinct in Brisbane, Queensland. We also announced the plan to repurpose progressively the assisted living apartments at The Alba in South Melbourne, Victoria, as a Residential Aged Care property.

During the year, the Group faced challenges from regulatory changes and activity across many of its operating businesses, most notably the delay in the implementation of the *Aged Care Act*. The nation experienced a highly fractious environment for the delivery of acute private health care and challenges related to private hospital operating models. Despite these challenges, which are ongoing, our Insurances platform saw relatively stable policyholder numbers.

Aged care reform

This year we have continued to hear a harmonised call from the nation's ageing population for better and more integrated support and healthcare. Aligned with our person-centred approach to care, we have continued to advocate for sensible reform on behalf of our members and customers within the impacted sectors.

While highly supportive of the majority of the aged care regulatory reforms, which will bring major changes in Home Health and Residential Aged Care, during the reporting period, the sector was disappointed by the lack of effective planning and real consultation that led to unheralded and last-minute deferral.

The government delay of the release of some 83,000 home care packages at 30 June 2025 impacts individuals who critically need home care services and the sector's ability to recruit more care workers and deliver more critical care services.

Mutual Value Measurement (MVM) Accreditation

As mentioned by the Chair, we see significant and growing benefit in measuring our Community & Social Value, including being able to capture the essence and value of our mutual-structured organisation that financial and accounting standards are not able to attend to fully.

In June 2025, these efforts were recognised when the Group received Mutual Value Measurement (MVM) Accreditation by the Business Council of Co-operatives and Mutuals. Developed in partnership with Monash University, the MVM Accreditation assists co-operatives and mutuals to measure and communicate the total positive impact they create beyond financial returns. This accreditation reflects the Group's efforts to extend its transparency and accountability, and to demonstrate continuous improvement in this area, accompanying the Company's ongoing efforts to positively impact our members, customers and the broader community.

Strategic and financial performance of our four business platforms

Home Health

The Home Health platform recorded a strong financial result, with \$367.4 million Total segment revenue growth to \$954.1 million in the review period (30 June 2024: \$586.7 million). The revenue growth was related to a full year of revenue from the March 2024 acquisition of the myHomecare Group (MHC). This acquisition contributed \$36.9 million of Adjusted EBITDA in the period under review, and its performance has been in line with business case expectations.

The platform continued to invest in transforming its operating model to meet the growing needs and expectations of customers and in preparation for the Government's Support at Home regulatory regime requirements, which are planned to commence from 1 November 2025 (having been delayed

from 1 July 2025). This transformation activity has included materially advancing the design and development of the core technologies used to support the delivery of an enhanced, integrated healthcare proposition for customers, at sustainable margins and in an efficient and effective manner for staff.

In the period under review, Home Health's Adjusted EBITDA included \$47.1 million of non-recurring transformation and integration expenses (30 June 2024: \$18.5 million). It is expected the transformation and integration activities will be substantially complete by 31 December 2025.

Excluding the investment in transformation/integration costs and the full-year benefit of the MHC acquisition, an Adjusted EBITDA year-on-year growth of 2.0 percent was achieved. The acquired MHC business achieved underlying EBITDA³ growth of 13.0 percent in FY2025.

Insurances

The financial results of the Insurances² platform have been driven by a disciplined approach to policyholder acquisition and operating expenses in highly competitive market conditions.

Total operating expenses, including claims, were higher than in the prior corresponding period primarily because of increased claims costs. The platform delivered an Adjusted EBITDA of \$50.3 million (30 June 2024: \$51.8 million), \$1.5 million lower than the prior corresponding period, largely driven by higher net claims expenses, reflecting claims inflation and slightly increased utilisation.

Residential Aged Care

The Residential Aged Care platform delivered strong revenue growth during the year to \$253.3 million Total segment revenue, up \$44.6 million (30 June 2024: \$208.7 million) and 41.2 percent growth in Adjusted EBITDA to \$54.8 million (30 June 2024: \$38.8 million). Revenue growth was achieved through higher occupancy levels following the successful sale of new rooms at The Alba as well as increased government funding to accommodate wage rises mandated under the Fair Work Commission's *Aged Care Work Value Case*.

Additional funding was also received to support the implementation of increased minimum care minutes, effective from October 2024. During the year, we also announced the plan to repurpose progressively the assisted living apartments at The Alba as a Residential Aged Care property, which resulted in a valuation uplift of \$16.8 million.

Average occupancy during the period was 2.4 percentage points above the sector average of 94.2 percent⁴, and 1.2 percentage points higher than the sector top quartile, as reported in the StewartBrown Aged Care Financial Performance Survey (March 2025). The platform's newest facility, The Alba, which commenced operations in August 2023, reached full occupancy of its available stages on 7 January 2025.

Wealth & Capital Markets (W&CM)

The W&CM platform increased Total segment revenue to \$250.4 million. The \$21.4 million increase in Adjusted EBITDA was driven by an improvement in the operating performance of the retirement living portfolio, profit on divestment of the management rights in Altius Asset Management, and further valuation uplifts in the Herston Quarter Precinct as stages continue to be developed and activated.

The Group entered into a Project Delivery Deed for the development of medical and healthcare faculty facilities on behalf of Queensland University of Technology on the Herston Quarter Precinct, Stages 9 and 10. In addition, during the year the platform reached practical completion of the Herston Quarter Precinct Northern Car Park.

My retirement

This year I announced that I will retire from Australian Unity at the end of 2025. It has been a privilege to lead this organisation for over 20 years, and I have found it highly rewarding to watch the Group transform into a business that is truly driven by the needs of our members and the communities around us.

When I first joined in 2004, the Group had a number of high performing yet discrete business areas. Over time these businesses have positively evolved into cohesive and sustainable offerings against the thematic of health, wealth and care. More than that, we have unapologetically prioritised the embodiment of what it truly means to be a mutual and social enterprise. Our history as Australia's first wellbeing company has seen us remain aware of the impact that our decisions, products and services can have on our members, those we serve, and the sectors we operate in.

I am tremendously grateful for the many opportunities that the Company and the board have afforded me. I am sure that in the years ahead our communities will seek and benefit from having access to the services that Australian Unity can provide. It has been a humbling privilege to make some contribution to re-shaping of Australian Unity as what we hope and plan to be a trust-worthy institution, providing valued services in a future where government capacity may be constrained.

Our board

I sincerely thank our Chair, Lisa Chung AM, and Deputy Chair, Melinda Cilento, for their board leadership and the continual support shown to me and the leadership team. I further extend this thanks to all directors, current and former, who have provided counsel during my time as GMD. Working closely with the board is an experience I have always valued, and I look forward to watching this aspect develop further in my ongoing capacity as an Australian Unity member and customer.

I extend a warm welcome to our newly appointed directors, Prof Patricia O'Rourke and Gordon Ballantyne, and like the Chair, I also thank retiring director Paul Kirk, who has provided significant commercial expertise to our board over the last nine years.

I trust this report will provide insight into our financial and operational highlights from the year under review. What it may not convey as effectively is the tremendous team efforts underpinning these activities.

During the year, some 10,000 staff across our operations made the FY2025 achievements possible. Their energy, enthusiasm and capability in service of our members and customers has been humbling. I thank them most warmly for their dedication, particularly in these continuing unpredictable times for our country.

And I thank you, and all members, for your support and confidence over two decades.



Rohan Mead
Group Managing Director
& Chief Executive Officer

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

² Prior to FY2025 reporting, the Insurances platform was known as Retail and included the Group's banking business. On 6 November 2024, Australian Unity Bank Limited signed an agreement to transfer its banking business to Bank Australia.

³ Underlying EBITDA represents growth prior to integration and transformation expenses.

⁴ StewartBrown Aged Care Financial Performance Survey Analysis Report (March 2025): www.stewartbrown.com.au/news-articles/26-aged-care/318-2025-07-stewartbrown-aged-care-financial-performance-survey-analysis-report-march-2025.



“

I am sure that in the years ahead our communities will seek and benefit from having access to the services that Australian Unity can provide. It has been a humbling privilege to make some contribution.”

Rohan Mead

Group Managing Director
& Chief Executive Officer



About us

Our purpose

To positively impact the wellbeing of millions

Our vision

To enable Real Wellbeing for our members, customers and community through our portfolio of commercial, sustainable businesses

Our areas of operation

Health, Wealth & Care

Our organisational pillars

In our endeavours to create positive and long-lasting impact, four organisational pillars direct our key growth efforts.



Member and customer focus

We develop our products and services to support the changing wellbeing needs of our members and customers.



Sustainable financial performance

The strength and scale of our operations allows us to generate sustainable financial performance with a greater positive impact for the future.



Community and social value

Our portfolio seeks to maximise positive community and social value. We are a trusted institution supported by our strong governance practices.



People, wellbeing and capability

We seek to ensure our people have the right skills, mindset, capability and culture to support our ambition, and enable them by supporting their wellbeing.

Our portfolio

As a wellbeing company, we've built a diverse and thematically linked portfolio delivering health, wealth and care products and services, organised under four customer-focused platforms.

Home Health		Delivering an integrated model of care that incorporates home care, health services and mental health interventions, and underpinned by a robust care partnering model, with the goal of supporting our customers to age actively and independently right where they want to be – at home.
Insurances*	Health and General Insurances	Supporting customers to improve their health and wellbeing outcomes through a range of private health insurance options and the distribution of general insurance products.
Residential Aged Care		Delivering high-quality clinical, care and service offerings in a Better Together® small household setting to ageing Australians.
Wealth & Capital Markets	Funds Management	Providing specialist investment propositions that serve investors well (including healthcare and aged care property, mortgages, emerging Australian companies, and Australian equities) and managing the Group's investment portfolio.
	Social Infrastructure	Providing broad social infrastructure property sector investment exposure, and managing the Group's retirement living and aged care property portfolio, retirement living operating business and Herston Quarter Precinct.
	Life	Providing investment bonds, funeral bonds and education savings plans.
	Trustee Services	Providing traditional Trustee services including financial, estate and trust administration this includes tax services and resident trust fund support.

Portfolio structure as at 30 June 2025.

* Prior to FY2025 reporting, the Insurances platform was known as Retail and included the Group's banking business. On 6 November 2024, Australian Unity Bank Limited signed an agreement to transfer its banking business to Bank Australia.

2025 at a glance



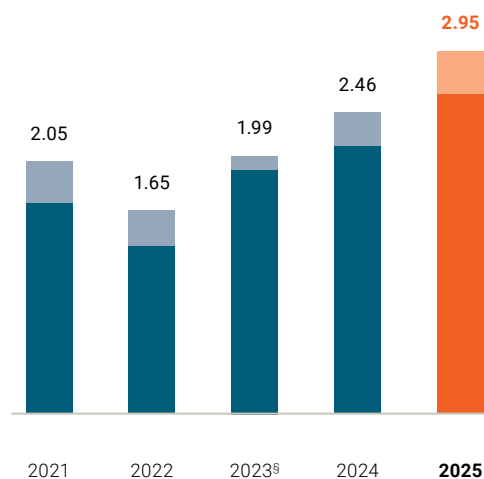
375,000+
members



~10,000
staff

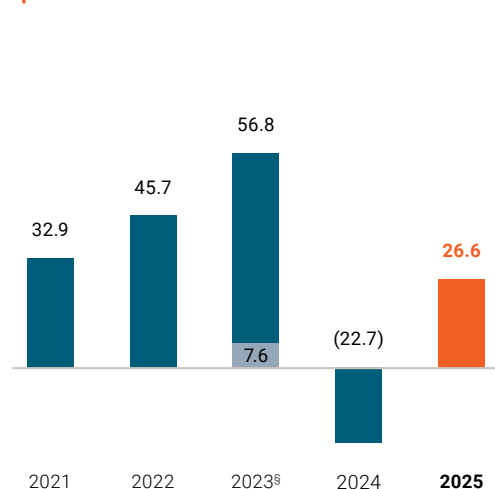
Revenues (\$b)[†]

\$2.95b



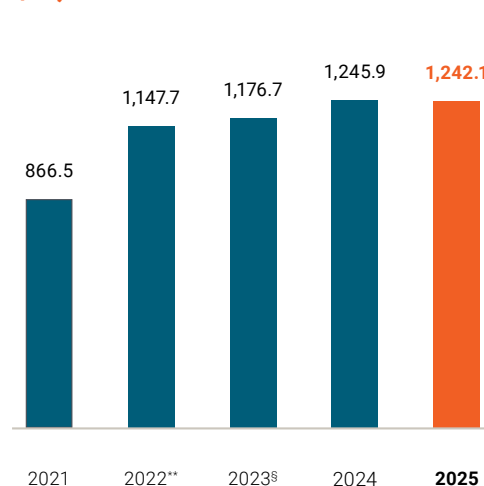
Profit/(loss) after income tax (\$m)

\$26.6m



Members' funds (\$m)[‡]

\$1,242.1m



[†] Revenues: comprise revenue and other income receipts (shown as the bottom section of the bar chart) as shown in the Consolidated statement of comprehensive income in the Annual Report, excluding discontinued operations, plus life investment contract premium receipts (shown as the top section of the bar chart). The latter receipts are recorded as movements in benefit fund policy liabilities in the balance sheet and not through the statement of comprehensive income.

[‡] Members' funds: net assets of the Group attributable to members.

[§] 2023 has been restated in accordance with the implementation requirements of AASB 17 *Insurance Contracts* to be on the same basis as 2024. This has resulted in 2023 profit after income tax reducing to \$7.6 million on a restated basis rather than \$56.8 million as reported in 2023. The movement was mainly an increased adjustment to opening 2023 retained earnings.

^{**} 2022 Members' funds as reported in 2022.

Home Health

\$954.1m

in Total segment revenue

(2024: \$586.7m)

\$55.8m

in Adjusted EBITDA^a

(2024: \$50.5m)

228.1m

safe minutes of care delivered^a

(2024: 205.2m)

Insurances

\$712.9m

in Total segment revenue

(2024: \$689.0m)

\$50.3m

in Adjusted EBITDA^a

(2024: \$51.8m)

\$676.5m

private health insurance (PHI)

gross claims (2024: \$651.8m)

Private health insurance (PHI) claims

Top 3 PHI claims[#] by combined hospital and medical cost

Total benefits paid by Australian Unity	Total length of stay (days)	Description
\$697,267	84	Tracheostomy with ventilation > 95 hours
\$323,714	119	Newborns and other neonates
\$246,558	31	Tracheostomy with ventilation > 95 hours

Top 3 PHI single day claims[#] by cost

Total benefits paid by Australian Unity	Description
\$46,275 (including \$24,897 prosthesis benefit paid)	Transcatheter aortic valve replacement
\$43,671 (including \$36,801 prosthesis benefit paid)	Transcatheter vascular intervention (non cardiac)
\$42,140 (including \$32,663 prosthesis benefit paid)	Replacement cardiac defibrillator

Residential Aged Care

\$253.3m

in Total segment revenue

(2024: \$208.7m)

\$54.8m

in Adjusted EBITDA^a

(2024: \$38.8m)

96.6%

average occupancy levels in mature homes^{*}

(2024: 97.1%)

Wealth & Capital Markets

\$250.4m

in Total segment revenue

(2024: \$232.5m)

\$66.9m

in Adjusted EBITDA^a

(2024: \$45.5m)

\$15.20b

gross funds under management,

administration and advice (2024: \$18.76b)

^a 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 Group overheads and other material non-recurring expenditure. A reconciliation between Adjusted EBITDA and profit/(loss) before income tax from continuing operations is set out in note 1 (c) (ii) 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.

^{*} Mature homes are properties that are post full sell-down.

^a Safe minutes of care is the key operating measure of the platform which reflects the volume of care delivered to the business' customers by the Home Health care workforce and the broader supply network.

[#] Claims period: June 2024 to May 2025 discharges.

Governance

The corporate governance approach of Australian Unity Limited (the Company) has been developed to reflect the requirements of APRA's Prudential Standards—including those related to Governance, Remuneration, Fit and Proper and Risk Management—as well as key aspects of the *ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (4th Edition)* (Principles). Australian Unity acknowledges that the Principles do not apply to Australian Unity Limited as it is debt-listed on the Australian Securities Exchange (ASX).

Notwithstanding, Australian Unity considers the Principles to be a valued source of governance guidance and seeks to align itself with the Principles.

Governance structure

Australian Unity is governed by the Company's board. The board is supported by its committees including the Risk & Compliance (R&C) Committee, Audit Committee, People, Culture & Remuneration (PC&R) Committee and Investment Committee. The Group Managing Director (GMD) reports to the board and, alongside the Group Leadership Team (GLT), is responsible for managing Australian Unity's day-to-day operations. The board has structures and processes to support the management of Australian Unity, including policies and procedures, risk and conflict management frameworks and internal controls, which are designed to promote effective, responsible and ethical conduct.



note: a very small percentage of businesses acquired by Australian Unity may have governance structures independent of Australian Unity (of which Australian Unity has oversight).

The board

Board roles and responsibilities

The board's responsibilities include approving Australian Unity's strategy, budget and operating plans, appointing and evaluating the performance of the GMD, setting and approving Australian Unity's Risk Appetite Statement (RAS) and Enterprise Risk Management Framework (ERMF) and monitoring the effectiveness of Australian Unity's governance arrangements. The Australian Unity Limited Board Charter (Board Charter) is available on Australian Unity's website (australianunity.com.au) and describes the board's roles and responsibilities, including the matters reserved for the board.

Board structure and composition

As at 30 June 2025 (year end), the board comprised eight directors—seven non-executive directors (including the board's Chair) and the GMD (an executive director). Australian Unity has a written agreement with each non-executive director outlining the terms of their appointment.

The board's Chair, Lisa Chung AM, leads the board and is responsible for the efficient conduct of the board's meetings. As the board's Deputy Chair, Melinda Ciento supports the Chair and acts in that position when Ms Chung is absent or not available. More information on the roles of the Chair and Deputy Chair can be found in the Board Charter.

Each director's biography as at year end, including their appointment date and tenure, can be found on the following pages.

All board directors are accountable persons under the Financial Accountability Regime (FAR), which is designed to improve the risk and governance cultures of Australia's financial institutions.

All board and member meetings are conducted in English, and key corporate documents are written in English.

As all of the Company's directors are proficient in English, it is not presently necessary for Australian Unity to have engagement processes in place for non-English-speaking directors.

Board and committee meetings

The board met nine times in the year under review, with the Investment Committee meeting three times and the Audit Committee, PC&R Committee and R&C Committee each meeting five times. Director attendance at board and committee meetings throughout the year is set out in the Directors' report. Board and committee meetings are generally conducted over two-to-three consecutive days, with directors regularly meeting without management present to encourage independent discussion.

Independence and re-election of directors

As at year end, all non-executive directors are considered to be independent. A director is considered independent if they are free of any interest, position or relationship that could or could reasonably be perceived to materially influence their ability to exercise independent judgement on board matters and act in the best interests of the Company as a whole. The criteria for assessing a director's independence are detailed in the Board Charter.

Directors must continuously update their interests, positions, associations and any potential conflicts. These updates are used to reassess each director's independence regularly. Directors are also required to abstain from discussions or voting on any matters where they may have an actual or perceived conflict of interest.

Generally, directors (other than the GMD) serve three-year terms, after which they must seek re-election at the Company's Annual General Meeting (AGM). Directors appointed throughout the year must stand for re-election at the first AGM following their appointment. Directors may serve for a maximum

of 12 years, contingent on member re-election. However, extensions beyond this term may be granted in exceptional circumstances, as outlined in the Board Renewal and Evaluations Policy, which is available on our website. Additionally, all directors must meet the 'Fit and Proper' criteria, as defined by the relevant regulatory frameworks applicable to Australian Unity.

Board experience, skills and diversity

The board comprises directors with a broad range of experience, expertise and diversity in background and gender. The board, led by the Chair with support from the PC&R Committee, regularly and at least annually considers the directors' skills. During the reporting period, the board skills matrix was reviewed to ensure that the mix of skills aligns closely with Australian Unity's strategic ambitions.

Given the constraints posed by resources and the constitutional limit on number of directors on the board, it is acknowledged that disparities may arise between the identified skill areas and the actual collective board skills. Where the board does not have a particular skill, this is addressed (as appropriate) in succession planning, professional development or through the engagement of experts, consultants or advisors, whether they be independent externals or internal management.

A summary of the board skills matrix follows on page 16.

Board of directors*



Lisa Chung AM
Chair
LLB, FIML, FAICD

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



Melinda Cileto
Deputy Chair
BA, BEc (Hons), MEc, GAICD

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



Rohan Mead
Group Managing Director
& CEO

Mr Mead was appointed Group Managing Director of Australian Unity Limited on 1 July 2004. As Group Managing Director, he is a member of most subsidiary boards and several committees. Mr Mead is chair of the Business Council of Co-Operatives and Mutuals Limited (BCCM). He is also chair of the Business Council of Australia's Health and Care Economy Committee and a member of its Indigenous Engagement Committee. Mr Mead is a director of the Centre for Independent Studies (CIS) and Private Healthcare Australia Limited (PHA). Prior to joining Australian Unity, Mr Mead was employed by Perpetual Trustees Australia Limited (1996–2003) in a range of senior roles. Mr Mead is not a director of any other listed entities and has not held any other directorships of listed entities during the last three years.



Gordon Ballantyne
BSc (Hons)

(Appointment effective
from 28 August 2025)

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



Lucinda Brogden AM
BCom, MORGPsych,
Hon.DBus, MAICD

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



Kim Cheater
BEC, CA, FAICD

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



Dr Helen Nott
BSc (Hons), PhD, FAICD

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



Prof Patricia O'Rourke
BNursing, GAICD

(Appointment effective from 28 August 2025)

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



Julien Playoust
BSc (Arch), BArch (Hons),
MBA, FAICD

Mr Playoust was appointed to the board of Australian Unity Limited on 1 February 2020. He is Chair of the Investment Committee and a member of the Audit Committee and the Risk & Compliance Committee. Mr Playoust is a director of AEH Group, deputy chairman of the Art Gallery of NSW Foundation and chairman of the Finance Committee, member of the Advisory Board and chairman of the Investment Committee of The Nature Conservancy, a Trustee of the Sir William Dobell Art Foundation and chairman of the Investment Committee, and a member of the Alumni Leaders Group of the UNSW Business School. Past appointments include: non-executive director of ASX-listed Tatts Group Limited, MCM Entertainment Group Limited, and Australian Renewable Fuels Limited; director of TimeOut Group Australia and Ventura Health; and member of the UNSW Art & Advisory Board, and the National Gallery of Australia Foundation Board. He has worked with AMP, NAB and Accenture. Mr Playoust is a Fellow of the Australian Institute of Company Directors. He holds a Master of Business Administration from UNSW (AGSM), Bachelor of Architecture (First Class Honours) and Bachelor of Science from Sydney University, and a Company Director Course Diploma from the Australian Institute of Company Directors. Mr Playoust has not held any directorships of listed entities in addition to those set out above during the last three years.

Paul Kirk
BEC, CA, RITA, MAICD

Mr Kirk was appointed to the board of Australian Unity Limited on 1 February 2016 and retired on 30 June 2025.

Su McCluskey
BComm, FCPA, FTSE,
MAICD

Ms McCluskey was appointed to the board of Australian Unity Limited on 1 September 2015 and retired on 30 October 2024.

* As at time of publication.

Board skills matrix areas

**Strategy and leadership**

Extensive leadership experience in publicly listed, APRA-regulated, aged care, mutual or not-for-profit entities; strategic thinking abilities including critical assessment of opportunities and threats, development and implementation of enterprise-wide strategies, and effective challenge of management on strategic objectives.

**Commercial**

Strong commercial expertise with experience in identifying, negotiating, structuring, assessing and executing mergers and acquisitions, or senior leadership experience within a large and multifaceted organisation with significant operational scope, diverse units and with diverse internal and external stakeholders.

**Australian Unity's operating sectors**

Experience in the areas that Australian Unity operates, including insurance, retirement communities, residential aged care, home care services, health care, community services, financial services, investments and funds management, and infrastructure and property development. Proficiency in service coordination involving strategic planning and management of efficient systems to coordinate a broad range of services, ensuring timely and quality care for a diverse client base.

**Customer and member wellbeing**

Comprehensive understanding of digital transformation, artificial intelligence and cyber-security issues. Demonstrated ability to foster a strong, member-focused culture and achieve positive member and consumer outcomes. Additionally, experience in accessing and navigating care services personally, showing empathy, understanding and the capability to optimise quality of care.

**People wellbeing**

Proficiency in safety management and occupational health, ensuring compliance and fostering a culture of safety. Expertise in setting and communicating corporate culture, motivating key talent, overseeing management and evaluating CEOs and key executives, along with a strong understanding of remuneration practices, legislative frameworks and executive incentive arrangements. Skilled in overseeing large corporate change programs, organisational psychology and in navigating complex organisational dynamics.

**Indigenous wellbeing**

Proficiency in Indigenous cultures and issues, with expertise in respectful engagement and tailored reconciliation strategies. Ability to build positive relationships with Indigenous communities and championing diversity, equity and inclusion while ensuring accountability in related initiatives.

**Financial acumen**

High-level financial acumen regarding corporate finance, accounting, reporting and internal financial controls. Expertise in capital markets and funds management, encompassing corporate financing, equity and debt markets and portfolio management for retail and institutional investors. Proficiency in analysing financial statements, assessing investment proposals, overseeing budgets and staying current with regulatory changes and industry trends.

**Governance and risk management**

Sound knowledge of governance issues, particularly within the APRA-regulated and ASX-listed environment, and the ability to manage legal, compliance and reputational risks. Expertise in risk management frameworks, internal controls and contemporary risk management practices to ensure long term value delivery.

**Regulatory and public policy**

Ability to influence public policy development and manage the implications of public and regulatory policy.

**Environment and social responsibility**

Comprehensive commitment to environmental sustainability and social responsibility. Knowledgeable about environment regulations and sustainability practices, contributing to initiatives that minimise environmental impact, and ability to promote ethical business practices.

Director induction, training and continuing education

Before formally joining the board, prospective directors undertake detailed due diligence and then, once appointed, an induction program is launched. The induction program includes inviting appointees to attend board meetings as an 'observer' before appointment and the provision of broader and more detailed materials than those provided during due diligence, as well as meetings with all GLT members and other senior officers of Australian Unity.

During the year, Australian Unity announced the appointment of Prof Patricia O'Rourke (and early in FY2026 the appointment of Gordon Ballantyne) as non-executive directors with effect from 28 August 2025. Prior to their respective appointments, the Company conducted appropriate checks in relation to each of their backgrounds and experience, including a 'Fit and Proper' assessment under APRA Prudential Standard CPS 520 *Fit and Proper*. The background checks did not reveal any information of concern. They completed their induction, including attendance at board and committee meetings before appointment, prior to their effective appointment date.

Australian Unity also has a board training program, which provides the board with professional development opportunities in areas required to execute their roles. The program includes briefing sessions and workshops, conducted by a range of expert stakeholders, on matters such as regulatory change, external risks facing the Company, compliance with key legislation and statutory reporting.

As accountable persons under FAR, all directors are trained on their responsibilities as defined in their accountability statements required under FAR. Their obligations and areas of accountability are also required to be re-acknowledged and accepted annually.

The board has full and free access to the GMD and relevant Australian Unity records, with each director entering a deed of indemnity, insurance and access with the Company.

Board and committee performance

The PC&R Committee regularly assesses the performance of the board and individual non-executive directors and at least annually. Every three years, this assessment is conducted by an independent third party which involves a comprehensive review of the board's performance including its committees. In the years where an independent third party is not engaged to conduct a performance assessment, the performance of the board, each committee and individual directors is evaluated through self-assessment. This process utilises a variety of tools, including questionnaires, workshops and interviews with board and committee members.

An independent third-party assessment was last conducted in 2024. During the year under review, an internal assessment was conducted through a combination of anonymous questionnaires by directors and executives, and meetings between the chair of the PC&R Committee and individual directors. As part of the board's commitment to continuous improvement, opportunities to enhance operations identified through the annual assessments have been incorporated into the board's governance agenda.

Additionally, the board has engaged an external consultant to provide ongoing coaching to board members, aiming to refine performance within the board and its interactions with the GLT.

Further details on the performance assessment process are outlined in the Board Renewal and Evaluations Policy, available on our website.

Nominations matters

The board, in collaboration with the PC&R Committee, oversees board renewal and nominations matters. The PC&R Committee assists the board in accordance with the Board Renewal and Evaluations Policy, which involves, amongst other things, reviewing the board's composition and considering board renewal at least annually. Both the board and the PC&R Committee are majority independent directors and have an independent chairperson.

Further details about Australian Unity's objectives of board renewal, considerations and appointments can be found in the Board Renewal and Evaluations Policy, available on our website.

Board committees

Each board committee comprises a majority of independent non-executive directors of the board and is chaired by an independent non-executive director (other than the Chair of the board).

The experience of the members of each committee is outlined in the Remuneration report.

Board committee	Key responsibilities	Members as at year end
Risk & Compliance Committee	Assisting with and, where necessary, making recommendations to the board on: - Australian Unity's Enterprise Risk Management Framework (ERMF) and Risk Appetite Statement (RAS), and associated policies - Australian Unity's Compliance Management Framework and associated policies - advising the board on the risk culture of the Group and how the Group's risk culture can be further developed to support the Group's objectives - Australian Unity's clinical governance frameworks - Australian Unity's exposure to key risks, including environmental and social risks, alongside recommendations to manage such risks - specific risk and compliance matters, such as health and safety, whistleblower protection, modern slavery, operational resilience and anti-money laundering and counter-terrorism financing - Australian Unity's operational structure to facilitate effective risk-management.	Kim Cheater (Chair) Lucinda Brogden AM Lisa Chung AM Melinda Cilento Dr Helen Nott Julien Playoust
Audit Committee	Assisting with and, where necessary, making recommendations to the board on Australian Unity's: - accounting policies and statutory and financial reporting processes, including the assessment of financial information - operational structure in relation to accountability measures and internal controls - annual and half-year financial statements - community and social value framework, and - audit processes, including the review of the terms of engagement and the performance and results of internal and external audits.	Dr Helen Nott (Chair) Lucinda Brogden AM Kim Cheater Lisa Chung AM Julien Playoust
People, Culture & Remuneration Committee	Assisting with and, where necessary, making recommendations to the board on: - Australian Unity's organisational culture strategies and programs, concerning leadership, employee engagement, diversity and ethical business practice and risk culture - Australian Unity's Remuneration Policy and its application, effectiveness and compliance with applicable legislative and regulatory standards - nominations matters, including Australian Unity's strategy in relation to board/senior management succession planning and the appointment process of non-executive directors or candidates for the board election - the remuneration of the GMD, direct reports of the GMD and other persons who, in the PC&R Committee and the board's opinion, may affect Australian Unity's financial soundness or as otherwise required by regulatory bodies, and - Australian Unity's performance measures and targets, including the performance assessment of individual and collective senior management as well as individual directors and the collective board and board committees.	Melinda Cilento (Chair) Kim Cheater Lisa Chung AM
Investment Committee	Assisting the board by providing challenge, oversight and guidance to management regarding: - investment management activities in relation to Australian Unity's Investable Assets and Assets Under Management, including consideration of management reports and monitoring investment performance - delegations granted by the board as relevant to the investment management function - investment management function's approach to supporting the Australian Unity Group effectively satisfying its various fiduciary obligations and licensing requirements, and - in conjunction with the R&C Committee, provide oversight of market and investment risk.	Julien Playoust (Chair) Lisa Chung AM Melinda Cilento Paul Kirk* Rohan Mead William Whitford*

* note: Paul Kirk retired as a director and committee member on 30 June 2025. William Whitford is an external appointee.

Our values and culture

We recognise that responsible decision making, transparency and accountability in our governance practices are critical to fostering trust, ethical behaviour and societal impact. Our values of being **Bold, Warm and Honest** in what we do, encapsulate how Australian Unity makes decisions, fulfils its purpose and meets its goals and guide how we relate to members, customers, communities, stakeholders and each other.

Our values are reflected in our Code of Conduct, which sets out our moral and ethical standards and requires our directors, employees, contractors and consultants to behave ethically and with integrity in their dealings with stakeholders and each other.

A positive culture is fundamental to good governance and the board plays a crucial role in setting the right 'tone from the top'. To form their own view on our corporate culture, our board steps outside the board room to observe how the organisation's ethics and behaviours align with our values and goals. For instance, during the year, various directors:

- held several 'coffee with directors' sessions with employees from across the Group to hear first-hand what is on their minds
- conducted individual 'skip' meetings with the Group Leadership Team to hear their perspectives on Group performance
- heard directly from our Group Leadership Team who attended monthly board meetings to provide direct viewpoints and raise any concerns directly with the board and understand the board's expectations first-hand
- received presentations from and engaged directly with our extended senior leadership at the annual board strategy summit
- attended a number of sites across our business, spending time with our employees and customers such as Australian Unity Racecourse Grange Aged Care facility.

Risk culture

We are committed to fostering a strong risk culture throughout Australian Unity. We believe that by continuously improving and evolving our risk culture, we can better protect the interests of our customers, employees and stakeholders while fostering a culture of responsible risk management across the Group.

This year we have made further progress to uplift our risk culture maturity, measured by our Risk Culture Framework. Some of the key achievements include:

- commenced "Risk Matters" — a risk culture uplift program consisting of a series of cultural messages delivered by People Leaders. Topics included the importance of speaking up and timely completion of risk management activities, and how to foster an environment that supports positive risk taking
- further strengthened the risk management training module with guidance on risk based decision-making and positive risk taking
- refreshed our Whistleblower Policy and training to educate, support and encourage reporting
- provided training to Accountable Persons on their responsibilities aimed at driving accountability, cultural reform and reinforcing conduct standards.

Group Leadership Team

The GMD, with support from the GLT, manages Australian Unity's day-to-day operations. The biographical details of each GLT member as at year end can be found on pages 20 to 21. Not all GLT members are considered key management personnel (KMP). For those GLT members that are KMP, an overview of their compensation program and remuneration during the year under review is outlined in the Remuneration report. Australian Unity has a written agreement with each GLT member outlining the terms of their appointment, and appropriate checks are undertaken prior to and throughout appointment to ensure that the GLT member has the pertinent skills and expertise and is fit and proper for their relevant role. The review and assessment of performance of the GMD's direct reports is undertaken each year by the GMD with input by the board.

The review and assessment of the GMD's performance is undertaken by the board. Each member of the GLT has had their performance reviewed in accordance with this process as at year end. Similar to the board, the GLT are provided with ongoing training opportunities.

Group Leadership Team*



Rohan Mead
Group Managing Director
& CEO

Mr Mead was appointed Group Managing Director of Australian Unity Limited on 1 July 2004. As Group Managing Director, he is a member of most subsidiary boards and several committees. Mr Mead is chair of the Business Council of Co-Operatives and Mutuals Limited (BCCM). He is also chair of the Business Council of Australia's Health and Care Economy Committee and a member of its Indigenous Engagement Committee. Mr Mead is a director of the Centre for Independent Studies (CIS) and Private Healthcare Australia Limited (PHA). Prior to joining Australian Unity, Mr Mead was employed by Perpetual Trustees Australia Limited (1996–2003) in a range of senior roles.



Prue Bowden
BA, MEMP LabRelLaw, GAICD
Group Executive—Home Health

Ms Bowden joined Australian Unity in February 2017. Ms Bowden led the Group's transformation agenda to reshape the enterprise operating model, putting the customer front and centre and driving new and more efficient ways of working. In September 2018, Ms Bowden was appointed to Group Executive—People & Culture. She was responsible for leading the Group's people function including culture and capability, performance and remuneration, workplace health and safety, shared services and internal communications. Ms Bowden also led the Group's inclusion and diversity, workplace giving and employee wellbeing strategy. In July 2022, Ms Bowden became the Group Executive—Home Health, our integrated healthcare company to support Australians to live and age well at home. Prior to joining Australian Unity, Ms Bowden was the director of People Solutions Group Pty Ltd, a boutique consulting firm focused on operating model design and transformational change. Ms Bowden brings to Australian Unity diverse industry experience, having successfully led and supported people functions in complex, commercial environments in banking, insurance, media and healthcare. Previous clients and employers include News Limited, Suncorp, ANZ and Ramsay Health Care.



Dean Chesterman
BBus
Group Executive—People & Culture

Mr Chesterman joined Australian Unity in June 2012. Mr Chesterman undertook senior roles in the People & Culture function before transitioning into a commercial role as General Manager for Branch Operations for almost five years. Mr Chesterman was also acting Executive General Manager for Home and Disability Services for a year during that time. In 2022, Mr Chesterman was appointed as the Group Executive—People & Culture. Prior to Australian Unity, Mr Chesterman held multiple senior roles with KPMG across People & Culture and Strategy. Mr Chesterman has a Bachelor of Business from Queensland University of Technology.



Mark Gay
MEI, GAICD
Group Executive—Technology

Mr Gay joined Australian Unity in 2022 with over 30 years of experience in global roles, spanning banking and financial services, logistics, entertainment and education. His expertise includes digital transformation, technology strategy, cyber, operations, data and strategic outsourcing. Previously Mr Gay was the chief information officer with QBE in the Australian and Pacific region, the chief digital officer with BetEasy, chief information officer with ME Bank and chief technology officer for GE Capital in Australia. Mr Gay holds a Masters of Entrepreneurship and Innovation from Swinburne University of Technology, was named CIO of the year by CIO magazine in 2016, Finance CIO of the year in 2017 in the iTnews, and recognised for outstanding LGBTI leadership by Google and Deloitte in 2018 OUT50 awards.



Rebecca Harwood
BCom, DipFP, GAICD
Group Executive—Health Insurance

Ms Harwood joined Australian Unity in July 2002, undertaking several senior roles spanning governance, commercial operations, strategy and advocacy across the Group's financial services, health insurance and group operations. In 2022, Ms Harwood was appointed to the role of EGM—Health Insurance, overseeing the health insurance business, and more recently to the role of Group Executive—Health Insurance in 2024. Ms Harwood is a passionate advocate on health reform, focusing on enhancing affordability, ensuring sector sustainability and strengthening the health system for Australian Unity's members. Prior to Australian Unity, Ms Harwood held roles in financial services. Ms Harwood has a Bachelor of Commerce and a Diploma of Financial Planning.


Melinda Honig

B Econ, LLB, GAICD
Group Executive—Governance,
General Counsel, Company Secretary
and Chief Risk Officer

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


Darren Mann

B Com, CA
Group Executive—Finance & Strategy
and Chief Financial Officer

Mr Mann joined Australian Unity in April 2012. He is currently the Group Executive—Finance & Strategy and Chief Financial Officer, having previously been Chief Executive Officer of the Residential Aged Care business, the Deputy Head of Finance and Group Treasurer. Mr Mann has oversight of the Group's statutory, management and tax reporting along with strategy, treasury, capital management and procurement. Prior to joining Australian Unity, Mr Mann worked in the United Kingdom for ten years on large-scale migration and integration projects for Lloyds TSB, Royal Bank of Scotland and Merrill Lynch Investment Managers. Mr Mann commenced his professional career, becoming a chartered accountant while working at KPMG Melbourne and also Foster's Group Limited. Mr Mann has completed the Harvard Business School Advanced Management Program.


Adam Vise

B Comm (Hons), LLB
Acting Group Executive—
Wealth & Capital Markets

(Appointment from 29 August 2025)

Mr Vise joined Australian Unity in December 2018, undertaking several senior roles including most recent as the Group Treasurer and GM Strategy and Impact. In August 2025, Mr Vise was appointed to the role of Acting Group Executive—Wealth & Capital Markets for the Australian Unity Group. He is responsible for all of Australian Unity's social infrastructure, financial services and investment activities, spanning investment management, trustee services, life investment bonds, as well as the Group's property, development and capital market activities. With over 25 years in capital markets, Mr Vise has extensive experience developing and implementing growth and strategic funding for Australian companies and funds. Previously at Australian Unity, he led the Group Treasury, Strategy, and Impact team, which sought to deliver scalable impact and commercial returns alongside systematically and methodically measuring wellbeing outcomes.

Esther Kerr

B Ec, B Asian Studies (Specialist), GAICD
Chief Executive Officer—
Wealth & Capital Markets

(Effective to 29 August 2025)

Ms Kerr joined Australian Unity in September 2017 and was the Group Executive—Wealth & Capital Markets to 29 August 2025.

* As at time of publication.

Company Secretary

As at year end, Melinda Honig and Catherine Visentin were Company Secretaries of the Company. The Company Secretary is accountable to the board, through the Chair, for matters relating to the proper functioning of the board. The board has full access to the Company Secretary, and an overview of the roles and responsibilities of the Company Secretary is provided in the Board Charter.

Remuneration

Australian Unity recognises that remuneration is important for attracting and retaining high-quality employees and is also a key driver of culture. Australian Unity's Remuneration Policy, which is approved by the board on the advice of the PC&R Committee, sets the framework for rewarding Australian Unity's directors, officers and employees who pursue the growth and success of Australian Unity in line with our values and risk appetite.

The GLT's remuneration comprises both fixed and variable components, including short term and long term variable compensation. The structure seeks to ensure a balance between individual compensation and Australian Unity's long term sustainability, while also meeting applicable regulatory expectations.

The short term variable compensation program (provided as cash) operates on an annual basis with each GLT member being eligible to receive up to a percentage of their fixed compensation as additional compensation where both individual and Group financial and non-financial performance goals are met.

The long term variable compensation program (provided as rights to mutual capital instruments (MCIs)) also operates on an annual basis with eligible employees receiving an invitation to participate. The board determines the award quantum under the program with participants receiving rights over MCIs, which vest after four years, subject to the employee remaining employed with Australian Unity and other relevant conditions being met.

Under the Remuneration Policy and compliant with relevant legislative and regulatory requirements, employees are prohibited from hedging any rights to MCIs granted to them or limiting the exposure to the economic risk relating to unvested MCIs, ensuring alignment of the interests of nominated executives with the interests of our members and Australian Unity's sustainable performance.

The board has the discretion to decide that an individual's variable compensation for current or prior years is reduced to zero or subject to malus or clawback, with such determinations being made if the individual has failed to comply with their accountabilities.

The Company's non-executive directors are paid a fee for their services, with the aggregate fees paid to non-executive directors remaining within the annual sum last approved by members at an AGM (as outlined in Rule 4.14 of the Company's constitution).

Further information about the remuneration arrangements of Australian Unity's KMP including non-executive directors is outlined in the Remuneration report.

Policy	Summary	Key provisions
Code of Conduct	The Code of Conduct sets out Australian Unity's moral and ethical standards and provides the core values that guide the behaviour of directors, employees, contractors, consultants and volunteers in a way that's beneficial for our members, our customers, our people and Australian Unity as a whole. The PC&R Committee and board are informed of any serious misconduct under the Code of Conduct. All new employees are required to undertake training and existing employees complete an annual attestation that they understand their obligations and responsibilities under the Code of Conduct.	Requires directors, employees, contractors, consultants and volunteers to behave ethically and with integrity in a manner that: • complies with legislative and regulatory directions, including internal policies • aligns with Australian Unity's core values of bold, warm and honest • promotes health, safety and wellbeing • fosters a respectful culture which accords with professional standards • protects confidential information and privacy • encourages individuals to 'speak up' if they see something that is not right, and • respects cultural, gender and religious differences.
Whistleblower Protection Policy	The Whistleblower Protection Policy represents Australian Unity's commitment to establishing a culture of honesty and openness. It establishes what is reportable conduct, the protections available to whistleblowers and the process of disclosure that ensures fair, efficient and independent resolutions. The R&C Committee receives high-level numbers and themes of whistleblower incidents, and the Audit Committee receives reporting on the outcomes of whistleblower investigations. The outcome of any investigations may also be referred to the board or other board committees. All employees receive information relating to the Whistleblower Protection Policy and processes as part of the Code of Conduct training.	Sets out the following key information: • who are eligible whistleblowers and eligible recipients of a disclosure • what is reportable conduct • protections available to whistleblowers, including anonymity, liability immunity and compensation entitlements, and • how to report and the processes for managing the investigation, including key roles and responsibilities.
Continuous Disclosure and External Communications Policy and Guidelines	The Continuous Disclosure and External Communications Policy ensures the Company's compliance with its continuous disclosure obligations as an ASX-listed entity. This policy provides a mechanism for the Company to consider and announce matters that may have a material effect on the price of its securities (Price Sensitive Information).	Sets out the following key information: • Australian Unity's obligation to notify the ASX of any Price Sensitive Information • the processes to determine if information is Price Sensitive Information • exceptions to disclosure, and • processes for effecting disclosure, including key roles and responsibilities, and protocols on internal and external communications regarding Price Sensitive Information.
Anti-Bribery Fraud and Corruption Policy	The Anti-Bribery Fraud and Corruption Policy outlines Australian Unity's zero tolerance to bribery, fraud and corruption. It ensures that directors, employees and officers conduct business with high standards of honesty and integrity. The Audit Committee is informed of any material breaches of the Anti-Bribery Fraud and Corruption Policy. All employees are alerted to the requirements of the Anti-Bribery Fraud and Corruption Policy as part of the Code of Conduct training.	Requires directors, officers, employees, consultants and contractors to: • not offer or accept payments, secret commissions or gifts which are improper and/or could lead to an actual or perceived conflict of interest • not engage in corrupt business practices • not obtain an advantage by way of dishonest or fraudulent conduct, and • ensure records of dealings with third parties and any expenditures are maintained.
Welcoming Difference Policy	The Welcoming Difference Policy represents Australian Unity's commitment to supporting and celebrating a diverse and inclusive workplace. It ensures that directors, employees and officers engage in discrimination-free, equal opportunity and respectful dealings in the conduct of business, including candidate selection.	Sets out the following key information: • diversity areas • key roles and responsibilities in effecting compliance, and • employee diversity data monitoring and reporting methods.

* Further details about our key policies can be found on our website.

Financial reporting

The preparation of our full-year and half-year statutory accounts is overseen by the Audit Committee, audited by our external audit firm (KPMG), and ultimately approved by the board. Pursuant to section 295A of the *Corporations Act 2001 (Cth)* (Act), the board received a declaration from the Chief Executive Officer and the Chief Financial Officer for both the 2024 and 2025 full year financial reports, attesting to the matters required by the Act. The board received a declaration analogous to a section 295A declaration for the half-year 2025 financial reports.

Annual General Meeting, investor presentations and member engagement

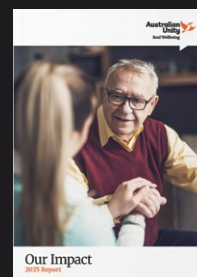
Australian Unity holds an AGM in October each year, with the 2024 AGM held on 30 October 2024. The Chair generally calls a poll for items considered at the meeting. Australian Unity's Notice of AGM clearly outlines how members can participate at the AGM, with options including attending the AGM in person, submitting questions to Australian Unity's member team, direct voting prior to the event or appointing a proxy. Australian Unity's 2024 AGM was held in-person and streamed online, with online participants being able to view but not otherwise participate in the meeting. The GMD and Chair's AGM presentations are published via the ASX and on Australian Unity's website before the start of the meeting. Australian Unity's members can nominate to receive communications, such as notices of meetings and annual reports, electronically or in hard copy. Australian Unity delivers investor presentations after the release of its half-year and full-year results, with the presentation invites (with dial-in details) and materials being published via the ASX and on Australian Unity's website before the presentation.

Australian Unity's member team organises member events, such as the AGM, and are available to assist with member queries.

Greenhouse Gas Inventory Report

In 2024, Australian Unity published its first scope 1 and 2 estimated greenhouse gas inventory for the FY2024 year (GHG Inventory Report). Australian Unity's external auditor, KPMG, conducted an assurance readiness assessment of our emissions estimates to assess whether conditions are present to conduct a future assurance engagement over our scope 1 and 2 GHG emissions. The purpose of this engagement was to determine whether the subject matter and criteria are appropriate, and whether Australian Unity has objective documentation to support our estimated emissions for a future assurance engagement. Australian Unity considered the external auditor's findings and has undertaken various activities to address them.

For the FY2025 GHG Inventory Report we sought from our external auditor, a limited assurance conclusion over our estimated GHG emissions inventory. We also published for the first time our scope 3 (value chain) GHG emissions estimate and requested our external auditor conduct an assurance readiness assessment of that estimate and its supporting methodology and data. Further information on our GHG emissions, and other environmental initiatives, can be found on page 27.



Impact Report

Since 2021, Australian Unity has published an annual stand-alone *Our Impact* (Impact Report). In 2025 the report will focus on the company's Community & Social Value (CSV) framework and social impact value calculation, as well as information on how we partner to deliver better outcomes for our members and customers.

Australian Unity's external auditor, KPMG, provides an 'Independent Limited Assurance Report' in relation to the Impact Report and CSV framework, a copy of which is provided in the report.

A copy of the latest Impact Report and information around Australian Unity's CSV framework can be found at australianunity.com.au/impact.

Audit

External audit

KPMG (External Auditor) has been appointed to conduct an audit of the Financial Report and to report to members in accordance with the requirements set out in the Act for the year under review. KPMG's Auditor's Report is provided at the end of the Financial Report.

A representative from the External Auditor attended Australian Unity's 2024 AGM, which they do each year, to answer any questions from members on the conduct of the audit, the preparation and content of the Auditor's Report, accounting policies adopted in the preparation of the financial statements and their independence in relation to the conduct of the audit of Australian Unity's financial statements.

Internal audit

Australian Unity has an internal audit team (Group Internal Audit) with the purpose of providing independent and objective assurance and advisory services to Australian Unity's operations. Group Internal Audit assesses whether Australian Unity's governance, risk management, and internal control processes are adequate and functioning in a manner that supports various aims, including: the appropriate identification, reporting and management of risks; the accuracy, reliability and relevance of managerial and operating information; and the compliance of employees' actions with policies, standards, procedures and applicable laws and regulations.

Group Internal Audit is led by the Chief Audit Executive, who is supported by a team of appropriately qualified internal auditors and data analysts. Group Internal Audit is governed by the Group Internal Audit Charter, which outlines the team's mission and scope of work. To ensure independence, Group Internal Audit is accountable to the Audit Committee and reports functionally to the Chair of the Audit Committee.

Group Internal Audit has unrestricted access to the board and all of Australian Unity's records, property and personnel. Group Internal Audit's methodology conforms to the International Standards for the Professional Practice of Internal Auditing.

Risk management

The board is responsible for setting and monitoring Australian Unity's Enterprise Risk Management Framework (ERMF)—the systems, structures, policies, processes and people that identify, assess, mitigate and monitor risks that could have a material impact on Australian Unity's operations. A strong risk culture and the adherence to effective risk management frameworks and practices are core areas of focus for Australian Unity and the board.

The board is responsible for setting the risk appetite within which management is expected to operate and for establishing Australian Unity's Risk Management Strategy, which defines Australian Unity's key risk areas and how they are managed. These documents are an integral part of the ERMF, which is consistent with the principles of the Australian Standard (AS/NZS ISO 31000) and APRA Prudential Standard CPS 220 Risk Management.

Australian Unity's businesses regularly review risks and develop treatment plans to manage these risks to within risk appetites. The R&C Committee receives quarterly reporting on key existing risks, emerging risks and the status of any risk mitigation plans.

Proposals to be considered by the board require the identification and assessment of key risks and plans to treat these risks. Project risk registers are maintained and any potential continuing risks to business operations are treated or accepted in line with risk appetite.

Other policies and processes are in place to manage specific areas of risk, such as capital management, business continuity, data governance, information security and the management of incidents and compliance obligations. Australian Unity's risks are also managed by the purchase of appropriate insurances.

Australian Unity's ERMF and associated key documents are reviewed regularly to reflect an evolving approach to risk management, ensure the risk appetite settings remain appropriate, facilitate consistent management of risk across the business, and enable the R&C Committee and the board to satisfy itself that the program remains effective. The RAS and ERMF were last reviewed in February 2025 and May 2025 respectively.

Compliance with and effectiveness of the ERMF is also reviewed annually by Group Audit, and it is comprehensively reviewed every three years by qualified independent consultants.

A summary of Australian Unity's material risks is outlined in the Directors' report.

Tax transparency

The Company is the head of Australian Unity's Tax Consolidated Group and is a signatory to the Board of Taxation's Register in respect of the Voluntary Tax Transparency Code (Tax Transparency Code). The Tax Transparency Code supports greater tax disclosure in Australia and reflects Australian Unity's commitment to compliance and governance.

At the end of each financial year, the Company publishes its approach to tax strategy and details of the tax contributions made during the year. The Company also publishes details of its subsidiaries and tax residency in its annual financial statements in accordance with the corporate tax transparency disclosure requirements for public companies.

A copy of Australian Unity's 2025 Tax Transparency Report can be found on our website.

Diversity and inclusion

Australian Unity is committed to building an inclusive and diverse workplace which reflects and is relevant to the communities in which we operate. We recognise the value of harnessing the unique capabilities and perspectives of all people, including those from First Nations, multicultural and diverse communities. Australian Unity's Welcoming Difference Policy outlines Australian Unity's policy position on diversity and inclusion, with the policy being supported by the Our Inclusive and Diverse Workplace Standard, Our Respectful Workplace Standard and Our Equal Opportunity Workplace Standard. Our Welcoming Difference Policy and Our Inclusive and Diverse Workplace Standard are available on our website.

From a gender perspective, the Welcoming Difference Policy outlines Australian Unity's aim to achieve a meaningful balance of women across all levels of the organisation, with gender pay parity and compensation practices being consistently reviewed to screen for gender bias in decision-making. Additionally, the Our Equal Opportunity Workplace Standard outlines Australian Unity's focus on achieving a critical mass of women across all levels of management, with critical mass being defined as commencing at approximately 25 percent.

All new and existing employees undertake diversity and inclusion training.

The Group remains committed to implementing our endorsed Stretch Reconciliation Action Plan and delivering on three core areas—cultural learning, meaningful careers and business support and growth. Our meaningful careers focus area seeks to create meaningful careers for Aboriginal and Torres Strait Islander people across the entire organisation.

As at year end, of Australian Unity's employees:

- 82 percent were women (FY2024: 80 percent)
- 46 percent of senior leaders were women. Senior leaders include those who are Band 8 to 10 senior management and executive employees (FY2024: 46 percent)
- the Group Leadership Team is gender balanced (50 percent female/male) (FY2024: 40 percent female)
- the Australian Unity Limited board is skewed to higher female representation (57 percent female)* with a female representing both the Chair and Deputy Chair roles (FY2024: 63 percent)
- 5 percent identify as Aboriginal and Torres Strait Islander (FY2024: 5 percent)*
- 92 percent of those who identify as Aboriginal and Torres Strait Islander are female (FY2024: 91 percent)*
- 10 percent of those who identify as Aboriginal and Torres Strait Islander are in positions of influence or leadership by managing direct reports (FY2024: 14 percent).

Summary

As a wellbeing company, Australian Unity is focused on its members, customers and the broader community and helping people thrive. Australian Unity is proud of its strong social focus and presence—built on the foundations of corporate governance and sound risk management practices, which are a fundamental part of our organisational culture and fabric.

* myHomecare employees are excluded from these statistics due to unavailable data.

Environment

As we strive to be Australia's most trusted wellbeing company, we are committed to having a positive impact on our members, customers and community. This extends to understanding, managing and actively reducing our environmental impact—both now and for future generations.

We are taking proactive steps to prepare for the introduction of the Australian Government's Australian Sustainability Reporting Standards (ASRS) framework, which will apply to the Group for the first time for the FY2026 reporting period. Under the framework, we are required to make climate-related financial disclosures.

In broad terms, the ASRS framework requires us to make disclosures under four pillars (aligned to the internationally-recognised Taskforce on Climate-Related Financial Disclosures framework):

- **Governance**—our organisation's governance around climate-related risks and opportunities (CRROs).
- **Strategy**—the actual and potential impacts on CRROs on our organisation's business model, strategy, cashflows and capital, financial position and performance (including the resilience of that strategy evaluated under both low and high global warming scenarios).
- **Risk management**—the processes used by our organisation to identify, assess, manage and monitor climate-related risks.
- **Metrics and targets**—used to assess and manage relevant CRROs, including greenhouse gas (GHG) emissions.

Our progress in FY2025

In preparation for the anticipated reporting obligations, and to continue the work we have already started in reducing our environmental impact, this year we progressed several key initiatives, including:

- **Scope 1 and 2 greenhouse gas (GHG) emissions estimates:** Progressing from the scope 1 and 2 emissions 'base year' we set in FY2024 and the external 'assurance readiness' assessment that we received over our emissions estimates, in the reporting period we further enhanced our data capture and reporting processes, and obtained external limited assurance over our emissions estimate. Our FY2025 scope 1 and scope 2 emissions estimates are outlined on page 29.
- **Scope 3 GHG emissions estimate:** As we did for our scope 1 and 2 emissions in FY2024, this year we have estimated our scope 3 (value chain) emissions for the first time, and obtained an external 'assurance readiness' assessment over the estimate, with a view to obtaining external limited assurance in FY2026—a year earlier than required under the ASRS framework. Our FY2025 scope 3 emissions estimate is outlined below. This estimate will act as a 'base year' for comparing scope 3 emissions in future reporting periods.
- **Climate risk assessment:** During the year, we engaged Deloitte to complete an assessment of CRROs across our business. This process involved identifying physical and transition risks, assessing their impact on our business and strategy, and evaluating our resilience.
- **Decarbonisation initiatives:** Supporting our commitment to reducing our environmental impact, this year we commenced work on multiple decarbonisation initiatives. This includes:
 - **Solar generation:** Our aged care and retirement communities generate a significant proportion of our overall GHG emissions. To address this, we are focusing on the installation of renewable energy systems across that portfolio. This year, we commenced the installation of a 400 kW solar system at our Racecourse Grange aged care facility. This system is expected to save ~400 tonnes of emissions per annum, which is more than 3 percent of the Group's total emissions from electricity consumption. Following on from the successful installation and commissioning of this system, we are looking to roll out similar installations across our other aged care and retirement communities.

What are scope 1, 2 and 3 emissions?

Scope 1 emissions are direct GHG emissions released to the atmosphere from sources owned or controlled by a company (typically stationary combustion, mobile combustion or process/fugitive emissions).

Scope 2 emissions are indirect GHG emissions released to the atmosphere from the generation of purchased or acquired electricity, heat or steam.

Scope 3 emissions are all other indirect GHG emissions that occur in a company's value chain, both upstream and downstream, that are not included in scope 2 (e.g. by suppliers, customers, lessees, franchisees and investments).

Source: Greenhouse Gas Protocol

- **Building optimisation:** During the reporting period, we engaged a specialist advisor to run an energy optimisation services pilot across our aged care facilities, with a view to reducing energy consumption and minimising environmental impacts. The pilot uses a data-driven platform that provides remote monitoring and advice via a dashboard and performance email updates. In FY2026, we are aiming for a ~10 percent improvement in energy efficiency (and therefore emissions), which represents an opportunity to reduce the Group's total emissions by a further ~6 percent.
- **Waste management:** During the year we engaged a waste management specialist to enhance our visibility and accountability of our scope 3 waste-related emissions. From this work, AI-driven technologies are being deployed at selected sites to monitor and report on waste composition, volumes, infrastructure usage, and collection frequency. In addition to targeting operational cost savings of up to 20 percent, the program is designed to drive long term environmental benefits for the Group, by:
 - o enabling more informed procurement decisions, with a focus on selecting materials that are recyclable or carry a lower environmental impact at end-of-life
 - o improving source separation practices to maximise recovery and minimise landfill
 - o optimising waste infrastructure and service scheduling to reduce inefficiencies and emissions from unnecessary collections.

Together, these measures will support improved diversion outcomes, contribute meaningfully to our broader sustainability targets, and reduce the overall environmental footprint of our waste operations across the portfolio.

- **Environmental, Social and Governance (ESG) Forum:** Established in FY2023, our ESG Forum continues to serve as the central body for overseeing and coordinating our sustainability initiatives. Reporting to the Group's Risk & Compliance Executive Committee, it is responsible for setting sustainability governance and reporting standards, implementing a Group-wide ESG and Sustainability Policy, endorsing ESG goals and frameworks, and overseeing ESG measurement, reporting, and sustainability-related targets.

Our greenhouse gas emissions in FY2025

Our scope 1 and 2 emissions base year is our estimated and published emissions footprint from FY2024, which was 14,634 tonnes CO₂ equivalent emissions. The FY2025 estimate is ~5 percent higher than last year's estimate. We expect this minor increase is driven by two factors:

- A higher mobile combustion estimate for the Home Health platform, largely driven by the inclusion of the myHomecare business we acquired in March 2024 into the estimate (not included in the FY2024 base year estimate)
- A larger stationary combustion estimate for the residential aged care and retirement living businesses. We anticipate this is not so much the result of an increase in emissions-generating activities; more so it is likely influenced by improvements we have made in closing data gaps and improving accuracy and reliability of consumption data across all sites.

Given this is the first reporting period in which we have calculated and published our scope 3 emissions estimate, it will act as our base year for comparison purposes in future reporting periods.

We treated our FY2024 GHG inventory as our emissions base year, as it was the first year in which we sought an external assurance readiness assessment of our scope 1 and 2 emissions estimates (performed by KPMG). In FY2025 we have moved from assurance readiness to limited assurance over our scope 1 and 2 emissions inventory. The scope, details and conclusions of the assurance process are detailed in KPMG's report, attached as an appendix to our GHG Inventory Report (see link below).

In FY2025, we sought 'assurance readiness' over our scope 3 emissions (categories 1-8 as defined in the GHG Protocol). We engaged KPMG to check whether conditions are present to conduct a future assurance engagement over our scope 3 emissions, like we did for scope 1 and 2 emissions in FY2024. The purpose of this engagement is not to provide assurance on the information nor guarantee an unmodified assurance conclusion in the future.

Assurance readiness assessments help identify gaps early and support a smoother transition to mandatory reporting and assurance. This approach is considered leading practice, particularly where data is complex, sourced from multiple stakeholders, or has not previously been subject to assurance.

We have considered the findings of the assurance readiness assessment reported to us by KPMG and we intend to seek external limited assurance for our scope 3 emissions in FY2026.

For more information on how we have calculated our emissions estimates, please see our GHG Inventory Report available on our website at australianunity.com.au/environment.

Our FY2025 emissions footprint

	Corporate Functions ¹	Home Health	Residential Aged Care	Retirement Communities	Total
Scope 1					
Mobile combustion	n/a	853	n/a	n/a	853
Stationary combustion	44	1	1,248	439	1,732
Fugitive emissions			n/a		
Scope 2					
Purchased electricity	836	609	8,768	2,543	12,756
Total scope 1 and 2 emissions	880	1,463	10,016	2,982	15,341
Scope 3²					
Purchased goods and services					27,840
Capital goods					6,584
Fuel and energy-related activities					1,525
Waste generated in operations					657
Business travel					3,042
Employee commuting					6,342
Total scope 3 emissions					45,990
Total emissions					61,331

¹ Corporate Functions includes corporate operations as well as functions from Insurances and Wealth & Capital Markets without material real estate assets (for example funds management, Australian Unity Life). These functions are typically housed within corporate offices and the emissions generated from their operations are relatively low.

² We have reported scope 3 emissions at a Group level only for FY2025 as the data was not reasonably available at a business unit level. We intend to improve the granularity of this data so it can be reported at a platform level in the future.

Directors' report

The directors present their report on the consolidated entity (referred to hereafter as Australian Unity or the Group) consisting of Australian Unity Limited (Parent entity or Company) and the entities it controlled at the end of, or during, the year ended 30 June 2025 and the report of the auditor thereon.

Directors

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

Lisa Chung AM, Chair

Melinda Cilento, Deputy Chair

Rohan Mead, Group Managing Director & CEO

Lucinda Brogden AM, Non-executive Director

Kim Cheater, Non-executive Director

Dr Helen Nott, Non-executive Director

Julien Playoust, Non-executive Director

Paul Kirk, Non-executive Director (retired on 30 June 2025)

Su McCluskey, Non-executive Director (retired on 30 October 2024)

Company secretaries

Melinda Honig and Catherine Visentin were company secretaries of Australian Unity Limited at 30 June 2025.

Principal activities

During the year, the Group's principal continuing activities involved providing a range of products and services to support the health, wealth and care needs of its members and customers. These activities included offering health and life insurance, investments, banking and loan facilities, estate administration, home care and health services, as well as residential aged care and retirement living facilities. The Group focused on delivering these products and services in a sustainable manner to address the needs of its members, customers, and the broader community. During the financial year, the Company announced its intention to sell its banking operations to Bank Australia Limited.

Dividends

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

	2025 \$'000	2024 \$'000
Dividend for the 2025 financial year of \$2.4932 per MCI paid on 15 April 2025	12,643	-
Dividend for the 2025 financial year of \$2.5068 per MCI paid on 15 October 2024	12,712	-
Dividend for the 2024 financial year of \$2.5068 per MCI paid on 15 April 2024	-	8,608
Dividend for the 2024 financial year of \$2.5068 per MCI paid on 16 October 2023	-	8,608
	25,355	17,216

Operating and financial review

In the year to 30 June 2025, the Australian Unity Group reported consolidated revenues of \$2,602.4 million, up \$505.6 million, Adjusted EBITDA¹ from continuing operations of \$136.2 million, an increase of \$65.8 million, and statutory profit after tax of \$26.6 million, also improved on the prior year by \$49.3 million. The Group's profit for the year (after income tax) from continuing operations was \$29.3 million (30 June 2024: \$24.0 million loss).

In the current reporting period, the Group continued to make positive progress on the program of activity that commenced in FY2023 that included portfolio adjustments through acquisition and divestments

and reshaping the technology function to create a sustainable and efficient operating model geared towards the Group's growth objectives.

The multi-year, multi-faceted programs continued to strengthen the operating portfolio's focus in the areas of Health, Wealth and Care. This portfolio of activities supports our purpose to positively impact the wellbeing of millions. In FY2025, the Group's four operational platforms were Home Health, Insurances², Residential Aged Care and Wealth & Capital Markets (W&CM).

The favourable aggregate results relative to the prior reporting period should be read in conjunction with the Group's portfolio transformation, and associated operationalisation, along with acquisition and integration activities.

The Group invested \$70.2 million of non-recurring expenses into its integration and transformation programs during the financial year (30 June 2024: \$43.8 million) and expects these programs of work to be substantially complete by 31 December 2025. The remaining non-recurring costs to complete the transformation and integration programs are expected to be \$38-\$48 million. The costs of these programs may be affected if there were to be further material delays in the implementation of the *Aged Care Act 2024* reforms.

Importantly, at the same time these programs are being implemented, the Group has been delivering improved services to Home Health customers, improved operating effectiveness, and generating the expected benefits in line with the financial assumptions that supported the original investment plan.

In the period under review, Australian Unity further progressed the integration of staff, customers and systems for myHomecare Group and IOOF Ltd (now known as Australian Unity Life Bonds Pty Ltd), which were the two businesses acquired in the previous financial year in the Home Health and W&CM platforms. Investment also continued into operating systems for these two platforms, along with Group-wide technology investment to enable innovation and efficiency in an evolving and complex landscape. We also went further in embedding a strategic technology provider, to realise scalable and sustainable technology performance for our future operations.

The Group saw year-on-year Adjusted EBITDA increases across each of the operating platforms, with the exception of the Insurances platform (previously known as Retail²).

Summary of financial performance - Australian Unity Group

	Year to 30 June 2025 \$million	Year to 30 June 2024 ³ \$million	Variance \$million
Revenue and other income from continuing operations	2,602.4	2,096.8	505.6
Expenses from continuing operations, excluding finance costs	(2,377.9)	(1,964.3)	(413.6)
Adjusted EBITDA from continuing operations	136.2	70.4	65.8
Operating profit from continuing operations	188.2	107.9	80.3
Net profit/(loss) from continuing operations, after income tax	29.3	(24.0)	53.3
Net profit/(loss) after income tax	26.6	(22.7)	49.3

In the year under review, the Group also made further progress on its strategic portfolio adjustments that commenced in FY2023. During the year, the Group announced the transfer of its Australian Unity Bank Limited banking business to Bank Australia Limited. This is expected to be complete in November 2025.

Further corporate activity was progressed with the Group announcing the sale of Australian Unity Investments Limited (AUIL), the responsible entity of the Australian Unity Property Income Fund (PIF), to Newmark Capital.

Additional activities of note during the period included entering into a Project Delivery Deed for the further development of the Queensland University of Technology's new medical and healthcare faculty facilities on Stages 9 and 10 of the Herston Quarter Precinct, in Brisbane, Queensland. We also announced the plan to repurpose progressively the assisted living apartments at The Alba in South Melbourne, Victoria, as a Residential Aged Care property.

During the year, the Group faced challenges from regulatory changes and activity across many of its operating businesses, most notably the delay in the implementation of the *Aged Care Act*. The nation experienced a highly fractious environment for the delivery of private health care and challenges related to private acute hospital operating models. Despite these challenges, which are ongoing, our Insurances platform saw relatively stable policyholder numbers.

While highly supportive of the majority of the aged care regulatory reforms, which will bring major changes in Home Health and Residential Aged Care, during the reporting period, the sector was disappointed by the lack of effective planning and real consultation that led to unheralded and last-minute deferral. The government delay of the release of some 83,000 home care packages at 30 June 2025 impacts individuals who critically need home care services, and the sector's ability to recruit more care workers and deliver more critical care services.

Home Health

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

Financial performance

	Year to 30 June 2025 \$million	Year to 30 June 2024 \$million	Variance \$million
Total segment revenue	954.1	586.7	367.4
Operating expenses	(898.3)	(536.2)	(362.1)
Adjusted EBITDA	55.8	50.5	5.3

The Home Health platform's revenue growth was related to a full year of revenue from the March 2024 acquisition of the myHomecare Group (MHC). This acquisition contributed \$36.9 million of Adjusted EBITDA in the period under review and its performance has been in line with business case expectations.

The platform continued to invest in transforming its operating model to meet the growing needs and expectations of customers and in preparation for the Government's *Support at Home* regulatory regime requirements, which are planned to commence from 1 November 2025 (having been delayed from 1 July 2025). This transformation activity has included materially advancing the design and development of the core technologies used to support the delivery of an enhanced integrated healthcare proposition for customers, at sustainable margins and in an efficient and effective manner for staff.

In the period under review, Home Health's Adjusted EBITDA included \$47.1 million of non-recurring transformation and integration expenses (30 June 2024: \$18.5 million). It is expected the transformation and integration activities will be substantially complete by 31 December 2025.

Excluding the investment in transformation/integration costs and the full-year benefit of the MHC acquisition, an Adjusted EBITDA year-on-year growth of 2.0 percent was achieved. The acquired MHC business achieved underlying EBITDA⁴ growth of 13.0 percent in FY2025.

The platform navigated a dynamically adjusting environment given the deferred release of new Home Care Packages and the delay to the commencement of the *Support at Home* reforms. In this context, Home Health balanced a decline in Home Care Packages under management with the total number of Home Health carers, reflecting active supply and demand management of the business.

Packages, customers and workers

	As at 30 June 2025	As at 30 June 2024	Variance %
Home Care packages	23,627	23,820	(0.8)
Home Health workers	4,443	4,675	(5.0)

For the twelve months to 30 June 2025, the platform delivered 228.1 million safe minutes of care (30 June 2024: 205.2 million), an increase of 11.2 percent on the prior corresponding period. This reflects a continued focus on the provision of quality care to customers via a range of different propositions delivered by the Home Health care workforce and the platforms broader supply network. The period under review includes the annualised benefit of the MHC acquisition representing 44.0 million safe minutes of care (prior corresponding period was 11.7 million, for a partial year from 28 March 2024 to 30 June 2024).

The Home Health platform demonstrated continued growth in the delivery of quality clinical services, achieving a 17.0 percent increase in hospital substitution programs delivered and an increase of 11.1 percent in mental health interactions.

Safe minutes of care and delivery

	Year to 30 June 2025	Year to 30 June 2024	Variance %
Safe minutes of care delivered across community and virtual care services	212.1 million	190.1 million	11.6
Safe minutes of care delivered through the Aboriginal Home Care business	16.0 million	15.1 million	6.0
Total safe minutes of care*	228.1 million	205.2 million	11.2
Hospital substitution programs delivered	8,137	6,954	17.0
Mental Health interactions via calls, webchats and emails	228,445	205,554	11.1

* Safe minutes of care is the key operating measure of the platform which reflects the volume of care delivered to the business' customers by the Home Health care workforce and the broader supply network.

Insurances

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

The platform was previously known as Retail and included the Group's banking business. On 6 November 2024, Australian Unity Bank Limited signed an agreement to transfer its banking business to Bank Australia, and the transfer is expected to occur in November 2025. In the financial year, the banking business is reported as a discontinued operation. Financial information for the banking business is available at note 32 to the consolidated financial statements.

Financial performance of continuing operations

	Year to 30 June 2025 \$million	Year to 30 June 2024 ³ \$million	Variance \$million
Total segment revenue	712.9	689.0	23.9
Operating expenses (including claims)	(662.6)	(637.2)	(25.4)
Adjusted EBITDA	50.3	51.8	(1.5)

The financial results of the Insurances platform have been driven by a disciplined approach to policyholder acquisition and operating expenses in highly competitive market conditions.

Despite broader cost of living challenges, private health insurance participation continues to grow. However, the market remains challenging with competition for market share prompting many insurers to invest heavily in acquisition offers, which in turn is contributing to increased policyholder churn. In addition, private hospitals are under increasing financial strain fuelling complex contract negotiations. This hospital pressure stems from a convergence of factors: lower-than-expected demand in key service areas, shifts in care models and consumer preferences, cost-of-living constraints influencing care-seeking behaviour, and increasing operational costs.

Total operating expenses, including claims, were higher than in the prior corresponding period primarily because of increased claims costs.

The platform delivered an Adjusted EBITDA \$1.5 million lower than the prior corresponding period largely driven by higher net claims expenses of \$580.4 million (30 June 2024: \$557.3 million), reflecting claims inflation and slightly increased utilisation.

During the reporting period, the overall number of PHI policyholders decreased slightly in highly competitive market conditions for policyholder acquisition.

PHI policyholder overview

	Year to 30 June 2025	Year to 30 June 2024	Variance %
Overseas visitors' cover policyholders	4,422	4,064	8.8
Australian resident PHI policyholders	158,431	162,455	(2.5)
Total PHI policyholders	162,853	166,519	(2.2)

Residential Aged Care

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

Financial performance

	Year to 30 June 2025 \$million	Year to 30 June 2024 \$million	Variance \$million
Total segment revenue	253.3	208.7	44.6
Operating expenses	(198.5)	(169.9)	(28.6)
Adjusted EBITDA	54.8	38.8	16.0

The Residential Aged Care platform delivered strong revenue growth during the year, underpinned by several key revenue drivers. Revenue growth was achieved through higher occupancy levels following the successful sale of new rooms at The Alba as well as increased government funding to accommodate wage rises mandated under the Fair Work Commission's *Aged Care Work Value Case*. Additional funding was also received to support the implementation of increased minimum care minutes, effective from October 2024.

During the year, we also announced the plan to repurpose progressively the assisted living apartments at The Alba as a Residential Aged Care property which resulted in a valuation uplift of \$16.8 million.

Operating expenses increased due to a range of factors, including project development costs associated with the expanded floor revaluation at The Alba. Additional costs were driven by higher wage and wage-related expenses, increased utilities and maintenance costs, and elevated consulting fees related to ongoing project activity.

As a result of these dynamics, Adjusted EBITDA increased year-on-year, from \$38.8 million in FY2024 to \$54.8 million in FY2025.

Occupancy

The platform's occupancy levels continued to outperform sector benchmarks. Average occupancy during the period was 2.4 percentage points above the sector average of 94.2 percent⁵ and 1.2 percentage points higher than the sector top quartile, as reported in the StewartBrown Aged Care Financial Performance Survey Analysis Report (March 2025). The platform's newest facility, The Alba, which commenced operations in August 2023, reached full occupancy of its available stages on 7 January 2025.

As at 30 June 2025, the platform employed 2,077 staff members, providing care and supporting up to 1,217 residents.

Residential Aged Care bed numbers and occupancy

	Year to 30 June 2025	Year to 30 June 2024	Variance %
Total aged care beds	1,217	1,215	0.2
Average occupancy (Mature homes*)	96.6%	97.1%	(0.5)

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

Wealth & Capital Markets (W&CM)

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

Financial performance

	Year to 30 June 2025 \$million	Year to 30 June 2024 \$million	Variance \$million
Total segment revenue	250.4	232.5	17.9
Other income	5.0	0.0	5.0
Operating expenses	(188.5)	(187.0)	(1.5)
Adjusted EBITDA	66.9	45.5	21.4

The W&CM platform's increase in Total segment revenue and Adjusted EBITDA was driven by an improvement in the operating performance of the retirement living portfolio, profit on divestment of the management rights in Altius Asset Management, and further valuation uplifts in the Herston Quarter Precinct as stages continue to be developed and activated.

Funds under management, administration and advice

The total gross value of funds under management, administration and advice (FUMAA) decrease is consistent with the ongoing platform strategy to exit fixed interest and commercial property and focus on increased investment into social infrastructure and investment bonds. These movements are largely related to the disposal of Australian Unity Investments Limited as responsible entity of the Property Income Fund (PIF), the divestment of the management rights of Altius Asset Management, the retirement as responsible entity for the Talaria Asset Management funds, offset by new mandates and inflows in Platypus Asset Management and the investment bonds business.

Funds under management, administration and advice (FUMAA)

	Year to 30 June 2025 \$million	Year to 30 June 2024 \$million	Variance %
Investment funds	6,612.2	10,497.3	(37.0)
Social infrastructure	3,920.4	3,959.9	(1.0)
Investment bonds	3,963.7	3,696.5	7.2
Trustees	708.6	603.0	17.5
TOTAL GROSS FUMAA*	15,204.9	18,756.7	(18.9)

* Included in total gross FUMAA is \$521.4 million investments managed on behalf of the Group as at 30 June 2025 and \$1,054.3 million as at 30 June 2024.

The Group entered into a Project Delivery Deed for the further development of medical and healthcare faculty facilities on behalf of Queensland University of Technology on the Herston Quarter Precinct, Stages 9 and 10. In addition, during the year the platform reached practical completion of the Herston Quarter Precinct Northern Car Park.

The retirement living portfolio, which includes 24 retirement villages across New South Wales, Victoria and Queensland, achieved 157 resale settlements in the reporting period (30 June 2024: 235), with total revenue of \$84.3 million (30 June 2024: \$80.3 million). At 30 June 2025, occupancy levels remained strong at 94.3 percent across the portfolio which was slightly lower than the prior period (30 June 2024: 94.8 percent).

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

² Prior to FY2025 reporting, the Insurances platform was known as Retail and included the Group's banking business. On 6 November 2024, Australian Unity Bank Limited signed an agreement to transfer its banking business to Bank Australia.

³ Comparative information has been reclassified to reflect the impact of a discontinued operation. On 6 November 2024, Australian Unity Bank Limited signed an agreement to transfer its banking business to Bank Australia. Full details are set out in note 32 of the consolidated financial statements.

⁴ Underlying EBITDA represents growth prior to integration and transformation expenses.

⁵ StewartBrown Aged Care Financial Performance Survey Analysis Report (March 2025): <https://www.stewartbrown.com.au/news-articles/26-aged-care/318-2025-07-stewartbrown-aged-care-financial-performance-survey-analysis-report-march-2025>.

Our material risks

Australian Unity recognises that sound management of the Group's risks within an effective enterprise risk management framework, including a clear and dynamic risk appetite statement and a positive risk culture, underpins the success of the business.

We use a 'three lines of accountability' model across the Group. As part of the model, we regularly review our risk profiles, create clear risk and control accountabilities and encourage open and prompt reporting of incidents.

This ongoing risk review and forward-looking horizon scanning supports the achievement of strategic goals in a dynamic risk environment.

The Group's material risks and how we respond to those risks is summarised in the table below.

Risk	Risk description	What we do to respond
Cyber security threats	Our operations depend on technology and involve handling large volumes of personal and sensitive data and cyber threats are increasing in frequency and sophistication, posing risks to data security and service continuity.	- Continue to strengthen our cyber security systems and controls. - Monitor external threats and maintain robust detection and response capabilities. - Educate our people on cyber safety and secure practices.
Access to capital	As a mutual entity, we can't issue ordinary shares to raise capital and limited access to capital could constrain growth or increase funding costs.	- Maintain conservative capital buffers and conduct scenario planning. - Access capital via the issuance of Mutual Capital Instruments (MCIs) and other funds through external debt markets, and continually monitor our capital position. - Ensure our APRA-regulated entities follow robust capital adequacy processes.
Convergence of major change	Large-scale and multiple change projects such as new operating models, acquisitions or technology rollouts can strain our resources and collide impacting outcomes, such as the achievement of expected benefits or reducing capacity to handle unexpected change.	- Manage transformation through dedicated projects and executive oversight. - Support employee wellbeing and workplace safety throughout change. - Maintain financial flexibility to fund change and absorb external shocks. - Active monitoring of customer service levels and other key indicators (e.g. complaints and incidents).
Changes to government policy	Many of our businesses rely on government funding such that adverse or unexpected policy changes or political uncertainty may affect viability and profitability of certain businesses.	- Maintain open, proactive relationships with the government and regulators. - Monitor regulatory developments and engage in industry forums.
Adapting Australian Unity's products, services and technology	Keeping pace with changing customer expectations and digital trends is critical to maintaining relevance and sector position.	- Invest in understanding customer needs and improving digital capabilities. - Allocate resources to innovation and service improvement.
Availability of a skilled and experienced workforce	We rely on skilled people to deliver our products and services. Workforce shortages, especially in care roles, can affect service quality, business growth and financial performance. This risk is heightened by competition for talent, sector workforce dynamics and changes to funding models.	- Offer a strong employee value proposition and a supportive and fulfilling work placement. - Invest in leadership and skills development. - Evolve our recruitment approach to attract and retain talent for the long term.
Reliance on third parties	Our partnerships with external service providers carry risks if they don't meet expectations or align with our purpose.	- Conduct due diligence and monitor performance under our Vendor Management Framework. - Use technology to manage third-party risks effectively.
Providing quality clinical and care services	We provide high-trust services such as health and aged care in the community. Poor care outcomes can lead to serious harm, regulatory action and reputational damage.	- Design services to meet high safety and quality standards. - Use our Clinical and Care Governance Framework to guide continuous improvement. - Conduct regular audits and use care plans to manage clinical risk.
Liquidity demands	Unexpected funding needs across our businesses could place pressure on liquidity requiring investments held to support liquidity to be converted to cash.	- Maintain funding and liquidity plans to meet obligations as they fall due. - Hold sufficient liquidity to manage unexpected demands. - Follow prudential liquidity policies and processes.
Regulatory complexity and change	Operating across multiple sectors means we face complex and evolving regulatory requirements. Increased regulation could adversely affect business activities, require changes to business models, products or services or resourcing. We may also face regulatory action and reputational damage if we fail to comply.	- Stay ahead of regulatory changes and participate in industry bodies. - Maintain strong, transparent relationships with regulators.
Deteriorating external economic conditions	External economic pressures, such as rising costs, unemployment and high debt levels could impact levels of government funding, returns on investments, and the affordability of our products and services.	- Use budgeting, forecasting and stress testing to manage financial impacts. - Review product and service pricing to ensure sustainability.
Exposure to external events	External events like market volatility, natural disasters, extreme weather events or pandemics can disrupt our operations and impact execution of our strategy.	- Identify and assess external risks through planning and scenario analysis. - Maintain financial resilience and advocate for sustainable sector policies. - Maintain and regularly test business resilience and crisis management plans.
Workplace injuries or conditions	Our workforce can face physical and mental health risks due to the nature of care work and varied working environments. As a result, workplace injuries can impact our ability to service customers, retain employees, and can increase costs.	- Promote a safe workplace and aim to prevent harm and manage workplace safety and employee wellbeing through supporting frameworks, policies, procedures and tools. - Provide training, supervision and support for injury prevention and recovery.
Community and Social Value	Changes to our business composition or other strategic decisions could impact growth or optimisation of our Community and Social Value (CSV) and impact on our members, customers, employees and the broader community.	Use a CSV outcomes framework to measure our social impact and assess our strategic decisions.

Matters subsequent to the end of the financial year

MCI dividend

On 27 August 2025, the board has determined a final fully franked dividend of \$2.5068 per Australian Unity Mutual Capital Instrument (MCI) to be paid on 15 October 2025.

Acquisition of Plena Healthcare

On 18 July 2025, the Group entered into a share sale agreement to acquire 100% of the shares in Plena Healthcare Holdings Pty Ltd (Plena Healthcare) from Zenitas Healthcare Pty Ltd, for a consideration of \$70 million. Plena Healthcare is a national provider of mobile allied health services within residential aged care and community settings. Plena Healthcare will scale and become part of the Group's Home Health platform at completion. At the date of this report, the measurement of acquisition-date fair value of the acquired assets and liabilities, and the determination of identifiable intangible assets and goodwill arising from the acquisition have not been finalised.

The board is not aware of any other matter or circumstance arising since 30 June 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.

Likely developments and expected results of operations

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

Many of the businesses in the Group operate in areas which are subject to substantial government regulation and/or participation. Australian Unity competes at times in areas where free market forces are not always the sole determinant of outcomes.

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

Environmental regulation

No significant environmental regulations apply to the Parent entity. The property operations within both the Residential Aged Care services business and investment syndicates and trusts for which a controlled entity acts as Responsible Entity or Manager are, however, subject to environmental regulations under Australian law. There have been no known reportable breaches of these regulations.

Information on directors

LISA CHUNG AM—LLB, FIML, FAICD Chair

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

MELINDA CILENTO—BA, BEc (Hons), MEc, GAICD Deputy Chair

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

ROHAN MEAD—Group Managing Director & CEO

Mr Mead was appointed Group Managing Director of Australian Unity Limited on 1 July 2004. As Group Managing Director, he is a member of most subsidiary boards and several committees. Mr Mead is Chair of the Business Council of Co-Operatives and Mutuals Limited (BCCM). He is also Chair of the Business Council of Australia's Health and Care Economy Committee and a member of its Indigenous Engagement Committee. Mr Mead is a director of the Centre for Independent Studies (CIS) and Private Healthcare Australia Limited (PHA). Prior to joining Australian Unity, Mr Mead was employed by Perpetual Trustees Australia Limited (1996–2003) in a range of senior roles. Mr Mead is not a director of any other listed entities and has not held any other directorships of listed entities during the last three years.

LUCINDA BROGDEN AM—BCom, MOrgPsych, Hon.DBus, MAICD

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

KIM CHEATER—BEc, CA, FAICD

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

Dr HELEN NOTT—BSc (Hons), PhD, FAICD

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

JULIEN PLAYOUST—BSc (Arch), BArch (Hons), MBA, FAICD

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

PAUL KIRK—BEc, CA, RITA, MAICD

Mr Kirk was appointed to the board of Australian Unity Limited on 1 February 2016 and retired 30 June 2025.

SU McCLUSKEY—BComm, FCPA, FTSE, MAICD

Ms McCluskey was appointed to the board of Australian Unity Limited on 1 September 2015 and has retired on 30 October 2024.

Company secretaries**MELINDA HONIG—BEcon, LLB, GAICD, Group Executive - Governance, General Counsel, Company Secretary and Chief Risk Officer**

Ms Honig joined Australian Unity in February 2016. In her role as Group Executive, Governance, Ms Honig is responsible for managing the Group's Legal, Compliance, Risk, and Secretariat function. She is also secretary for all Group subsidiary boards. Prior to joining Australian Unity, Ms Honig worked for GE for 15 years, five of those years with GE Capital in the role of General Counsel, overseeing the provision of legal services to GE Capital's commercial finance, consumer finance and insurance businesses in Australia and New Zealand. Ms Honig brings to Australian Unity her executive experience in legal, compliance and company secretary functions and has worked abroad as Counsel for GE Indonesia, in operations which included transportation, energy and GE Capital. Prior to joining GE, Ms Honig was at KPMG for 5 years and undertook her legal training in Tax at KPMG.

CATHERINE VISENTIN, GIA (Affiliated), Assistant Company Secretary

Ms Visentin joined Australian Unity in 1988. She was appointed Assistant Company Secretary of various Australian Unity Group Companies in 2004. She has over 25 years of involvement with the Australian Unity Limited company secretarial function.

Meetings of directors

The number of meetings of the Company's board of directors and of each board committee held during the year ended 30 June 2025, and the number of meetings attended by each director were:

	Board		Audit Committee		Risk & Compliance Committee		Investment Committee		People, Culture & Remuneration Committee	
	A	B	A	B	A	B	A	B	A	B
Lisa Chung AM	9	9	5	5	5	5	3	3	5	5
Melinda Cilento	9	9	-	-	5	5	3	3	5	5
Rohan Mead	9	9	5	5	5	5	3	3	5	5
Lucinda Brogden AM	9	9	5	5	5	5	-	-	-	-
Kim Cheater	9	9	5	5	5	5	-	-	3	3
Dr Helen Nott	9	9	5	5	5	5	-	-	-	-
Julien Playoust	9	9	5	5	5	5	3	3	-	-
Paul Kirk	9	9	-	-	-	-	3	3	-	-
Su McCluskey	3	3	2	2	3	3	-	-	2	2

A = Number of meetings attended

B = Number of meetings held during the time the director held office or was a member of the committee during the year. Leave of absence had been granted in all cases where the directors were unable to attend meetings.

Lisa Chung AM is Chair of the Company and is a member of all board committees.

Melinda Cilento is Deputy Chair and Chair of the People, Culture & Risk Committee.

Dr Helen Nott is Chair of the Audit Committee.

Kim Cheater is Chair of the Risk & Compliance Committee.

Julien Playoust is Chair of the Investment Committee.

Rohan Mead is not a member of the Audit, Risk & Compliance or People, Culture & Risk Remuneration Committees but attended (in whole or part) the meetings of each committee as indicated.

Remuneration report

Details of the Group's remuneration policy in respect of the directors and other key management personnel are included in the Remuneration report on pages 38 to 49. Details of the remuneration paid to directors and other key personnel are also detailed in the Remuneration report.

The Remuneration report is incorporated in and forms part of this Directors' report.

Directors' interests and benefits

Since the end of the previous financial year and to the date of signing this report, no director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors or related party transactions shown in the Group's financial statements) by reason of a contract made by the Company with the director or with a firm of which the director is a member, or with a company in which the director has a substantial interest, except as specified in the Remuneration report and the Key management personnel disclosures in note 37.

Insurance and indemnification of directors and officers

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

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

Parent entity

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

Provision of non-audit services by the auditor

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

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

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

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

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

	2025 \$'000	2024 \$'000
KPMG		
Audit of regulatory returns	380,000	380,000
Other assurance services	455,600	404,500
Tax compliance services	40,000	15,000
Other services	350,861	353,000
<i>Total remuneration for non-audit services</i>	1,226,461	1,152,500

Auditor's independence declaration

KPMG is the external auditor for the 2025 financial year. A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 37.

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



Rohan Mead
Group Managing Director & CEO

Melbourne
27 August 2025

Auditor's independence declaration



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

To the Directors of Australian Unity Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Australian Unity Limited for the financial year ended 30 June 2025 there have been:

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

A small, stylized blue KPMG logo.

KPMG

A handwritten signature in blue ink, appearing to read 'Chris Wooden'.

Chris Wooden
Partner

Melbourne
27 August 2025

Remuneration report

This Remuneration report relates to the Company's performance for the year ending 30 June 2025 including all incentives payable in respect of that performance. The report is structured as follows:

- Key Management Personnel (KMP)
- Compensation Framework Overview
- Compensation Governance and Risk
- 2025 Senior Executive Compensation
- Non-executive Directors' Compensation

This Remuneration report sets out the remuneration information for Australian Unity Limited and the entities it controls (Australian Unity or Group) for the year ending 30 June 2025.

It has been prepared and audited as required by the *Corporations Act 2001* (the Act). The report covers all Key Management Personnel (KMP) of the Group.

Dear Member,

On behalf of the board, I am pleased to present Australian Unity's Remuneration report for the financial year ended 30 June 2025.

FY2025 performance and compensation outcomes

FY2025 was a year of continued strategic momentum and operational resilience for Australian Unity. Building on the transformation initiated in prior years, the Group delivered strong financial and non-financial outcomes, while advancing its purpose-led agenda.

Key achievements

Over the year, the Group significantly advanced its strategic ambitions across a number of important fronts. This included completion of the acquisition and progress on the integration of the myHomecare Group, reinforcing our position as one of Australia's largest providers of home care services, and implementation of the Home Health operating model, enhancing service delivery and operational efficiency. It is worth noting that over the year some 400 members of the myHomecare team have smoothly and successfully been integrated onto the company's systems, with more than 1000 to follow shortly.

Our Social Infrastructure and Healthcare Property portfolios continued to develop, supporting long term community wellbeing, and the Group's Technology operating model was transformed to support greater efficiency and innovation.

The strategic divestment of the Australian Unity Bank is well advanced (with completion expected in November 2025), while focus on member value, affordability, and growth has continued in our Private Health Insurance business in a challenging operating environment.

Our Residential Aged Care business announced our plan to repurpose progressively the assisted living apartments at The Alba in South Melbourne, Victoria, as a Residential Aged Care property.

Over the year the Group delivered \$2.38b in Community & Social Value.

These outcomes reflect our practical actions in seeking to create sustainable value for members and communities, while navigating a dynamic external environment with agility and purpose.

In recognition of the exceptional efforts of our people, the board has approved variable compensation awards for FY2025. These awards are consistent with our remuneration framework and reflect both financial performance and broader contributions to our strategic and social objectives.

Leadership transition

FY2025 also marks the final year of service for our Group Managing Director and CEO, Rohan Mead, who will retire at the end of 2025 after 21 years of distinguished leadership.

Under Rohan's stewardship, Australian Unity has grown from a \$400 million organisation to a diversified mutual with consolidated revenues exceeding \$2.6 billion, serving over 375,000 members and 750,000 customers. His legacy includes:

- Pioneering reforms that enabled mutuals to access capital markets without demutualising.
- Leading over \$1 billion in strategic transactions, including key acquisitions and divestments.
- Championing social infrastructure investment and wellbeing measurement frameworks.
- Navigating the organisation through major external challenges including the GFC, COVID-19, and natural disasters.

Rohan's vision and integrity have shaped Australian Unity into a respected purpose-driven organisation. On behalf of the board, our members, and employees, we extend our deepest gratitude for his extraordinary contribution.

Looking ahead

As we prepare for leadership transition and continue to evolve in response to changing market dynamics, the board remains focused on ensuring our remuneration arrangements support long term success. We are committed to attracting and retaining the talent needed to deliver on our purpose and strategic goals.

Thank you to all our people for your dedication and impact throughout FY2025.

Yours faithfully,



Melinda Cilento
Chair - People, Culture & Remuneration Committee

Section 1 — Key Management Personnel

This Remuneration report outlines the compensation arrangements in place and outcomes achieved for Australian Unity's Key Management Personnel (KMP) during FY2025.

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

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

The following table includes names and positions of the individuals who were KMP during FY2025.

Table 1

Non-executive Directors	Position	Term
Lisa Chung AM	Chair	Full year
Melinda Cilentio	Deputy Chair	Full year
Lucinda Brogden AM	Non-executive Director	Full year
Kim Cheater	Non-executive Director	Full year
Paul Kirk ¹	Non-executive Director	Full year
Su McCluskey ²	Non-executive Director	Part year
Dr Helen Nott	Non-executive Director	Full year
Julien Playoust	Non-executive Director	Full year

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

¹ Paul Kirk retired as Non-executive Director on 30 June 2025

² Su McCluskey retired as Non-executive Director on 30 October 2024

³ Previously known as Rebecca Windsor, in Australian Unity's FY2024 Annual Report.

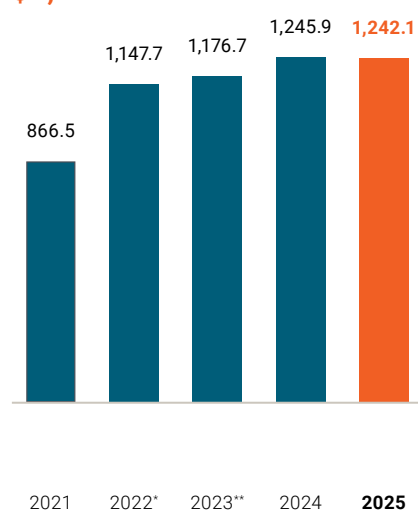
⁴ Melinda Honig Group Executive - Governance, General Counsel, Company Secretary and Chief Risk Officer as KMP from 1 July 2024

Table 2 - Five year Performance

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

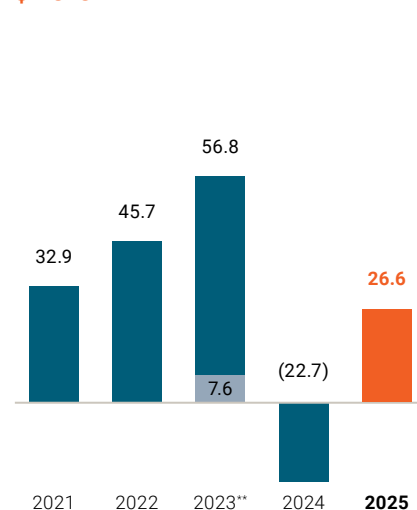
Members' funds (\$m)[†]

\$1,242.1



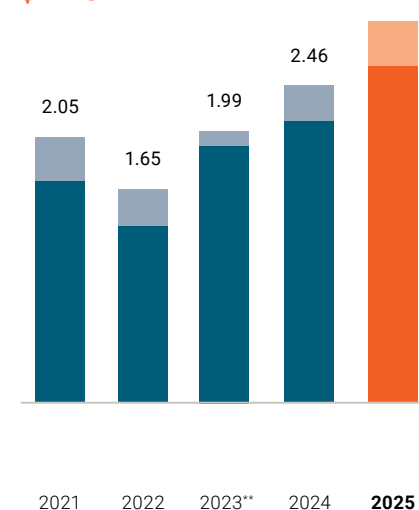
Profit/(loss) after income tax (\$m)

\$26.6



Revenues (\$b)[†]

\$2.95



[†] Members' funds: net assets of the Group attributable to members.

[†] Revenues: comprise revenue and other income receipts (shown as the bottom section of the bar chart) as shown in the Consolidated statement of comprehensive income in the Annual Report, excluding discontinued operations, plus life insurance contract premium receipts (shown as the top section of the bar chart). The latter receipts are recorded as movements in benefit fund policy liabilities in the balance sheet and not through the Consolidated statement of comprehensive income.

* 2022 Members' funds as reported in 2022.

** 2023 was restated in accordance with the implementation requirements of AASB 17 Insurance Contracts to be on the same basis as 2024. This resulted in 2023 profit after income tax reducing to \$7.6 million on a restated basis rather than \$56.8 million as reported in 2023. The movement was mainly an increased adjustment to opening 2023 retained earnings.

Section 2 – Compensation Framework Overview

2.1 Guiding Principles

Our senior executive compensation framework is designed to:



Align with member and customer value creation



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



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



Support prudent risk management and conduct

2.2 Compensation Structure

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

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

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

2.3 Fixed Compensation

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

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

2.4 Short Term Variable Compensation Key Features

The following table outlines key features of the 2025 financial year short term variable compensation award (referred to as the Senior Leader Variable Compensation Program) for senior executives.

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

2.5 Long Term Variable Compensation Key Features

The following table outlines key features of the 2025 financial year long term variable compensation award for senior executives.

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

Section 3 – Compensation Governance and Risk

3.1 Governance

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

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

3.2 External Advisors

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

During FY2025, an independent remuneration consultant was engaged to benchmark senior executive compensation arrangements to assess if they remain competitive to attract, motivate, and retain senior executive talent as a key component of our broader employee value proposition.

Additionally, Mercer were engaged to review the appropriateness of KMPs' FY2025 remuneration, and their supporting letter is attached to this report.

While the PC&R Committee obtained this independent advice from remuneration consultants during FY2025, no remuneration recommendations (as defined in the *Corporations Act 2001*) were provided.

3.3 Compensation and Risk

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

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

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

Section 4 – 2025 Executive KMP Compensation

4.1 Short term variable compensation outcomes

The following table shows details of 2025 short term variable compensation awarded, payable and deferred.

Name	Variable compensation opportunity \$	Actual as a percent of opportunity %	2025 Actual		
			Total \$	Payable \$	Deferred¹ \$
Executive director					
Rohan Mead	1,024,338	85%	870,600	870,600	-
Other executive KMP					
Prudence Bowden	520,545	95%	494,500	494,500	-
Rebecca Harwood	372,952	85%	317,000	317,000	-
Melinda Honig	401,056	90%	360,900	340,747	20,153
Esther Kerr	571,621	77%	440,100	440,100	-
Darren Mann	505,075	87%	439,400	399,717	39,683

¹ Maximum payable subject to ongoing performance.

4.2 Senior executive statutory compensation disclosures for the year ended 30 June 2025

Name	Year	Fixed			Variable		Rights to deferred MCI ⁵ \$	Termination benefits \$	Total statutory compensation \$	Increase/ (decrease) in long service leave provision ³ \$
		Cash salary ¹ \$	Non-monetary benefits ^{1,4} \$	Superannuation contributions ² \$	Cash payable (current year) ¹ \$	Cash payable (prior years' deferred) ³ \$				
Executive director										
Rohan Mead, Group Managing Director	2025	1,329,054	1,000	29,932	870,600	215,739	634,954	1,320,969	4,402,248	36,717
	2024	1,290,887	1,000	27,399	849,700	-	299,632	-	2,468,618	35,278
Other executive KMP										
Prudence Bowden	2025	696,542	-	29,932	494,500	84,760	174,236	-	1,479,970	18,837
	2024	614,415	-	26,033	447,500	-	137,396	-	1,225,344	29,958
Rebecca Harwood (Group Executive-Health Insurance, KMP from 25 March 2024) ⁶	2025	500,205	1,000	29,932	317,000	-	99,841	-	947,978	14,193
	2024	133,670	269	6,850	66,332	-	14,579	-	221,700	18,119
Melinda Honig (General Counsel, Company Secretary, Chief Risk Officer and Group Executive - Governance, KMP from 1 July 2024)	2025	671,321	-	29,932	340,747	84,521	173,253	-	1,299,774	15,731
Esther Kerr	2025	776,554	1,000	29,932	440,100	116,435	217,208	-	1,581,229	16,453
	2024	763,722	1,038	27,399	435,100	-	178,460	-	1,405,719	35,448
Darren Mann	2025	674,952	-	29,932	399,717	93,500	168,091	-	1,366,192	23,259
	2024	608,007	-	27,399	411,300	-	134,450	-	1,181,156	20,718
Executive KMP whose employment ceased in 2024										
Christine Yates (Ceased as Group Executive - Retail on 18 March 2024)	2024	471,169	-	20,549	-	-	431,172	509,876	1,432,766	(6,620)
Total	2025	4,648,628	3,000	179,592	2,862,664	594,955	1,467,583	1,320,969	11,077,391	125,190
	2024	3,881,870	2,307	135,629	2,209,932	-	1,195,689	509,876	7,935,303	132,901

¹ Short terms benefits.

² Post-employment benefits.

³ Long term benefits.

⁴ Non-monetary benefits refers to salary packaged benefits such as motor vehicles, and some health insurance and car parking deductions.

⁵ Rights to deferred MCI granted under the executive long term variable compensation scheme are expensed over the performance period, which includes the year to which the grant relates and the subsequent.

⁶ The 2024 compensation disclosed for Ms Harwood is the portion related to her activities since being appointed a KMP.

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

4.3 Performance related compensation statutory table

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

		Performance related				
Name	Year	Fixed compensation %	Cash short term variable %	Deferred short term variable %	Deferred long term variable %	Total performance related %
Executive director						
Rohan Mead	2025	44	28	7	21	56
	2024	53	35	-	12	47
Other executive KMP						
Prudence Bowden	2025	49	33	6	12	51
	2024	52	37	-	11	48
Rebecca Harwood	2025	56	33	-	11	44
	2024	63	30	-	7	37
Melinda Honig	2025	54	26	7	13	46
Esther Kerr	2025	51	28	7	14	49
	2024	56	31	-	13	44
Darren Mann	2025	52	29	7	12	48
	2024	54	35	-	11	46
Executive KMP whose employment ceased in 2024						
Christine Yates	2024	53	-	-	47	47

4.4 Overview of deferred short term variable compensation

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

Name	Deferred variable short term compensation				
	Date when deferred variable compensation was awarded	Financial year for which the deferred variable compensation will be fully payable	Maximum total value of deferred variable compensation \$	Proportion of deferred variable compensation payable %	Proportion of deferred variable compensation not earned %
Executive director					
Rohan Mead	1 September 2021	2025	215,739	100	-
Other executive KMP					
Prudence Bowden	1 September 2021	2025	84,760	100	-
Melinda Honig ¹	27 August 2025	2029	20,153	-	-
	1 September 2021	2025	84,521	100	-
Esther Kerr	1 September 2021	2025	116,435	100	-
Darren Mann	27 August 2025	2029	39,683	-	-
	1 September 2021	2025	93,500	100	-

¹ The deferred short term variable compensation granted to Ms Honig in September 2021 was granted prior to her appointment as a KMP.

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

The table below shows details of existing Rights to MCI which were granted, vested and forfeited during FY2025.

Name	Grant date	Granted rights No.	Granted value \$	Vested No.	Vested %	Forfeited No.	Forfeited %	Financial year for vesting
Executive director								
Rohan Mead	2 June 2025	8,673	737,235	-	-	-	-	2029
	2 June 2025	4,336	368,560	-	-	-	-	2028
	2 June 2025	4,337	368,645	-	-	-	-	2027
	2 June 2025	4,336	368,560	-	-	-	-	2026
	1 November 2024	5,795	480,116	-	-	-	-	2029
	30 October 2023	4,601	378,662	-	-	-	-	2028
	28 October 2022	4,153	361,269	-	-	-	-	2027
	31 January 2022	911	93,833	-	-	-	-	2026
	31 January 2022	2,733	281,499	2,773	100	-	-	2025
Other executive KMP								
Prudence Bowden ¹	1 November 2024	2,926	242,419	-	-	-	-	2029
	30 October 2023	2,196	180,731	-	-	-	-	2028
	28 October 2022	2,031	176,677	-	-	-	-	2027
	31 January 2022	386	39,758	-	-	-	-	2026
	31 January 2022	1,158	119,274	1,158	100	-	-	2025
Rebecca Harwood ²	1 November 2024	2,261	187,234	-	-	-	-	2029
	30 October 2023	1,446	120,652	-	-	-	-	2028
	28 October 2022	1,241	107,955	-	-	-	-	2027
Melinda Honig ³	1 November 2024	2,926	242,419	-	-	-	-	2029
	30 October 2023	2,250	185,175	-	-	-	-	2028
	28 October 2022	1,861	161,888	-	-	-	-	2027
	31 January 2022	408	42,050	-	-	-	-	2026
	31 January 2022	1,225	126,149	1,225	100	-	-	2025
Esther Kerr	1 November 2024	3,465	287,075	-	-	-	-	2029
	30 October 2023	2,750	226,325	-	-	-	-	2028
	28 October 2022	2,470	214,865	-	-	-	-	2027
	31 January 2022	541	55,723	-	-	-	-	2026
	31 January 2022	1,626	167,478	1,626	100	-	-	2025
Darren Mann	1 November 2024	2,839	235,211	-	-	-	-	2029
	30 October 2023	2,071	170,443	-	-	-	-	2028
	28 October 2022	1,861	161,888	-	-	-	-	2027
	31 January 2022	408	42,024	-	-	-	-	2026
	31 January 2022	1,225	126,175	1,225	100	-	-	2025
Executive KMP whose employment ceased in 2024								
Christine Yates ⁴	30 October 2023	2,392	196,862	-	-	-	-	2028
	28 October 2022	2,030	176,590	-	-	-	-	2027
	31 January 2022	445	45,835	-	-	-	-	2026
	31 January 2022	1,336	137,608	1,336	100	-	-	2025

There has been no alteration to the terms and conditions of the grants since the grant dates.

¹ The rights granted to Ms Bowden in January 2022 were granted prior to her appointment as a KMP.

² The rights granted to Ms Harwood in October 2022 and October 2023 were granted prior to her appointment as a KMP.

³ The rights granted to Ms Honig in January 2022, October 2022 and October 2023 were granted prior to her appointment as a KMP.

⁴ The rights granted to Ms Yates prior to her ceasing to be a KMP will be retained until the applicable deferred MCI vesting date.

4.6 MCI holdings

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

Name	Balance at the beginning of the year No.	Received during the year on vesting of Rights to MCI No.	Other changes during the year No.	Balance at the end of the year No.
Executive director				
Rohan Mead, Group Managing Director	4,500	2,773	-	7,233
Other executive KMP				
Prudence Bowden	-	1,158	-	1,158
Rebecca Harwood	100	-	-	100
Melinda Honig	2,000	1,225	-	3,225
Esther Kerr	-	1,626	(1,626)	-
Darren Mann	169	1,225	(1,054)	340

4.7 Employment arrangements

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

Name	Contract type ¹	Employee initiated notice period	Employer initiated notice period ²	Termination benefits ³
Rohan Mead	Permanent	6 months	12 months	none
Prudence Bowden	Permanent	6 months	6 months	none
Rebecca Harwood	Permanent	6 months	6 months	none
Melinda Honig	Permanent	6 months	6 months	none
Esther Kerr	Permanent	6 months	6 months	none
Darren Mann	Permanent	6 months	6 months	none

¹ A permanent contract continues until notice is given by either party.

² Payment in lieu of notice may be made and the Group's redundancy policies may also apply.

³ Entitlement to variable remuneration is set out in sections 2.4 and 2.5 above.

Section 5 – Non-Executive Directors' Compensation

5.1 Fee policy and pool

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

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

Members last approved an increase in the aggregate fees payable to non-executive directors at the 2023 annual general meeting on 25 October 2023. At that meeting, members approved the sum of up to \$2.2 million in aggregate fees per financial year. This increase in the sum approved took effect from 1 January 2024.

The total directors' fees paid during FY2025 was \$1.69 million.

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

5.2 Non-executive director compensation for the year ended 30 June 2025

		Fixed			
Name	Year	Cash fees ¹ \$	Non-monetary benefits ^{1,3} \$	Superannuation contributions ² \$	Total compensation \$
Chair					
Lisa Chung, Chair	2025	364,868	1,000	29,932	395,800
	2024	357,216	1,000	27,399	385,615
Other non-executive directors					
Melinda Cilento, Deputy chair	2025	177,040	-	20,360	197,400
	2024	173,250	-	19,077	192,327
Lucinda Brogden	2025	177,040	-	20,360	197,400
	2024	173,250	-	19,077	192,327
Kim Cheater (appointed 1 March 2024)	2025	177,040	-	20,360	197,400
	2024	74,324	-	8,176	82,500
Helen Nott	2025	215,400	-	24,771	240,171
	2024	213,964	-	23,536	237,500
Julien Playoust	2025	177,040	-	20,360	197,400
	2024	173,250	-	19,077	192,327
Non-executive directors who ceased in 2025					
Paul Kirk (retired 30 June 2025)	2025	177,040	-	20,360	197,400
	2024	173,250	-	19,077	192,327
Su McCluskey (retired 30 October 2024)	2025	58,583	-	6,737	65,320
	2024	173,648	-	16,483	190,131
Total non-executive director remuneration	2025	1,524,051	1,000	163,240	1,688,291
	2024	1,512,152	1,000	151,902	1,665,054

¹ Short term benefits.

² Post-employment benefits.

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

5.3 Non-executive director MCI holdings

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

Name	Balance at the beginning of the year No.	Other changes during the year No.	Balance at the end of the year No.
Chair			
Lisa Chung	1,000	-	1,000
Other non-executive directors			
Melinda Cilento	-	-	-
Lucinda Brogden	-	-	-
Kim Cheater	-	-	-
Helen Nott	-	-	-
Julien Playoust	-	-	-
Non-executive directors who ceased in 2025¹			
Paul Kirk (retired 30 June 2025)	-	-	-
Su McCluskey (retired 30 October 2024)	2,134	-	2,134

¹ The end balance for Mr Kirk and Ms McCluskey is that held at the date they ceased to be directors.

Independent remuneration adviser's report



welcome to brighter

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Private & Confidential

Company Secretary
 Australian Unity Limited
 271 Spring Street
 Melbourne VIC 3000

26 August 2025

Subject: Australian Unity Remuneration Reasonableness Assessment

Introduction

Mercer is pleased to provide Australian Unity Limited ("Australian Unity" or the "Company") with a reasonableness assessment of Key Management Personnel (KMP) remuneration and non-executive director (NED) fees under section 211 of the *Corporations Act 2001* ("Act") under the request of the Company Secretary. This reasonable assessment applies to the 2024-2025 financial year (FY25).

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

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

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

Executive KMP remuneration package

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

A business of Marsh McLennan

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and aged care sectors, its regulatory requirements and ASX listings. As such, there is a defensible basis for referencing this peer group.

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

The TFR for executive KMP is generally aligned with market levels on a position match basis and is below market when assessed on a job size basis. When TR, inclusive of incentives, is considered, Australian Unity's positioning falls to below market on both a position match and job size basis. Accordingly, the current positioning of Australian Unity's remuneration relative to the market is considered reasonable.

Some increases granted to Australian Unity executive KMP were above general executive remuneration increases. However, all executives remain positioned at or below listed market benchmarks which confirm that the remuneration levels continue to be reasonable.

Executive KMP incentive outcomes

Executive KMP STI outcomes were broadly aligned with performance of Australian Unity as set out in the annual performance scorecards. Given the lower TFR positioning across the executive KMP group, STI payments do not result in TAR that is above market.

The LTI component of executive KMP remuneration is not subject to performance measures at the time of vesting. The LTI remains subject to malus and clawback, and final vesting remains at the discretion of the Board. Mercer notes that the quantum is also positioned lower than market. The key considerations regarding the reasonableness of vesting are whether there is an incident where the application of discretion, malus or clawback would be necessary. No such incident occurred over the year.

Therefore, the STI and LTI outcomes throughout FY25 were reasonable.

Non-Executive Director fees

The fees payable to NEDs were reviewed against the same listed peer group utilised for the review of the executive KMP remuneration package. Please note above commentary relating to the appropriateness of the listed peer group.

Australian Unity pays an all-inclusive fee to NEDs, which encompasses service on all relevant subsidiaries and committees, except for the Chair of the Audit Committee, who receives additional fees. When comparing NED fees to those of peer companies, and taking into account the conservative approach of not providing additional remuneration for committee membership, the NED fees paid by Australian Unity are considered reasonable.

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

Conclusion

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

Yours sincerely,



David Yong
Principal



Lucas Walsh
Associate

Financial statements

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

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

271 Spring Street
Melbourne VIC 3000

A description of the nature of the consolidated entity's operations and its principal activities is included in the Directors' report on page 30 which is not part of these financial statements.

The financial statements were authorised for issue by the directors on 27 August 2025.

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Consolidated statement of comprehensive income**For the year ended 30 June 2025**

	Notes	2025 \$'000	2024 Restated* \$'000
Insurance revenue			
Insurance revenue	2	728,142	703,823
Benefit funds insurance revenue	2	15,511	15,247
		743,653	719,070
Insurance expense			
Insurance service expenses	4	(671,187)	(651,461)
Insurance finance expense from insurance contracts issued	6	(646)	(199)
Benefit funds insurance service expenses	4	(16,053)	(15,048)
Benefit funds insurance finance expense from insurance contracts issued	6	(35,662)	(24,465)
Net insurance income		20,105	27,897
Other revenue and other income	3	1,482,349	1,041,249
Benefit funds other income	3	376,416	336,541
Other expenses, excluding finance costs	4	(1,445,722)	(1,067,689)
Benefit funds other expenses	4	(244,985)	(230,116)
Operating profit		188,163	107,882
Finance costs	5	(79,367)	(73,819)
Share of net profit/(loss) of joint ventures		441	(235)
Profit before income tax		109,237	33,828
Income tax expense	8	(79,953)	(57,828)
Profit/(loss) from continuing operations		29,284	(24,000)
Profit/(loss) from discontinued operation	32	(2,723)	1,259
Profit/(loss) for the year		26,561	(22,741)
Other comprehensive income			
<i>Items that may be reclassified to profit or loss</i>			
Cash flow hedges	24(a)	(11,181)	(11,984)
Income tax relating to this item	24(a)	3,354	3,595
<i>Items that will not be reclassified to profit or loss</i>			
Remeasurements of post-employment benefit obligations	24(a)	19	(133)
Other comprehensive income for the year, net of tax		(7,808)	(8,522)
Total comprehensive income for the year		18,753	(31,263)
Profit/(loss) for the year is attributable to:			
Members of Australian Unity Limited		26,561	(22,741)
Total comprehensive income for the year is attributable to:			
Members of Australian Unity Limited		18,753	(31,263)
Total comprehensive income for the year attributable to members of Australian Unity Limited arises from:			
Continuing operations		21,476	(32,522)
Discontinued operation		(2,723)	1,259
		18,753	(31,263)

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

* Refer to note 32. Comparative information has been reclassified to reflect the impact of discontinued operations for Australian Unity Bank Limited (currently classified as Asset Held for Sale in note 32) and the Wealth Advice Services business, disposed of on 30 November 2023.

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 profit and loss. The combined business had Revenue of \$391,927,000, Expenses of \$261,038,000, Insurance finance expenses of \$35,662,000 and income tax of \$95,227,000 for the year ended 30 June 2025 (for the year ended 30 June 2024: Revenue of \$351,788,000, Expenses of \$245,164,000, Insurance finance expenses of \$24,465,000 and income tax of \$82,159,000).

Consolidated balance sheet

As at 30 June 2025

	Notes	2025 \$'000	2024 Restated \$'000
ASSETS			
Current assets			
Cash and cash equivalents	9	638,586	965,568
Trade and other receivables		219,657	162,111
Current tax assets		2,346	6,496
Loans and advances		-	30,024
Financial assets at fair value through profit or loss	10	3,994,167	3,598,761
Other financial assets at amortised cost	11	75,415	77,254
Other current assets		33,648	30,856
Assets held for sale	32	1,654,950	-
Total current assets		6,618,769	4,871,070
Non-current assets			
Loans and advances		32,440	1,403,295
Financial assets at fair value through profit or loss	10	126,533	161,417
Investments in associates and joint ventures		2,619	16,684
Investment properties	16	2,461,348	2,244,905
Property, plant and equipment	17	552,891	518,569
Right-of-use assets	18	80,635	94,381
Intangible assets	19	612,329	621,421
Other non-current assets		14,672	26,438
Total non-current assets		3,883,467	5,087,110
Total assets		10,502,236	9,958,180
LIABILITIES			
Current liabilities			
Trade and other payables		157,835	175,284
Borrowings	12	120,656	1,615,199
Lease liabilities	18	20,530	26,388
Provisions	20	94,398	92,455
Other current liabilities	14	2,352,174	2,203,623
Health insurance contract policy liabilities	13(a)	145,650	140,106
Benefit fund insurance contract policy liabilities	13(b)	86,709	83,698
Benefit fund investment contract policy liabilities	39	313,864	289,581
Liabilities directly associated with the assets held for sale	32	1,664,416	-
Total current liabilities		4,956,232	4,626,334
Non-current liabilities			
Borrowings	12	458,500	467,959
Lease liabilities	18	74,072	87,415
Deferred tax liabilities	21	230,842	163,633
Provisions	20	28,723	28,335
Benefit fund insurance contract policy liabilities	13(b)	760,160	780,406
Benefit fund investment contract policy liabilities	39	2,751,566	2,558,153
Total non-current liabilities		4,303,863	4,085,901
Total liabilities		9,260,095	8,712,235
Net assets		1,242,141	1,245,945
EQUITY			
Members' balances		255,919	255,919
Mutual Capital Instruments	22	458,085	457,038
Reserves	24(a)	18,292	24,349
Retained earnings	24(b)	509,845	508,639
Equity attributable to members of Australian Unity Limited		1,242,141	1,245,945
Total equity		1,242,141	1,245,945

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

Consolidated statement of changes in equity

For the year ended 30 June 2025

	Notes	Members' balances \$'000	Mutual Capital Instruments \$'000	Reserves \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2023		255,919	342,127	30,035	548,597	1,176,678
Mutual Capital Instruments issued		-	114,911	-	-	114,911
Total comprehensive income for the year						
Loss for the year		-	-	-	(22,741)	(22,741)
Other comprehensive income						
- Cash flow hedges	24(a)	-	-	(8,389)	-	(8,389)
- Post-employment benefits	24(a)	-	-	(133)	-	(133)
Total comprehensive income		-	-	(8,522)	(22,741)	(31,263)
Transactions with owners in their capacity as owners						
Dividends provided for or paid	22	-	-	-	(17,217)	(17,217)
MCI-based payments	24(a)	-	-	2,736	-	2,736
Subsidiary share option payments	24(a)	-	-	100	-	100
		-	-	2,836	(17,217)	(14,381)
Balance at 30 June 2024		255,919	457,038	24,349	508,639	1,245,945

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

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

Consolidated statement of cash flows

For the year ended 30 June 2025

	Notes	2025 \$'000	2024 Restated* \$'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		1,405,804	1,566,798
Payments to suppliers and employees (inclusive of goods and services tax)		(1,521,687)	(1,481,404)
Health insurance premiums received		725,565	690,486
Health insurance claims and insurance service expenses paid		(647,242)	(650,428)
Benefit fund investment contracts - contributions received		345,234	284,935
Benefit fund investment contracts - withdrawals		(350,707)	(268,552)
Benefit fund insurance contracts - premiums received		42,405	40,621
Benefit fund insurance contracts - claims and insurance service paid		(85,656)	(92,880)
Benefit fund other receipts		142,846	79,352
Benefit fund other payments		(593)	(337)
Net receipts/(payments) of loan assets		(70,188)	(275,476)
Net receipts of deposits liability		105,926	279,592
Interest received		17,970	19,912
Dividends and distributions received		18,492	22,350
Interest and finance charges paid		(29,003)	(54,609)
Income tax refunds		7,298	46,071
Net cash inflow from operating activities	25	106,464	206,431
Cash flows from investing activities			
Payments for business acquisitions, net of cash receipts		(66,106)	(123,922)
Payments for investments		(1,354,153)	(1,086,177)
Payments for investment properties		(143,473)	(172,696)
Payments for property, plant and equipment		(59,695)	(43,486)
Payments for intangible assets		(23,885)	-
Receipts from investments		989,888	737,506
Proceeds from sale of business component		-	9,605
Proceeds from disposal of property, plant and equipment		-	5,319
Net cash outflow from investing activities		(657,424)	(673,851)
Cash flows from financing activities			
Receipts from MCI issues, net of issuance costs		1,047	115,011
Receipts from borrowings		95,859	193,230
Net receipts from refundable lease deposits and resident liabilities		227,786	203,354
Payments of borrowings		(51,148)	(65,647)
Payments of MCI dividend		(25,355)	(17,217)
Payment of lease liabilities		(24,211)	-
Net cash inflow from financing activities		223,978	428,731
Net decrease in cash and cash equivalents		(326,982)	(38,689)
Cash and cash equivalents at the beginning of the year		965,568	1,004,257
Cash and cash equivalents at the end of the year	9	638,586	965,568
Cash flows from discontinued operations	32	18,293	6,896

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

* Comparative information has been reclassified to reflect the impact of discontinued operations, including the Wealth Advice Services business in the prior year and the classification of the banking operations as held for sale in the current financial year. Refer to note 32 for further details on the results of the Australian Unity Bank Limited business.

Notes to the consolidated financial statements

How numbers are calculated

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

1 Segment information

(a) Description of segments

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

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

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

(b) Segment information

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

2025	Home Health \$'000	Insurances \$'000	Residential Aged Care \$'000	Wealth & Capital Markets \$'000	Corporate Functions* \$'000	Total \$'000
Continuing operations						
Revenue from external customers	950,058	716,974	253,334	249,778	10,805	2,180,949
Inter-segment revenue	4,046	(4,046)	-	597	(597)	-
Total segment revenue	954,104	712,928	253,334	250,375	10,208	2,180,949
Other income	-	-	-	4,951	-	4,951
Adjusted EBITDA from continuing operations	55,820	50,349	54,786	66,897	(91,666)	136,186
Depreciation and amortisation						(72,916)
Interest expense						(79,370)
Investment income						27,839
Other expenses						2,271
Income tax benefit						15,274
Profit from continuing operations						29,284
Share of profit after tax from joint ventures (included in Adjusted EBITDA)						441

1 Segment information (continued)

(b) Segment information (continued)

2025	Home Health \$'000	Insurances \$'000	Residential Aged Care \$'000	Wealth & Capital Markets \$'000	Corporate Functions* \$'000	Total \$'000
Total segment assets include:						
Income producing assets	69,838	484,519	24,607	151,679	105,126	835,769
Working capital assets	114,036	2,146	19,489	456,057	16,400	608,128
Non-interest bearing assets	521,045	10,129	516,186	955,003	181,173	2,183,536
Assets held for sale	-	1,654,950	-	-	-	1,654,950
Total segment assets	704,919	2,151,744	560,282	1,562,739	302,699	5,282,383
Total segment liabilities include:						
Borrowings and net inter-segment lending	295,954	20,048	495,068	360,197	193,877	1,365,144
Working capital liabilities	189,477	153,029	54,899	152,029	36,551	585,985
Non-interest bearing liabilities	21,120	14,687	36,126	336,148	16,616	424,697
Liabilities held for sale	-	1,664,416	-	-	-	1,664,416
Total segment liabilities	506,551	1,852,180	586,093	848,374	247,044	4,040,242

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

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

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

The segment information provided to the Group Executive Committee for the reportable segments for the year ended 30 June 2024 is as follows (noting that the segments have been reclassified to be consistent with those applicable in the 2025 financial period):

2024 (restated)*	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	582,632	693,121	208,663	232,498	2,003	1,718,917
Inter-segment revenue	4,073	(4,073)	-	-	-	-
Total segment revenue	586,705	689,048	208,663	232,498	2,003	1,718,917
Other income*	-	-	-	-	6,196	6,196
Adjusted EBITDA from continuing operations*	50,481	51,815	38,761	45,490	(116,170)	70,377
Depreciation and amortisation						(63,840)
Interest expense						(73,824)
Investment income						25,492
Other expenses						(6,536)
Income tax benefit						24,331
Loss from continuing operations						(24,000)
Share of loss after tax from joint ventures (included in Adjusted EBITDA)						(236)

1 Segment information (continued)

(b) Segment information (continued)

2024 (restated)*	Home Health \$'000	Insurances \$'000	Residential Aged Care \$'000	Wealth & Capital Markets \$'000	Corporate Functions ¹ \$'000	Total \$'000
Total segment assets include:						
Income producing assets	62,922	2,027,963	21,571	120,981	253,214	2,486,651
Working capital assets	96,585	25,015	25,592	337,023	17,105	501,320
Non-interest bearing assets	502,670	10,582	340,305	991,008	180,827	2,025,392
Total segment assets	662,177	2,063,560	387,468	1,449,012	451,146	5,013,363
Total segment liabilities include:						
Borrowings and net inter-segment lending	270,140	1,560,341	367,931	309,867	282,660	2,790,939
Working capital liabilities	213,558	161,776	28,455	113,967	55,733	573,489
Non-interest bearing liabilities	18,520	18,008	31,652	320,111	14,699	402,990
Total segment liabilities	502,218	1,740,125	428,038	743,945	353,092	3,767,418

* Refer to note 32. Comparative information has been reclassified to reflect the impact of discontinued operations.

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 1(c)(ii).

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

	2024 Restated \$'000
Total loss before income tax for reportable segments	(49,590)
Profit before income tax attributable to benefit funds	82,159
Elimination of discontinued operation	1,259
Profit before income tax	33,828

(c) Other segment information

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

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

(i) Segment revenue

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

Segment revenue reconciles to total revenue as follows:

	2025 \$'000	2024 Restated \$'000
Total segment revenue	2,180,949	1,718,917
Dividends and distributions (note 3)	24,981	21,158
Loss on investments in financial instruments (note 3)	(13,113)	(14,046)
Other interest income (note 3)	17,970	18,282
Gain on sale of business component	4,951	6,196
Management fee rebate reclassification	(6,262)	(4,770)
Other	1,015	(665)
Revenue and other income attributable to members of Australian Unity Limited	2,210,491	1,745,072
Benefit funds insurance revenue (note 2)	15,511	15,247
Benefit funds other income (note 3)	376,416	336,541
Total revenue and other income	2,602,418	2,096,860

1 Segment information (continued)

(c) Other segment information (continued)

(ii) Adjusted EBITDA

In assessing the performance of its operating business segments, the Group uses a measure of Adjusted EBITDA. This measurement basis excludes the effects of tax, depreciation and amortisation, interest expense and investment income. It also excludes the impact of discontinued operations, material non-recurring revenue and expenditure and shared services costs.

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

	2025 \$'000	2024 Restated \$'000
Adjusted EBITDA from continuing operations	136,186	70,377
Depreciation and amortisation expense:		
Depreciation and amortisation expense (note 4)	(72,916)	(58,521)
Impairment of assets	-	(5,319)
	(72,916)	(63,840)
Interest expense		
Finance costs (note 5)	(79,367)	(73,819)
Other	(3)	(5)
	(79,370)	(73,824)
Investment income/(loss):		
Dividend and distribution income (note 3)	24,981	21,158
Loss on investments in financial instruments (note 3)	(13,113)	(14,046)
Other interest income (note 3)	17,970	18,282
Impairment of joint venture	(2,000)	-
Other	1	98
	27,839	25,492
Other income/(expenses):		
Merger and acquisition expenses	(2,480)	(6,887)
Other	4,751	351
	2,271	(6,536)
Profit/(loss) before income tax and benefit funds from continuing operations attributable to members of Australian Unity Limited	14,010	(48,331)
Profit before income tax of benefit funds	95,227	82,159
Profit before income tax from continuing operations	109,237	33,828

1 Segment information (continued)

(c) Other segment information (continued)

(iii) Segment assets

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

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

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

	2025 \$'000	2024 \$'000
Segment assets	5,282,383	5,013,363
Resident assets and refundable accommodation deposits	1,733,124	1,653,069
Retirement Village Property Fund consolidation	79,465	73,971
Netting of eligible deferred tax balances	(257,115)	(246,812)
Netting of inter-segment loan balances	(372)	(372)
Deferred Management Fees reclassified	(348,767)	(286,813)
Other reclassifications between assets and liabilities	69,971	13,582
Total assets attributable to members of Australian Unity Limited	6,558,689	6,219,988
Benefit fund assets	4,035,531	3,773,983
Netting of eligible deferred tax balances	(91,984)	(35,791)
Total assets	10,502,236	9,958,180

(iv) Segment liabilities

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

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

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

	2025 \$'000	2024 \$'000
Segment liabilities	4,040,242	3,767,418
Resident liabilities and refundable accommodation deposits	1,733,124	1,653,069
Retirement Village Property Fund consolidation	79,465	73,971
Netting of eligible deferred tax balances	(257,115)	(246,812)
Netting of inter-segment loan balances	(372)	(372)
Deferred Management Fees reclassified	(348,767)	(286,813)
Other reclassifications between assets and liabilities	69,971	13,582
Total liabilities attributable to members of Australian Unity Limited	5,316,548	4,974,043
Benefit fund policy liabilities (notes 39 and 13(b))	3,912,299	3,711,838
Benefit fund other liabilities	123,232	62,145
Netting of eligible deferred tax balances	(91,984)	(35,791)
Total liabilities	9,260,095	8,712,235

2 Insurance revenue

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

	Health insurance contracts issued \$'000	Benefit fund insurance contracts issued \$'000	Total \$'000
Year ended 30 June 2025			
Contracts not measured under the Premium Allocation Approach (PAA)			
Amounts relating to changes in Liability for Remaining Coverage (LRC)			
- Expected incurred claims and other insurance service expenses	-	2,599	2,599
- Change in risk adjustment for non-financial risk for risk expired	-	13	13
- Contractual Service Margin (CSM) recognised for services provided	-	12,899	12,899
- Others	-	-	-
Recovery of insurance acquisition cash flows	-	-	-
Sub-total	-	15,511	15,511
Management of benefit funds	-	14,128	14,128
Contracts measured under the PAA	714,014	-	714,014
Total insurance revenue	714,014	29,639	743,653
	Health insurance contracts issued \$'000	Benefit fund insurance contracts issued \$'000	Total \$'000
Year ended 30 June 2024			
Contracts not measured under the PAA			
Amounts relating to changes in LRC			
- Expected incurred claims and other insurance service expenses	-	2,887	2,887
- Change in risk adjustment for non-financial risk for risk expired	-	14	14
- Contractual Service Margin (CSM) recognised for services provided	-	12,346	12,346
- Others	-	-	-
Recovery of insurance acquisition cash flows	-	-	-
Sub-total	-	15,247	15,247
Management of benefit funds	-	13,287	13,287
Contracts measured under the PAA	690,536	-	690,536
Total insurance revenue	690,536	28,534	719,070

3 Other revenue and other income

The Group operates in Australia and generates revenue through its business platforms that operate private health insurance, banking services, retirement communities, aged care facilities, home care services, health services, investment funds management, financial planning, estate planning and trustee services. 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:

	2025 \$'000	2024 Restated \$'000
Revenue from services		
Residential aged care and home health services, and other fees	790,390	427,618
Government grants and subsidies funding aged care, home care services	309,559	274,642
Management and performance fees revenue	95,098	98,784
Brokerage and commission	6,290	6,914
Healthcare services revenue	56,855	49,792
	1,258,192	857,750
Investment earnings		
Fair value gains on investment property	71,904	46,807
Dividends and distributions	24,981	21,158
Other interest income	17,970	18,282
Loss on investments in financial instruments	(13,113)	(14,046)
	101,742	72,201
Other income		
Imputed income on refundable accommodation deposits	41,777	41,622
Deferred management fees	45,439	36,775
Gain on sale of business component	4,951	6,196
Others	30,248	26,705
	122,415	111,298
Total other revenue and other income	1,482,349	1,041,249
Benefit funds other income	376,416	336,541

(a) Other income

Other income includes imputed income from the provision of aged care accommodation, which is accounted for as a lease under AASB 16 *Leases*. Under AASB 16, the fair value of the non-cash consideration (in the form of an interest-free loan) received from a resident who has elected to pay a refundable accommodation deposit (RAD) is required to be recognised as income and, correspondingly, interest expense (refer to note 5) with no impact on profit or loss.

3 Other revenue and other income (continued)

(b) 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. The majority of the Group's other revenue is fee for service and is recognised over the time when the services are rendered. All other revenue streams are recognised over time as the services are provided.

Disaggregation of revenue from services for each business segment for the year ended 30 June 2025 and reconciliation of other revenue and other income to other revenue from external customers in segment reporting are presented in the below table:

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

3 Other revenue and other income (continued)

(b) Disaggregation of revenue (continued)

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	369,103	-	47,670	10,845	-	427,618
Government grants and subsidies funding aged care, home care services	159,264	-	115,378	-	-	274,642
Management and performance fees revenue	-	-	-	98,539	245	98,784
Brokerage and commission	-	2,509	-	4,405	-	6,914
Healthcare services revenue	49,792	-	-	-	-	49,792
	578,159	2,509	163,048	113,789	245	857,750
Investment earnings						
Fair value gains on investment property	-	-	-	46,807	-	46,807
Dividends and distributions	-	15,352	112	1,695	3,999	21,158
Other interest income	4,299	1,739	2,843	2,925	6,476	18,282
Gain/(loss) on investments in financial instruments	-	(1,560)	-	(1,448)	(11,038)	(14,046)
	4,299	15,531	2,955	49,979	(563)	72,201
Benefit funds other income	-	-	-	336,541	-	336,541
Other income						
Imputed income on RADs	-	-	41,622	-	-	41,622
Deferred management fees	-	-	-	36,775	-	36,775
Gain on sale of business component	-	-	-	-	6,196	6,196
Other	4,363	(340)	3,882	17,724	1,076	26,705
	4,363	(340)	45,504	54,499	7,272	111,298
Other revenue and other income from continuing operations	586,821	17,700	211,507	554,808	6,954	1,377,790
Reconciliation to other revenue from external customers in segment reporting						
<i>Items added to/(excluded from) the segment other revenue</i>						
Dividends and distributions	-	(15,352)	(112)	(1,695)	(3,999)	(21,158)
Insurance revenue (note 2)	-	690,536	-	13,287	-	703,823
Other investment income	(4,299)	(179)	(2,843)	(1,477)	4,562	(4,236)
Income - profit on sale of business component	-	-	-	-	(6,196)	(6,196)
Benefit funds other income	-	-	-	(336,541)	-	(336,541)
Other items included in Adjusted EBITDA	110	416	111	4,116	682	5,435
	(4,189)	675,421	(2,844)	(322,310)	(4,951)	341,127
Other revenue from external customers in segment reporting	582,632	693,121	208,663	232,498	2,003	1,718,917

4 Expenses, excluding finance costs

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

	2025 \$'000	2024 Restated \$'000
Client care costs	388,169	153,493
Commission expense	14,391	16,051
Computer and equipment costs	80,439	63,387
Depreciation and amortisation expense	72,916	58,521
Employee benefits expense	809,846	714,085
Expenses in relation to benefit funds	261,038	245,164
Fund manager and administration fees	23,779	23,928
Health insurance claims expense	676,519	651,825
Health insurance claims recoveries - Net Risk Equalisation Special Account	(101,951)	(101,926)
Impairment of assets	-	5,319
Impairment of associates	2,000	-
Legal and professional fees	40,882	41,956
Marketing expenses	25,781	17,040
Occupancy costs	38,194	32,500
Other expenses	45,944	43,170
Insurance service expenses and Other expenses, excluding finance costs, from continuing operations	2,377,947	1,964,513
<i>Depreciation and amortisation components:</i>		
Depreciation of property, plant and equipment	20,837	23,832
Depreciation of right-of-use assets	14,051	13,839
Amortisation of intangible assets	38,028	20,850
	72,916	58,521

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

	2025 \$'000	2024 Restated \$'000
Insurance service expenses		
- Health insurance	667,894	647,733
- Management of benefit funds	3,293	3,728
- Benefit funds	16,053	15,048
	687,240	666,509
Other expenses, excluding finance costs	1,445,722	1,067,689
Benefit funds other expenses	244,985	230,116
	1,690,707	1,297,805
Insurance service expenses and Other expenses, excluding finance costs, from continuing operations	2,377,947	1,964,314

5 Finance costs

	2025 \$'000	2024 Restated \$'000
Interest and finance charges on borrowings	30,617	26,240
Imputed interest charge on RADs	41,777	41,622
Interest on leases and related accounts	6,973	5,957
Other finance costs expensed	79,367	73,819

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

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

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

	Health insurance contracts issued \$'000	Benefit fund insurance contracts issued \$'000	Total \$'000
Year ended 30 June 2024			
Insurance finance income/(expenses) from insurance contracts issued recognised in profit and loss:			
Interest accreted	-	(1,126)	(1,126)
Effect of changes in interest rates and other financial assumptions	-	860	860
Effect of changes in FCFs at current rate when CSM is unlocked at locked-in rate	-	11	11
Changes in FCFs and CSM of contracts measured applying the VFA due to changes in fair value of underlying items	-	(24,210)	(24,210)
	-	(24,465)	(24,465)
Management of benefit funds	-	(199)	(199)
Total insurance finance expenses from insurance contracts issued (note 13)	-	(24,664)	(24,664)

7 Contractual Service Margin

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

	Less than 1 year \$'000	In 1 to 3 years \$'000	In 4 to 5 years \$'000	> 5 years \$'000	Total \$'000
30 June 2025					
Insurance contracts issued					
Benefit fund insurance contracts	195	343	254	2,531	3,323
Total CSM for insurance contracts	195	343	254	2,531	3,323
30 June 2024					
Insurance contracts issued					
Benefit fund insurance contracts	188	324	212	2,672	3,396
Total CSM for insurance contracts	188	324	212	2,672	3,396

8 Income tax expense

(a) Income tax expense

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

	Attributable to members of Australian Unity Limited \$'000	Attributable to benefit fund policyholders \$'000	Total \$'000
Year ended 30 June 2024 (Restated)			
Current tax	31,205	(18,036)	13,169
Deferred tax	661	(75,957)	(75,296)
Adjustments for current tax of prior periods	(5,513)	11,833	6,320
Other	(70)	1	(69)
Income tax benefit/(expense)	26,283	(82,159)	(55,876)

8 Income tax expense (continued)

(a) Income tax expense (continued)

	Attributable to members of Australian Unity Limited \$'000	Attributable to benefit fund policyholders \$'000	Total \$'000
Year ended 30 June 2025			
Deferred income tax expense included in income tax expense comprises:			
Decrease in deferred tax assets	(673)	(831)	(1,504)
Increase in deferred tax liabilities	(24,809)	(56,344)	(81,153)
Deferred income tax benefit/(expense)	(25,482)	(57,175)	(82,657)
Income tax benefit/(expense) is attributable to:			
Profit from continuing operations	15,274	-	15,274
Loss from benefit funds	-	(95,227)	(95,227)
	15,274	(95,227)	(79,953)
Profit from discontinued operation (note 32)	1,166	-	1,166
Income tax benefit/(expense)	16,440	(95,227)	(78,787)
	Attributable to members of Australian Unity Limited \$'000	Attributable to benefit fund policyholders \$'000	Total \$'000
Year ended 30 June 2024 (Restated)			
Deferred income tax expense included in income tax expense comprises:			
Decrease in deferred tax assets	87,222	(43,684)	43,538
Increase in deferred tax liabilities	(86,561)	(32,273)	(118,834)
Deferred income tax benefit/(expense)	661	(75,957)	(75,296)
Income tax benefit/(expense) is attributable to:			
Profit from continuing operations	24,331	-	24,331
Loss from benefit funds	-	(82,159)	(82,159)
	24,331	(82,159)	(57,828)
Profit from discontinued operation	1,952	-	1,952
Income tax benefit/(expense)	26,283	(82,159)	(55,876)

8 Income tax expense (continued)

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

	Attributable to members of Australian Unity Limited \$'000	Attributable to benefit fund policyholders \$'000	Total \$'000
Year ended 30 June 2025			
Profit before income tax from continuing operations	14,010	95,227	109,237
Less: Profit in benefit funds	-	(95,227)	(95,227)
Profit before income tax and benefit funds	14,010	-	14,010
Loss before income tax from discontinued operation (note 32)	(3,889)	-	(3,889)
Profit before income tax for the period	10,121	-	10,121
Tax at the Australian tax rate of 30% (2024: 30%)	(3,036)	-	(3,036)
Non-assessable income	10,290	-	10,290
Other assessable amounts	(83)	-	(83)
Non-deductible expenditure	(1,880)	-	(1,880)
Other deductible expenditure	1,185	-	1,185
Over/(under) provision in prior years	539	-	539
Tax credits/(offsets)	275	-	275
Tax in benefit funds	-	(95,227)	(95,227)
Other	9,150	-	9,150
Income tax benefit/(expense)	16,440	(95,227)	(78,787)

	Attributable to members of Australian Unity Limited \$'000	Attributable to benefit fund policyholders \$'000	Total \$'000
Year ended 30 June 2024 (Restated)			
Profit/(loss) before income tax from continuing operations	(48,331)	82,159	33,828
Less: Profit in benefit funds	-	(82,159)	(82,159)
Profit before income tax and benefit funds	(48,331)	-	(48,331)
Loss before income tax from discontinued operation (note 32)	(693)	-	(693)
Loss before income tax for the year	(49,024)	-	(49,024)
Tax at the Australian tax rate of 30% (2023: 30%)	14,707	-	14,707
Non-assessable income	16,312	-	16,312
Other assessable amounts	(7)	-	(7)
Non-deductible expenditure	(7,198)	-	(7,198)
Other deductible expenditure	1,893	-	1,893
Other deferred tax adjustments	80	-	80
Over/(under) provision in prior years	(680)	-	(680)
Tax credits/(offsets)	(493)	-	(493)
Tax in benefit funds	-	(82,159)	(82,159)
Other	1,669	-	1,669
Income tax benefit/(expense)	26,283	(82,159)	(55,876)

8 Income tax expense (continued)

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

Franking credits

As at 30 June 2025, the franking credits available for future years at 30% adjusted for debits and credits arising from the payment of income tax payable and from recognised dividends receivable or payable is \$46.5 million (30 June 2024: \$45.1 million).

Tax Transparency Code

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

Financial assets and liabilities

9 Financial assets – Cash and cash equivalents

	2025 \$'000	2024 \$'000
Cash at bank and on hand	15	25
Bank balances	130,835	126,934
Deposits at call	58,553	167,641
Cash equivalents held in the form of investment trusts*	449,183	670,968
Total cash and cash equivalents	638,586	965,568

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

The balance of cash and cash equivalents as at 30 June 2025 included the Parent Entity's accounts totalling \$104,217,000 (30 June 2024: \$166,819,000) (refer to note 29) and amounts held by benefit funds totalling \$187,064,000 (30 June 2024: \$319,850,000).

Fair value and risk exposures

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

10 Financial assets at fair value through profit or loss

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

	2025 \$'000	2024 \$'000
Securities held by benefit funds	3,705,111	3,310,135
Securities held by parent and corporate entities	415,589	450,043
Total financial assets at fair value through profit and loss	4,120,700	3,760,178

Changes in fair values of financial assets at fair value through profit or loss are recorded in investment income in the profit or loss.

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

	2025 \$'000	2024 \$'000
Equity trusts	2,900,951	2,636,372
Fixed interest and other investment securities trusts	716,411	584,832
Mortgage trusts	23,921	24,332
Property syndicates and trusts	63,828	64,599
Total FAFVTPL securities held by benefit funds	3,705,111	3,310,135

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

	2025 \$'000	2024 \$'000
Equity trusts	18,606	30,220
Fixed interest and other investment securities trusts	216,359	253,343
Property syndicates and trusts	180,624	166,480
Total FAFVTPL securities held by parent and corporate entities	415,589	450,043

(c) Current and non-current split

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

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

	2025 \$'000	2024 \$'000
Current		
Securities held by benefit funds	3,702,563	3,292,041
Securities held by parent and corporate entities	291,604	306,720
	3,994,167	3,598,761
Non-current		
Securities held by benefit funds	2,548	18,094
Securities held by parent and corporate entities	123,985	143,323
	126,533	161,417
Total financial assets at fair value through profit and loss	4,120,700	3,760,178

(d) Fair value and risk exposures

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

11 Financial assets – Other financial assets at amortised cost

	2025 \$'000	2024 \$'000
Other financial assets at amortised cost - Bank bills and term deposits	75,415	77,254

Fair value and risk exposures

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

12 Financial liabilities – Borrowings

	2025 \$'000	2024 \$'000
Current		
<u>Secured interest bearing liabilities</u>		
Retirement Village Investment notes	-	18,401
Total secured interest bearing liabilities	-	18,401
 Series C Australian Unity Bonds		
Face value	-	32,116
Valuation at amortised cost	-	(1,179)
At amortised cost	-	30,937
 <u>Unsecured interest bearing liabilities</u>		
Call deposits	-	876,191
Loan payable to related entity	5,100	5,100
Mortgage offset savings accounts	-	172,802
Negotiable certificates of deposit	-	55,416
Term deposits	-	436,655
Bank Loans	115,556	19,697
Total unsecured interest bearing liabilities	120,656	1,565,861
Total current borrowings	120,656	1,615,199
 Non-current		
<u>Unsecured interest bearing liabilities</u>		
Series D Australian Unity Bonds		
Face value	207,000	207,000
Unamortised borrowing costs	(690)	(1,968)
At amortised cost	206,310	205,032
 Series E Australian Unity Bonds		
Face value	255,805	255,805
Unamortised borrowing costs	(3,615)	(2,772)
At amortised cost	252,190	253,033
 Bank Loans	-	631
Term deposits	-	9,263
Total unsecured interest bearing liabilities	458,500	467,959
Total non-current borrowings	458,500	467,959
Total borrowings	579,156	2,083,158

12 Financial liabilities — Borrowings (continued)

(a) Series C and Series D Australian Unity Bonds

As of 30 June 2025, the Series C Australian Unity Bonds, which matured on 15 December 2024, were delisted from the Australian Securities Exchange (code: AYUHC) at the close of trading on 17 December 2024. The Series D Australian Unity Bonds, with a maturity date of 15 December 2026, remain 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.

Under the terms of the Series D 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 its authorised deposit-taking institution and benefit funds. 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 that would rank behind the Company's obligations under the Series D bonds in a winding-up scenario. As at 30 June 2025, the Covenant Gearing Ratio was 33.5% (30 June 2024: 29.5%).

(b) Series E Australian Unity Bonds

On 28 November 2023, the Company issued 2,558,050 Series E Australian Unity Bonds – Tranche 1, raising a total of \$255,805,000. The bonds are unsubordinated and unsecured corporate bonds, 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 2.5% margin per annum. Interest is payable quarterly in arrears on 14 January, 14 April, 14 July, and 14 October each year. The net proceeds from the issuance of the Series E bonds (after deducting issuance costs) were used to refinance the Series C Australian Unity Bonds participating in the reinvestment offer and for general corporate purposes.

Under the terms of the 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 authorised deposit-taking institution and benefit funds. 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 E bonds. As at 30 June 2025, the Covenant Gearing Ratio was 33.5% (30 June 2024: 29.5%).

(c) Retirement Village Investment Notes (RVIN)

RVIN are debt instruments issued by a subsidiary of the Group with proceeds used to expand the Retirement Communities and Aged Care businesses and general corporate purposes. The RVIN are secured by a registered first ranking security interest over intra-group loans in relation to the RVIN proceeds and the mortgages, granted as security for the loans, over allotments of units held in Australian Unity Retirement Village Trust #1.

Australian Unity Retirement Village Trust #1 (AURVT#1) comprises three retirement villages – Willandra Village and Willandra Bungalows in New South Wales and Walmsley Friendship Village in Victoria. The Group does not hold any security over these retirement village assets nor any other assets of AURVT#1 or other subsidiary entities of the Group.

As at 30 June 2025, the balance is nil following the maturity of the remaining RVIN on 30 November 2024 (30 June 2024: RVIN of \$18,401,000 at 4.95% interest rate).

(d) Bank loans

Bank loans reported under current borrowings of \$115,556,000 as at 30 June 2025 (30 June 2024: current borrowings of \$19,697,000) represented a loan facility for general corporate purposes. These loans bear interest at BBSY bid rate plus margin. As at 30 June 2025, the interest rate was 6.39% (30 June 2024: 6.25%).

(e) Fair value and risk exposures

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

13 Insurance contract policy liabilities

(a) Health insurance contract policy liabilities

Health insurance contracts issued

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

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

13 Insurance contract policy liabilities (continued)**(a) Health insurance contract policy liabilities (continued)**

	LRC		LIC		Total \$'000
	Excluding loss component \$'000	Loss component \$'000	Estimates of present value of future cash flows \$'000	Risk adjustment for non-financial risk \$'000	
30 June 2024					
Opening policy liabilities	75,145	4,843	51,238	5,942	137,168
Net opening balance	75,145	4,843	51,238	5,942	137,168
Changes in the statement of comprehensive income					
Insurance revenue	(690,536)	-	-	-	(690,536)
Insurance service expenses					
Incurred claims and other expenses	-	-	644,632	-	644,632
Changes that relate to future service; losses and reversal of losses on onerous contracts	-	(305)	-	-	(305)
Changes that relate to past service: changes to liabilities for incurred claims	-	-	3,528	(121)	3,407
Insurance service result	(690,536)	(305)	648,160	(121)	(42,802)
Insurance finance income/(expense) from contracts issued	-	-	-	-	-
Sub-total	(690,536)	(305)	648,160	(121)	(42,802)
Cash flows					
Premiums received	690,486	-	-	-	690,486
Claims and other insurance service expenses paid	-	-	(650,428)	-	(650,428)
Total cash flows	690,486	-	(650,428)	-	40,058
Other movements in the net balance	-	-	5,682	-	5,682
Closing policy liabilities	75,095	4,538	54,652	5,821	140,106
Net closing balance	75,095	4,538	54,652	5,821	140,106

13 Insurance contract policy liabilities (continued)

(b) Benefit fund insurance contract policy liabilities

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 \$'000
	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				
Contracts under the fair value transition approach	(15,556)	-	-	(15,556)
Other contracts	-	-	-	-
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

13 Insurance contract policy liabilities (continued)**(b) Benefit fund insurance contract policy liabilities (continued)**

	LRC		LIC	
	Excluding loss component \$'000	Loss component \$'000	\$'000	Total \$'000
30 June 2024				
Opening policy liabilities	753,324	-	9,296	762,620
Net opening balance	753,324	-	9,296	762,620
Policy liabilities acquired on business combination	138,960	-	-	138,960
Changes in the statement of comprehensive income				
Insurance revenue				
Contracts under the fair value transition approach	(15,118)	-	-	(15,118)
Insurance service expenses		-		
Incurring claims and other expenses	3,828	-	622	4,450
Adjustments to LIC	-	-	788	788
Losses and reversals of losses on onerous contracts	-	-	-	-
Insurance service result	(11,290)	-	1,410	(9,880)
		-		
Insurance finance expense from contracts issued	24,663	-	-	24,663
Sub-total	13,373	-	1,410	14,783
Investment components excluded from insurance revenue and insurance service expenses	(88,430)	-	88,430	-
Cash flows				
Premiums received (including investment components)	40,621	-	-	40,621
Insurance acquisition cash flows paid	-	-	-	-
Claims and other insurance service expenses paid (excluding investment components)	(3,828)	-	(89,052)	(92,880)
Total cash flows	36,793	-	(89,052)	(52,259)
Closing policy liabilities	854,020	-	10,084	864,104
Net closing balance	854,020	-	10,084	864,104

13 Insurance contract policy liabilities (continued)**(b) Benefit fund insurance contract policy liabilities (continued)**

(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) Contracts under fair value approach \$'000	Total \$'000
30 June 2025				
Opening policy liabilities	860,392	316	3,396	864,104
Net opening balance	860,392	316	3,396	864,104
Changes in the statement of comprehensive income				
Changes that relate to current service				
CSM recognised to loss recovery component	(9,398)	-	(13,168)	(22,566)
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	(9,466)	16	(842)	(10,292)
Insurance finance expense from contracts issued	35,539	-	769	36,308
Sub-total	26,073	16	(73)	26,016
Cash flows				
Premiums received (including investment components)	42,405	-	-	42,405
Insurance acquisition cash flows	-	-	-	-
Claims and other insurance service expenses paid (excluding investment components)	(85,656)	-	-	(85,656)
Total cash flows	(43,251)	-	-	(43,251)
Closing policy liabilities	843,214	332	3,323	846,869
Net closing balance	843,214	332	3,323	846,869

13 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 2024				
Opening policy liabilities	758,671	310	3,639	762,620
Net opening balance	758,671	310	3,639	762,620
Policy liabilities acquired on business combination	138,960	-	-	138,960
Changes in the statement of comprehensive income				
Changes that relate to current service				
CSM recognised to loss recovery component	(8,572)	-	(12,442)	(21,014)
Adjustment to loss recovery component	-	(18)	-	(18)
Experience adjustments	(1,998)	-	12,354	10,356
Changes that relate to future service				
Changes in estimates that adjust the CSM	425	24	(441)	8
Changes that relate to past service				
Adjustments to LIC	788	-	-	788
Insurance service result	(9,357)	6	(529)	(9,880)
Insurance finance expense from contracts issued	24,377	-	286	24,663
Sub-total	15,020	6	(243)	14,783
Cash flows				
Premiums received (including investment components)	40,621	-	-	40,621
Insurance acquisition cash flows	-	-	-	-
Claims and other insurance service expenses paid (excluding investment components)	(92,880)	-	-	(92,880)
Total cash flows	(52,259)	-	-	(52,259)
Closing policy liabilities	860,392	316	3,396	864,104
Net closing balance	860,392	316	3,396	864,104

13 Insurance contract policy liabilities (continued)**(b) Benefit fund insurance contract policy liabilities (continued)**

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

	Contracts issued		Acquired contracts	
	Profitable contracts \$'000	Onerous contracts \$'000	Profitable contracts \$'000	Onerous contracts \$'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	-	-	-

	Contracts issued		Acquired contracts	
	Profitable contracts \$'000	Onerous contracts \$'000	Profitable contracts \$'000	Onerous contracts \$'000
30 June 2024				
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	28,356	-	138,960	-
Risk adjustment for non-financial risk	-	-	-	-
CSM	-	-	-	-
Total insurance contracts initially recognised in the period	28,356	-	138,960	-

14 Other current liabilities

	2025 \$'000	2024 \$'000
Financial liabilities		
Refundable accommodation deposits	644,073	547,692
Resident loan liabilities	1,577,613	1,446,208
	2,221,686	1,993,900
Non-financial liabilities		
Unearned income	94,850	124,445
Other	35,638	85,278
	130,488	209,723
Total other current liabilities	2,352,174	2,203,623

(a) Refundable Accommodation Deposits

Refundable accommodation deposits (RADs) are non-interest bearing liabilities received from residents upon their entry into the Group's residential aged care facilities. These amounts are classified as current liabilities as required by the Department of Health, even though the expected settlement may occur over a period exceeding 12 months. RADs are repayable in full within legislated timeframes when the resident leaves the facility. Repayment is typically required within 14 days of a resident's departure from the facility or within 14 days following the granting of probate. Although RADs are non-interest bearing, they are measured at the contractual amount payable. A notional and equal interest expense and income is recorded in the Statement of Comprehensive Income in accordance with industry practice. The Group is required to maintain sufficient liquidity to ensure the prompt repayment of these liabilities in accordance with the *Aged Care Act 1997*. The use of RADs is restricted to purposes permitted under the *Aged Care Act 1997*, including capital expenditure, repayment of related debt, and refunding RADs to departing residents.

(b) Resident loan liabilities

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

(c) Unearned income

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

(d) Other Liabilities

Other liabilities primarily comprise acquisition-related obligations as at 30 June 2025 and 2024. These amounts are payable in connection with business combinations and include deferred consideration and other contractual commitments under the terms of the respective acquisition agreements. Settlement is contingent upon the achievement of specified performance milestones or the passage of time, in accordance with the conditions agreed with the sellers.

(e) Fair value and risk exposures

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

15 Fair value measurements

(a) Recognised fair value measurements

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

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

The Group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at 30 June 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 30 June 2025 and 2024 on a recurring basis.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
30 June 2025				
<i>Recurring fair value measurement</i>				
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

15 Fair value measurements (continued)

(i) Fair value hierarchy (continued)

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
30 June 2024				
<i>Recurring fair value measurement</i>				
Financial assets				
Financial assets at fair value through profit or loss				
Equity trusts	7,368	2,687,729	-	2,695,097
Fixed interest and other debt security trusts	-	839,524	-	839,524
Mortgage trusts	-	24,332	-	24,332
Property syndicates and trusts	13,389	217,821	-	231,210
Interest rate swaps	-	17,417	-	17,417
Other financial assets	-	-	6,875	6,875
Total financial assets	20,757	3,786,823	6,875	3,814,455
Non-financial assets				
Investment properties	-	-	2,244,905	2,244,905
Total non-financial assets	-	-	2,244,905	2,244,905
Financial liabilities				
Life investment contract policy liabilities	-	2,847,734	-	2,847,734
Resident loan liabilities	-	-	1,446,208	1,446,208
Total financial liabilities	-	2,847,734	1,446,208	4,293,942

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

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

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

Financial instruments

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

Specific valuation techniques used to value financial instruments include:

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

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

15 Fair value measurements (continued)

Investment properties

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

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

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

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

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

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

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

The following table presents the changes in level 3 instruments for the financial year ended 30 June 2025 and 2024

	Other financial assets \$'000	Investment properties \$'000	Total \$'000
Opening balance 1 July 2023	6,893	2,024,336	2,031,229
Additions	-	91,081	91,081
Commercial property rent received in advance movements	-	1,066	1,066
Net fair value movements	(18)	46,807	46,789
Other	-	81,615	81,615
Closing balance 30 June 2024	6,875	2,244,905	2,251,780

	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	-	46,671	46,671
Closing balance 30 June 2025	4,556	2,461,348	2,465,904

Investment properties valuation inputs and relationships to fair value

Due to the current economic climate 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 strong commensurate with the growth in the ageing population. The valuation has been determined based on the conditions and available information as at 30 June 2025. Information that became available shortly after 30 June, to the extent that it provided further evidence of conditions existing at the reporting date, was also considered in evaluating the appropriateness of the valuation inputs. This includes a recent independent assessment of key valuation assumptions used in determining fair value.

Although there is no significant market volatility at the reporting date, it is possible that movements in key valuation inputs and assumptions may occur in the future. Volatile macro-economic conditions may cause a reduction in demand and market value. To assess the exposure of the carrying value to fair value movements as a result of 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.

15 Fair value measurements (continued)

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

Valuation inputs and relationships to fair value

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

Description	Fair value at 30 June 2025 \$'000	Unobservable inputs	Range of inputs	Relationship of unobservable inputs to fair value
Investment properties, excluding non-retirement village development sites	2,238,429	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 30 June 2024 \$'000	Unobservable inputs	Range of inputs	Relationship of unobservable inputs to fair value
Investment properties, excluding non-retirement village development sites	2,044,486	Discount rate	12.75% - 14.0%	Increase/decrease in discount rate by +/- 50 basis points changes the fair value by -\$26.9 million/+\$29.7 million.
		Property growth rate	2.0% - 4.0%	Increase/decrease in property growth rate by +/- 50 basis points would change the fair value by +\$51.6 million/-\$44.4 million
		Average length of residents' stay	6-8 years for serviced apartments, 5-16 years for other independent living units	The higher the average length of stay, the lower the fair value.

Valuation processes

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

(b) Disclosed fair values

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

	2025		2024	
	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	1,391,149	1,391,312
Advances	2,389	2,389	889	1,143
Personal loans	8,351	8,351	9,578	9,578
Total	1,472,811	1,472,811	1,401,616	1,402,033
Current and non-current liabilities				
Australian Unity Bonds	458,500	468,948	489,002	499,180
Bank loans	115,556	112,923	20,328	20,050
Retirement Village Investment Notes	-	-	18,401	18,115
Term deposits	-	-	455,918	445,659
Total	574,056	581,871	983,649	983,004

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

Non-financial assets and liabilities

16 Non-financial assets — Investment properties

Investment properties consist of the Group's interests in retirement village independent living units and development sites as specified below.

The development sites are held within the development entities. Upon completion of the development and the required occupancy targets being met, a number of the development sites will be sold to retirement village operators.

	2025 \$'000	2024 \$'000
Retirement village independent living units	2,218,137	2,044,486
Development sites	177,919	197,204
Commercial property measured at fair value	101,908	40,897
Commercial property rent received in advance*	(36,616)	(37,682)
Total investment properties	2,461,348	2,244,905

* Commercial property rent received in advance relates to receipts in the 2021 financial year for the full term of a lease expiring in 2059. The unwinding of the balance is recorded over the term of the lease.

(a) Movements of investment properties

	2025 \$'000	2024 \$'000
At fair value		
Balance at the beginning of the year	2,244,905	2,024,336
Additions	96,802	91,081
Commercial property rent received in advance movements	1,066	1,066
Net fair value movements ^{(1),(2)}	71,904	46,807
Other	46,671	81,615
Balance at the end of the year	2,461,348	2,244,905

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

	2025 \$'000	2024 \$'000
Revenue ⁽³⁾	67,568	86,830
Expenses ⁽⁴⁾	(50,424)	(58,837)
Changes in fair value recognised in profit or loss	71,904	46,807
Total amounts recognised in profit or loss	89,048	74,800

⁽¹⁾ Changes in fair value gains or loss on investment property are detailed in note 3.

⁽²⁾ The Group has determined that the current use of 114 Albert Road Assisted living apartments differs 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.

⁽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 3.

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

17 Non-financial assets – Property, plant and equipment

	Land \$'000	Buildings \$'000	Plant and equipment \$'000	Leasehold assets \$'000	Total \$'000
At 1 July 2023					
Cost	47,634	464,926	47,164	50,189	609,913
Accumulated depreciation	-	(39,251)	(31,326)	(35,650)	(106,227)
Net book amount	47,634	425,675	15,838	14,539	503,686
Year ended 30 June 2024					
Opening net book amount	47,634	425,675	15,838	14,539	503,686
Additions	137	37,034	4,882	1,433	43,486
Transfers	-	-	(3)	3	-
Transfers from intangibles	-	-	925	-	925
Disposals	(74)	(280)	(6)	(17)	(377)
Impairment loss	-	(5,319)	-	-	(5,319)
Depreciation charge	-	(16,302)	(5,386)	(2,144)	(23,832)
Closing net book amount	47,697	440,808	16,250	13,814	518,569
At 30 June 2024					
Cost	47,697	496,294	55,783	51,275	651,049
Accumulated depreciation	-	(55,486)	(39,533)	(37,461)	(132,480)
Net book amount	47,697	440,808	16,250	13,814	518,569
	Land \$'000	Buildings \$'000	Plant and equipment \$'000	Leasehold assets \$'000	Total \$'000
Year ended 30 June 2025					
Opening net book amount	47,697	440,808	16,250	13,814	518,569
Additions	6,500	43,071	3,806	318	53,695
Reversal of Impairment	-	1,464	-	-	1,464
Depreciation charge	-	(13,691)	(5,467)	(1,679)	(20,837)
Closing net book amount	54,197	471,652	14,589	12,453	552,891
At 30 June 2025					
Cost	54,197	540,828	59,061	51,269	705,355
Accumulated depreciation	-	(69,176)	(44,472)	(38,816)	(152,464)
Net book amount	54,197	471,652	14,589	12,453	552,891

18 Non-financial assets and liabilities – Leases

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

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

The Group also has sublease contracts in relation to certain commercial buildings. Sublease transactions where the Group is an intermediate lessor are accounted for by reducing the right-of-use assets arising from the respective head leases and recognising sublease receivables. Other sublease contracts are accounted for as operating leases with income being recognised over the lease term. The value of sublease contracts as at 30 June 2025 was immaterial.

(a) Amounts recognised in the consolidated balance sheet

The following are assets and liabilities recognised under AASB 16:

	2025 \$'000	2024 \$'000
Right-of-use assets		
Buildings	76,249	90,221
Vehicles	4,386	4,160
Total assets	80,635	94,381
Lease liabilities		
Current	20,530	26,388
Non-current	74,072	87,415
Total liabilities	94,602	113,803

Additions to the right-of-use assets during the financial year ended 30 June 2025 were \$5,773,000 (2024: \$11,161,000).

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

	2025 \$'000	2024 \$'000
Depreciation charge of right-of-use assets (included in Depreciation and amortisation)	14,051	13,839
Interest expense on leases and related accounts (included in Finance costs)	6,973	5,957
Expenses relating to short term leases or leases of low value assets (included in Other expenses)	5,144	4,730
Total	26,168	24,526

Total cash outflow for leases in the financial year ended 30 June 2025 was \$24,211,000 (2024: \$23,920,000).

19 Non-financial assets – Intangible assets

	Goodwill \$'000	Computer software \$'000	Aged care bed and other licences \$'000	Management rights and other intangible assets \$'000	Total \$'000
At 1 July 2023					
Cost	223,923	194,566	12,655	127,579	558,723
Accumulated depreciation	(13,026)	(121,504)	(8,750)	(62,343)	(205,623)
Net book amount	210,897	73,062	3,905	65,236	353,100
Year ended 30 June 2024					
Opening net book amount	210,897	73,062	3,905	65,236	353,100
Acquisition of subsidiaries	281,860	-	-	13,200	295,060
Additions	-	16,838	-	-	16,838
Transfers to property, plant and equipment	-	(925)	-	-	(925)
Disposals	(2,179)	(1,629)	-	(17,994)	(21,802)
Amortisation charge	-	(13,466)	(3,905)	(3,479)	(20,850)
Closing net book amount	490,578	73,880	-	56,963	621,421
At 30 June 2024					
Cost	496,578	201,630	12,655	90,897	801,760
Accumulated depreciation	(6,000)	(127,750)	(12,655)	(33,934)	(180,339)
Net book amount	490,578	73,880	-	56,963	621,421
Year ended 30 June 2025					
Opening net book amount	490,578	73,880	-	56,963	621,421
Acquisition of subsidiaries	3,962	-	-	-	3,962
Additions	-	24,974	-	-	24,974
Amortisation charge	-	(14,996)	-	(23,032)	(38,028)
Closing net book amount	494,540	83,858	-	33,931	612,329
At 30 June 2025					
Cost	500,540	226,344	-	90,897	817,781
Accumulated amortisation and impairment	(6,000)	(142,486)	-	(56,966)	(205,452)
Net book amount	494,540	83,858	-	33,931	612,329

The management rights and other intangible assets include those with an indefinite life of \$10,614,000 as at 30 June 2025 (2024: \$30,427,000). The management rights are related to the acquisitions of responsible entities of investment funds and trusts. The responsible entities are expected to continue their operations on a going-concern basis.

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

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

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

CGU	2025 \$'000	2024 \$'000
Wealth Assets Management	75,925	95,505
Home Health	411,979	408,293
Trustee Services	8,399	8,399
Residential Aged Care	8,850	8,850
Total	505,153	521,047

19 Non-financial assets — Intangible assets (continued)

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

The recoverable amount of each CGU is determined based on a value in use calculation using five-year cash flow projections. The Group normally prepares an annual strategic plan which includes financial forecasts with a four-year outlook with expectations of future events that are believed to be reasonable under the current circumstances. For the impairment test calculation, the Group sourced the four-year cash flow projections from these financial forecasts and extrapolated the cash flow for the fifth year using growth rates based on estimates of expected long term operating conditions appropriate for each CGU. An indefinite terminal cash flow calculation is then applied for cash flows beyond year five.

Based on impairment testing performed, the recoverable amounts of each CGU exceeded the carrying amounts at 30 June 2025 and 2024.

Key assumptions used for value-in-use calculations

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

Growth rate estimates used to extrapolate the cash flows beyond the four-year budget period approximates a reasonable long term average growth rate for each CGU. Over the extended forecast period, terminal value is determined based on an assumption of terminal growth rate of 2.5%–3.5% which is within the target long term inflation rate of the Reserve Bank of Australia (2024: 2.5% to 3.0%).

Wealth Asset Management (WAM) CGU

The Group has built its Social Infrastructure excluding Retirement Villages, Funds Management, and Life and Super businesses over a number of years. The business derives its income primarily from investment management fees from funds under management and property development and investment income.

The recoverable amount of WAM CGU has been determined based on value-in-use calculation, using five-year cash flow forecast. The cash flow forecasts for four years were based on the strategic plan approved by the board, and growth rates of 2.5% (2024: 2.5%) were applied to extrapolate the fifth-year cash flow. Cash flows beyond the final year of cash flows are extrapolated using a terminal growth rate of 2.5% (2024: 2.5%). The pre-tax discount rate applied to the cash flow projections is 12.69% (2024: 12.13%).

In the impairment test, the value-in-use calculation shows the estimated recoverable amount of the CGU to be \$105.6 million (2024: \$90.9 million) higher than its carrying amount.

Home Health CGU

The recoverable amount of Home Health CGU was determined based on value-in-use calculation, using five-year cash flow forecast. The cash flow forecasts for four years were based on the strategic plan approved by the board, and growth rates of 5% (2024: 5%) were applied to extrapolate the fifth-year cash flow forecast.

The value in use calculation for Home Health has assumed growth rates in the number of customer contracts. Home Health CGU is predominantly operating in NSW, with aspirations to grow, particularly within Victoria and Queensland. Projected growth of customer numbers and business efficiencies are based on experience to date, strategic growth initiatives and changing demographic opportunities that will see a continual increase in demand from ageing Australians who require Home Health services. In determining the growth in customer contracts, consideration has been given to the environmental context in which the business operates, including the current government policy relating to the Home Care Packages (HCP) and the Commonwealth Home Support Programme (CHSP). The key assumptions that underpin the recoverable amount are revenue growth and achievement of forecast operating margins. The business has implemented a number of commercial and transformational initiatives to improve operating margins and leverage the branch network performance.

Cash flows beyond the final year of cash flows are extrapolated using a terminal growth rate of 3.0% (2024: 3.0%). The pre-tax discount rate applied to the cash flow projections is 10.5% (2024: 10.5%).

In the impairment test, the value-in-use calculation shows the estimated recoverable amount of the CGU to be \$767.7million (2024: \$527.9 million) higher than its carrying amount.

Trustee Services CGU

The recoverable amount of Trustee CGU was determined based on value-in-use calculation, using five-year cash flow forecast. The cash flow forecasts for four years were based on the strategic plan approved by the board, and growth rates of 5.1% (2024: 6.5%) were applied to extrapolate the fifth-year cash flow.

The Trustee Services business continued to expand its operations, invest in building capability and enhance its growth strategy and portfolio. These initiatives have supported revenue growth during the year and will support future business growth. The forecasts reflect commercial opportunities, however, there remains reasonable uncertainty around the pace and the time this can be realised.

Cash flows beyond the final year of cash flows are extrapolated using a terminal growth rate of 2.5% (2024: 2.5%). The pre-tax discount rate applied to the cash flow projections is 12.5% (2024: 11.6%).

In the impairment test, the value-in-use calculation shows the estimated recoverable amount of the CGU to be \$18.6 million (2024: \$17.2 million) higher than its carrying amount.

Residential Aged Care (RAC) CGU

The Residential Aged Care CGU predominantly operates in NSW, Victoria and Queensland across twelve aged care facilities. The recoverable amount of RAC CGU of \$155.5 million (2024: \$223.6 million) has been determined based on value-in-use calculation, using five-year cash flow forecast. The cash flow forecasts for four years were based on the strategic plan approved by the board, and growth rates of 5% (2024: 5%) were applied to extrapolate the fifth-year cash flow forecast. Cash flows beyond the final year of cash flows are extrapolated using a terminal growth rate of 3.0% (2024: 3.0%). The pre-tax discount rate applied to the cash flow projections is 9.31% (2024: 11.26%).

In the impairment test, the value-in-use calculation shows the estimated recoverable amount of the CGU to be \$105.1 million (2024: \$214.7 million) higher than its carrying amount.

Sensitivity to changes in assumptions

The value in use calculation to determine the recoverable amount of each CGU was sensitised to model a reasonable possible change in discount rate and cashflow scenarios, and each CGU continues to show surplus.

20 Non-financial liabilities – Provisions

	2025 \$'000	2024 \$'000
Current provisions		
Employee benefits provision	72,802	73,616
Self insurance provision	4,774	6,448
Other provisions	16,822	12,391
	94,398	92,455
Non-current provisions		
Employee benefits	7,281	6,787
Self insurance	20,926	17,126
Other provisions	516	4,422
	28,723	28,335
Total provisions	123,121	120,790

21 Non-financial liabilities – Deferred tax balances

	Opening balances \$'000	Recognised in the Consolidated Income Statement \$'000	Recognised in Other Comprehensive Income \$'000	Other \$'000	Closing Balance \$'000
2025					
Deferred tax assets					
Accrued expenses	19,674	184	-	-	19,858
Fixed assets	79,778	7,161	-	-	86,939
Capitalised expenditure	5,620	2,074	-	-	7,694
Leases	5,427	(362)	-	-	5,065
Policy bonus credits	50,911	(4,483)	10,847	-	57,275
Provisions	29,301	2,169	-	-	31,470
Risk Equalisation Special Account	600	(30)	-	-	570
Tax losses	43,554	(11,831)	-	-	31,723
Trust distribution	2,883	4,511	-	-	7,394
Unrealised losses	5,530	2,244	(37)	(82)	7,655
Other assessable items	3,533	(3,141)	-	1,079	1,471
Total deferred tax assets	246,811	(1,504)	10,810	997	257,114
Deferred tax liabilities					
Fixed assets and investment properties	258,619	15,740	-	-	274,359
Intangible assets	13,736	(6,856)	-	-	6,880
Risk Equalisation Special Account	12,935	(1,026)	-	-	11,909
Tax deferred	4,182	4,289	-	-	8,471
Unrealised gains	98,585	65,512	(3,393)	(82)	160,622
Other deductible items	22,387	3,494	-	(166)	25,715
Total deferred tax liabilities	410,444	81,153	(3,393)	(248)	487,956
Net deferred tax liabilities					230,842

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

2024	Opening balances \$'000	Recognised in the Consolidated Income Statement \$'000	Recognised in Other Comprehensive Income \$'000	Other \$'000	Closing Balance \$'000
Deferred tax assets					
Accrued expenses	17,821	1,853	-	-	19,674
Fixed assets	25,822	73,327	-	(19,371)	79,778
Capitalised expenditure	4,961	659	-	-	5,620
Leases	6,327	(900)	-	-	5,427
Policy bonus credits	42,695	(3,935)	12,151	-	50,911
Provisions	32,632	(3,331)	-	-	29,301
Risk Equalisation Special Account	720	(120)	-	-	600
Tax losses	30,135	13,419	-	-	43,554
Trust distribution	13,805	(10,922)	-	-	2,883
Unrealised losses	30,779	(25,176)	774	(847)	5,530
Other assessable items	1,505	(1,336)	-	3,364	3,533
Total deferred tax assets	207,202	43,538	12,925	(16,854)	246,811
Deferred tax liabilities					
Fixed assets and investment properties	200,201	78,375	-	(19,957)	258,619
Intangible assets	16,615	(6,664)	-	3,785	13,736
Risk Equalisation Special Account	12,046	889	-	-	12,935
Tax deferred	5,741	(1,559)	-	-	4,182
Unrealised gains	58,263	42,906	(2,822)	238	98,585
Other deductible items	16,693	5,651	-	43	22,387
Total deferred tax liabilities	309,559	119,598	(2,822)	(15,891)	410,444
Net deferred tax liabilities					163,633

22 Mutual Capital Instruments

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

Australian Unity has issued the following MCI:

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

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, paid semi-annually (on 15 April and 15 October).

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

	2025 \$'000	2024 \$'000
Dividend for the 2025 financial year of \$2.4932 per MCI paid on 15 April 2025	12,643	-
Dividend for the 2025 financial year of \$2.5068 per MCI paid on 15 October 2024	12,712	-
Dividend for the 2024 financial year of \$2.5068 per MCI paid on 15 April 2024	-	8,608
Dividend for the 2024 financial year of \$2.5068 per MCI paid on 16 October 2023	-	8,608
Total fully-franked dividends paid	25,355	17,216

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

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

23 Mutual Capital Instruments based payments

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

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

Details of each right to deferred MCI in force are:

Grant date	Vesting date	Grant date fair value
2 June 2025	1 October 2029	\$85.00
2 June 2025	1 October 2028	\$85.00
2 June 2025	1 October 2027	\$85.00
2 June 2025	1 October 2026	\$85.00
1 November 2024	1 October 2028	\$82.85
1 November 2024	1 October 2027	\$82.85
30 October 2023	1 October 2027	\$82.30
28 October 2022	1 October 2026	\$86.99
31 January 2022	1 December 2025 (25%)	\$103.00
31 January 2022	1 December 2024 (75%)	\$103.00

23 Mutual Capital Instruments based payments (continued)

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

	2025 Number of rights	2024 Number of rights
Balance at the beginning of the reporting period	118,589	67,919
Granted during the year	87,648	53,386
Vested during the year	(21,581)	-
Forfeited during the year	(4,091)	(2,716)
Balance at the end of the reporting period	180,565	118,589
Weighted average remaining contractual life of the deferred rights outstanding at the end of the reporting period	2.41 years	2.43 years

The expense for each tranche of rights to deferred MCI granted is recognised in the Consolidated statement of comprehensive income on a straight-line basis, adjusted for forfeitures, over the vesting period of the rights. Total expenses arising from the granting of rights to deferred MCI recognised during the reporting period as part of Employee benefits expense were \$3,647,000 (2024: \$2,736,000).

24 Equity

(a) Reserves

	2025 \$'000	2024 \$'000
Asset revaluation reserve	2,462	2,462
Cash flow hedge reserve	4,365	12,192
MCI-based payment reserve	7,139	5,388
Post-employment benefit reserve	4,326	4,307
Total reserves	18,292	24,349
Movements:		
<i>Asset revaluation reserve</i>		
Balance at the beginning of the year	2,462	2,462
Balance at the end of the year	2,462	2,462
<i>Cash flow hedge reserve (i)</i>		
Balance at the beginning of the year	12,192	20,581
Movements in hedging value during the year	(11,181)	(11,984)
Deferred tax	3,354	3,595
Balance at the end of the year	4,365	12,192
<i>MCI-based payment reserve (ii)</i>		
Balance at the beginning of the year	5,388	2,552
MCI-based payments expenses	3,647	2,736
Vesting release	(1,796)	-
Subsidiary share option payments	(100)	100
Balance at the end of the year	7,139	5,388
<i>Post-employment benefit reserve (iii)</i>		
Balance at the beginning of the year	4,307	4,440
Remeasurement of net defined benefit obligations	19	(133)
Balance at the end of the year	4,326	4,307

24 Equity (continued)

(a) Reserves (continued)

(i) Cash flow hedge reserve

The cash flow hedge reserve is used to record gains or losses on a hedging instrument in a cash flow hedge that are recognised directly in equity. The amounts are recognised in the profit or loss as finance costs when the associated hedged transaction affects profit or loss. The hedge transaction costs are also recognised as finance costs in the profit or loss. There was no hedge ineffectiveness recognised in the profit or loss. The fair values of the respective derivative financial instruments used for cash flow hedge are reported as part of Other non-current assets as at 30 June 2025 and 2024.

(ii) MCI-based payment reserve

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

(iii) Post-employment benefit reserve

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

(b) Retained earnings

Movements in retained earnings were as follows:

	2025 \$'000	2024 \$'000
Balance at the beginning of the financial year	508,639	548,597
Profit/(loss) for the year	26,561	(22,741)
Dividends paid	(25,355)	(17,217)
Balance at the end of the financial year	509,845	508,639

25 Cash flow information

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

	2025 \$'000	2024 Restated \$'000
Profit/(loss) after income tax for the year	26,561	(22,741)
Depreciation and amortisation expense	58,865	44,682
Gain on sale of business component	(5,951)	(34,294)
Fair value gains on investment property	(72,970)	(47,873)
Loss on investments	13,113	14,046
Gain on disposal of assets	-	(1,252)
Share of net profit or loss of joint ventures	(441)	235
Impairment of assets	2,000	5,319
Changes in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(8,709)	74,213
Increase in loans and advances	(70,188)	(280,461)
Decrease/(increase) in current tax assets	(1,426)	30,795
Decrease/(increase) in other operating assets	(2,256)	3,997
Decrease in trade and other payables	(2,620)	(224,724)
Increase in deposits liability	105,926	279,592
Increase in current tax liabilities	16,424	-
Increase in deferred tax liabilities	71,087	64,628
Increase in provisions	5,214	25,720
Increase in benefit fund policy liabilities	-	137,062
Increase/(decrease) in other operating liabilities	(28,165)	137,487
Net cash inflow from operating activities	106,464	206,431

25 Cash flow information (continued)**(b) Reconciliation of liabilities arising from financing activities**

	Interest bearing liabilities \$'000	Other liabilities \$'000	Total \$'000
Opening balance as at 1 July 2023	411,167	1,790,546	2,201,713
Cash flows			
- Repayments of RBA term funding facilities	(18,389)	-	(18,389)
- Repayments of development finance loans	(14,048)	-	(14,048)
- Repayments of Australian Unity Bonds - Series C	(82,903)	-	(82,903)
- Repayments of Retirement Village Investment Notes	(33,210)	-	(33,210)
- Receipts of Australian Unity Bonds - Series E	255,805	-	255,805
- Receipts from resident loan liabilities	-	125,510	125,510
- Receipts of refundable lease deposits	-	77,844	77,844
	107,255	203,354	310,609
Closing balance as at 30 June 2024	518,422	1,993,900	2,512,322

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

Risk management

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

26 Critical accounting estimates and judgements

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

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

(a) Critical accounting estimates and assumptions

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

(i) Fair value of financial instruments

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

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

The Group tests annually whether goodwill or other intangibles have suffered any impairment. This requires an estimation of the recoverable amount of the cash generating units to which the goodwill and intangibles with indefinite useful lives are allocated. The recoverable amounts of cash generating units have been determined based on value-in-use calculations using certain assumptions.

(iii) Retirement village investment property

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

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

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

(iv) Recoverability assessment of Herston Quarter development costs

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

At 30 June 2025, the Group has achieved substantial progress towards achieving the critical milestones under these agreements and has capitalised work in progress of \$177.9 million (2024: \$197.2 million) at this date. The recoverability of this work in progress is assessed against the long term cash flow projections prepared by the Group, which includes cash flows from the successful development of land holdings to be granted to the Group. The development work in progress is reported as part of Investment property (refer to note 16).

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

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

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

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

26 Critical accounting estimates and judgements (continued)

(vi) Insurance liabilities

The estimates, assumptions and judgements arising as a result of the Group's health and life insurance operations are detailed in notes 13 and 39.

Sources of estimation uncertainty

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

(vii) Income taxes

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

(viii) Resident loan liabilities

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

(ix) Asset held for sale

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

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

(i) Classification of life insurance liabilities

Life insurance liabilities held within benefit funds managed by the Group are classified for accounting purposes as either life insurance contract liabilities, participating life investment contract liabilities or non participating life investment contract liabilities. Judgements are applied in classifying a life insurance liability into the appropriate category in line with the requirements as set out in notes 13 and 39.

(ii) Interest in subsidiaries, associates and joint ventures

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

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

27 Financial risk management

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

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

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

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

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

27 Financial risk management (continued)

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

(a) Market risk

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

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

(i) Price risk

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

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

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

The table below summarises the impact of changes in securities prices assuming the prices had increased or decreased by 13.9% (2024: 14.1%) at the end of the reporting period with all other variables held constant and all the Group's equity instruments moved according to the historical correlation with the security prices.

Judgements of reasonably possible movements	Impact on post-tax profit		Impact on equity	
	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
Securities prices +13.9% (2024: +14.1%)	2,586	5,471	2,586	5,471
Securities prices -13.9% (2024: -14.1%)	(2,586)	(5,471)	(2,586)	(5,471)

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

(ii) Cash flow and fair value interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk in the current year relates primarily to cash and cash equivalents, term deposits, and borrowings held outside the discontinued banking operations (refer note 32). Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group analyses variable interest rate exposures on borrowings and will hedge at a fixed rate using interest rate swaps where this is in line with current risk management strategy. During the years ended 30 June 2025 and 2024, the Group's borrowings at variable rate were denominated in Australian Dollars.

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

	2025 \$'000	2024 \$'000
Financial assets		
Cash and cash equivalents	452,490	644,009
Financial assets at fair value through profit or loss	234,831	279,215
Loans and advances	1,166,995	1,401,621
	1,854,316	2,324,845
Financial liabilities		
Australian Unity Bonds	462,805	494,921
Call deposits	925,270	865,006
Bank loans	115,556	20,328
Loan payable to related entity	5,100	5,100
Interest rate swap, at notional principal amounts	(342,000)	(372,019)
	1,166,731	1,013,336
Net position	687,585	1,311,509

27 Financial risk management (continued)

(a) Market risk (continued)

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

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

As at 30 June 2025, Australian Unity Bonds consisted of Series D at a face value of \$207,000,000 maturing in December 2026 and Series E at a face value of \$255,805,000 maturing in December 2028. The bonds bear interest at the three-month BBSW rate plus a fixed margin. Series D and Series E bonds carried a fixed margin of 2.15% and 2.50% respectively which resulted in total interest rates of 6.20% (2024: 6.51%) for Series D and 6.55% (2024: 6.86%) for Series E. The Group entered into an interest rate swap for a total notional amount of \$207,000,000 to hedge the variable interest component of Series D for the periods up to the maturity dates, at rates ranging from 1.12% to 1.13%. The Group also hedged the variable rates of deposits via interest rate swaps for a total notional amount of \$135,000,000 maturing on various dates in 2025.

As at the end of the reporting period, if interest rates had increased or decreased by 1.03% (2024: 0.76%), with all other variables held constant, the impact would have been as follows:

Judgements of reasonably possible movements	Impact on post-tax profit		Impact on equity	
	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
Interest rates +1.03% (2024: +0.76%)	5,044	3,515	5,044	3,515
Interest rates -1.03% (2024: -0.76%)	(5,044)	(3,515)	(5,044)	(3,515)

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

(iii) Foreign exchange risk

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

(b) Credit risk

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

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

Trade and other receivables

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

There is generally no significant concentration of credit risks as the organisation transacts with a large number of individually immaterial debtors. This is further mitigated in relation to health insurance policy debtors where the credit risk will only continue during the grace period as specified by legislation and/or in the policy document; after this period the policy is either paid up or terminated. There is no material concentration risk given no significant variability of customer portfolio across the Group.

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

27 Financial risk management (continued)

Trade and other receivables (continued)

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

Other loans and advances

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

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

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

	Neither past due nor impaired		Past due but not impaired	Past due and impaired	Total
	High grade \$'000	Other grade \$'000	\$'000	\$'000	\$'000
At 30 June 2024					
Cash and cash equivalents	645,718	-	-	-	645,718
Trade and other receivables	1,766	354,040	5,573	2,064	363,443
Financial assets at fair value through profit or loss	253,343	196,700	-	-	450,043
Other financial assets at amortised cost	77,254	-	-	-	77,254
Loans and advances	1,303,875	94,212	31,196	8,068	1,437,351
Other financial assets	-	44,481	-	-	44,481
Total	2,281,956	689,433	36,769	10,132	3,018,290

27 Financial risk management (continued)

	Neither past due nor impaired		Past due but not impaired	Impaired	Total
	High grade \$'000	Other grade \$'000	\$'000	\$'000	\$'000
At 30 June 2025					
Category					
Stage 1	1,404,890	27,460	19,591	-	1,451,941
Stage 2	2,656	5,076	5,916	-	13,648
Stage 3	-	4,547	-	4,564	9,111
Total	1,407,546	37,083	25,507	4,564	1,474,700

	Neither past due nor impaired		Past due but not impaired	Past due and impaired	Total
	High grade \$'000	Other grade \$'000	\$'000	\$'000	\$'000
At 30 June 2024					
Category					
Stage 1	1,297,629	44,737	25,600	-	1,367,966
Stage 2	6,246	4,545	5,596	-	16,387
Stage 3	-	1,049	-	8,068	9,117
Total	1,303,875	50,331	31,196	8,068	1,393,470

The credit risk on the above financial assets of the Group which have been recognised in the balance sheet, other than investments in shares, is generally the carrying amount, net of any provisions for impairment. Credit risk for physical securities and derivative instruments are monitored by exposure limits to counterparties. These limits are determined by reference to third party credit ratings. The maximum credit risk exposure of the financial assets at the end of each reporting period is their carrying amount.

Credit risk further arises in relation to irrevocable loan commitments provided to the customers of the bank. The irrevocable loan commitments are binding contracts to extend credit to customers as long as no violation of any condition in the contracts occurs. The maximum credit risk exposure of the loan commitments is the full amount of irrevocable approved undrawn loans of \$35,228,000 (2024: \$45,787,000).

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

(c) Liquidity risk

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

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

As at 30 June 2025, the Group's total current assets were higher than total current liabilities by \$1,658 million (2024: higher by \$496 million). The current liabilities include \$2,222 million (2024: \$1,994 million) of refundable accommodation deposits and resident loan liabilities (refer to note 14) which the Group classifies as current, reflecting contractual requirements for the Group to repay an exiting resident within 12 months. However, our experience is that only a minority of residents will exit within the next 12 months and accordingly the majority of the liabilities will not be payable within that period. The Group regularly reviews business strategy and funding requirements and allocates capital as required to ensure that it has the ability to meet all financial obligations.

Maturities of financial liabilities

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

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

For the financial guarantee and bank credit commitments as at 30 June 2025 (refer to notes 33 and 34), as the probability and value of the obligation that may be called on is unpredictable, it is not practical to state the timing of any potential payment. However, there is a contractual obligation for the Group to provide the funds when they are called upon by the counterparties.

27 Financial risk management (continued)

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

	Less than 6 months \$'000	6 - 12 months \$'000	1 - 5 years \$'000	Over 5 years \$'000	No specific maturity \$'000	Total \$'000
At 30 June 2024						
Trade and other payables	175,284	-	-	-	-	175,284
Interest bearing liabilities						
Australian Unity Bonds	39,167	6,586	494,819	-	-	540,572
Bank loans	1,246	20,210	-	-	-	21,456
Call deposits	878,755	-	-	-	-	878,755
Mortgage offset savings accounts	172,802	-	-	-	-	172,802
Negotiable certificates of deposits	56,100	-	-	-	-	56,100
Retirement Village Investment Notes	18,705	-	-	-	-	18,705
Term deposits	326,405	118,121	10,537	-	-	455,063
	1,493,180	144,917	505,356	-	-	2,143,453
Lease liabilities	8,788	18,066	55,095	58,181	-	140,130
Health insurance contract policy liabilities	118,170	21,936	-	-	-	140,106
Benefit fund insurance contract policy liabilities	48,085	35,613	184,471	595,935	-	864,104
Benefit fund investment contract policy liabilities	132,974	156,607	1,395,301	1,162,852	-	2,847,734
Other liabilities	1,520	-	74,000	-	2,355,336	2,430,856
Total liabilities	1,978,001	377,139	2,214,223	1,816,968	2,355,336	8,741,667

27 Financial risk management (continued)

(d) Underwriting risk

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

Risk on health insurance contracts issued

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

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

Product design

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

Claims management

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

Insurance risk and experience monitoring

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

Prudential capital requirements

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

Risk equalisation

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

Concentration of insurance risk

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

Ability to vary premium rates

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

Preventative health programs

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

Risk on benefit fund insurance contracts issued

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

- Mortality risk – the risk of losses arising from death of life insurance policyholders being earlier than expected. The benefit fund insurance contract policies, which consist of insurance contracts issued and investment contracts with DPF, are exposed to mortality risk. The policy liabilities at note 39 quantify this exposure and are based on information presented to key management;
- Premium risk – the risk that premiums charged to policyholders are less than the claims cost on business written; and
- Reserve risk – the risk that the claims reserves are insufficient to cover all claims.

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

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

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

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

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

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

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

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

27 Financial risk management (continued)

Concentration of insurance risk

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

Sensitivities

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

	Change in assumption	CSM \$'000	Profit or Loss \$'000	Equity \$'000
30 June 2025				
Health insurance contracts issued				
Claims expenses	+5%	-	(34,028)	(34,028)
Claims expenses	-5%	-	34,028	34,028
Benefit fund insurance contracts issued				
Mortality	+5%	(122)	(35)	(35)
Mortality	-5%	127	37	37
Expenses	+10%	(79)	(4)	(4)
Expenses	-10%	79	4	4
30 June 2024				
Health insurance contracts issued				
Claims expenses	+5%	-	(32,795)	(32,795)
Claims expenses	-5%	-	32,795	32,795
Benefit fund insurance contracts issued				
Mortality	+5%	(137)	(18)	(18)
Mortality	-5%	142	19	19
Expenses	+10%	(101)	(1)	(1)
Expenses	-10%	101	1	1

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

(e) Operational risk management

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

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

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

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

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

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

27 Financial risk management (continued)

(f) Capital risk management

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

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

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

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

Legislation requires a number of the controlled entities to maintain certain levels of capital, the specific details of which are discussed in the relevant individual controlled entities' financial statements. Throughout the 2025 financial year and currently, these controlled entities have maintained capital in excess of prudential requirements at all times. For entities not subject to specific legislation, capital risk management is determined in conjunction with the above mentioned considerations, and the economic, operational and capital needs of the business.

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

(i) Australian Unity Bank Limited (AUBL)

AUBL is regulated by the Australian Prudential Regulation Authority (APRA) and as such is required to maintain a certain level of capital. Following the announcement that AUBL will transfer its banking business to Bank Australia in November 2025, AUBL continues to apply the Internal Capital Adequacy Assessment Process (ICAAP) approved by the Group board to ensure it maintains an appropriate capital base to cover the risks inherent in the business. The ICAAP includes addressing capital requirements prescribed by regulators, principally AUBL's strategy for managing capital resources over time, its capital target, how the required capital is to be met, and actions and procedures for monitoring compliance with minimum regulatory capital adequacy requirements. The capital adequacy requirements will cease to apply following the completion of the bank's sale transaction in November 2025. The strategy primarily focuses on building accumulated reserves from earnings but may include share issues and subordinated debt raisings.

Throughout the year ended 30 June 2025 and 2024, AUBL has maintained capital in excess of prudential requirements at all times. The following table presents the capital adequacy ratio at the end of each reporting period:

	2025 \$'000	2024 \$'000
Reserves and retained earnings	100,109	98,331
Less regulatory prescribed adjustments	(4,202)	(2,570)
Regulatory capital base	95,907	95,761
Risk weighted exposures	665,650	668,808
Capital adequacy ratio	14.4%	14.3%

27 Financial risk management (continued)

(ii) Australian Unity Health Limited (AUHL)

AUHL was regulated by the Australian Prudential Regulation Authority (APRA) up to and including 30 June 2025 and as such is required to maintain a certain level of capital. Throughout the year ended 30 June 2025 and currently, AUHL has maintained capital in excess of prudential requirements at all times.

APRA introduced new capital standards applicable from 1 July 2023, which has resulted in a higher capital adequacy requirement for AUHL, and new policy requirements. AUHL had sufficient capital to meet the new standards and has implemented its first ICAAP Summary Statement which summarises its approach to capital management, including capital targets, triggers and management actions.

AUHL has a capital management plan which establishes a target for capital held in excess of the regulatory requirement. The aim is to keep a sufficient buffer in line with Group attitude to and tolerance for risk. The internal capital target ensures AUHL has a minimum level of capital given certain stressed capital scenarios. The surplus assets over capital adequacy requirement based on current APRA capital standards at 30 June 2025 are as follows:

	2025 Amount \$'000	2024 Amount \$'000
Capital Base		
Accounting Net Assets	217,141	233,982
Regulatory adjustments	7,650	8,376
Common Equity Tier 1 Capital	224,791	242,358
Additional Tier 1 Capital	-	-
Total capital base	224,791	242,358
Prescribed capital amount		
Insurance Risk Charge	82,510	76,798
Asset Risk Charge	82,656	57,689
Operational Risk Charge	14,280	13,811
Less: Aggregation Benefit	(37,229)	(29,615)
Tax benefits	(12,566)	(14,038)
Total prescribed capital amount	129,651	104,645
Capital adequacy multiple	1.73	2.32

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

Group structure

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

- principal subsidiaries included in the consolidated financial statements, and
- the Parent entity.

28 Subsidiaries

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

Wholly-owned by the Parent entity	Wholly-owned by the controlled entities
Australian Unity Advice Pty Ltd	Albert Road Development Manager Pty Ltd
Australian Unity Bank Limited	Argent Nominees Pty Ltd
Australian Unity Finance Pty Ltd	Australian Unity Aged Care Investments Pty Ltd
Australian Unity Funds Management Limited	Australian Unity Aged Care Trust #1
Australian Unity Group Services Pty Ltd	Australian Unity Aged Care Trust #2
Australian Unity Health Limited	Australian Unity Aged Care Trust #4
Australian Unity Investments Strategic Holdings Pty Ltd	Australian Unity Aged Care Trust #5
Australian Unity Life Bonds Pty Limited	Australian Unity Albert Road Retirement Village Land Trust
Australian Unity Retirement Living Holdings Pty Ltd	Australian Unity Aurora Land Owner Trust
Australian Unity Retirement Living Investments Pty Ltd	Australian Unity Aurora Operations Trust
Australian Unity Retirement Living Services Limited	Australian Unity Campbell Place Aged Care Land Trust
Australian Unity Strategic Holdings Pty Limited	Australian Unity Campbell Place Retirement Village Land Trust
Australian Unity Strategic Investments Pty Ltd	Australian Unity Care Services Pty Ltd
Herston Company Pty Ltd	Australian Unity Carlton Aged Care Trust
Lifeplan Australia Friendly Society Limited	Australian Unity Carlton Retirement Trust #1
Remedy Healthcare Group Pty Ltd	Australian Unity Carlton Retirement Trust #2
	Australian Unity Herston Quarter Aged Care Land Holdings Pty Ltd
	Australian Unity Herston Quarter Retirement Community Land Holdings Pty Ltd
	Australian Unity Home Care Service Pty Ltd
	Australian Unity Investment Real Estate Limited
	Australian Unity Investment Trust
	Australian Unity Mornington Development Trust
	Australian Unity Peninsula Grange RACF Land Trust
	Australian Unity Retirement Living Management Pty Ltd
	Australian Unity Retirement Village Trust #1
	Australian Unity Retirement Village Trust #2
	Australian Unity Retirement Village Trust #5
	Australian Unity Sienna Grange Aged Care Land Trust
	Australian Unity Sienna Grange Development Trust
	Australian Unity Trustees Limited
	Campbell Place RV Sub-Trust
	Enrich Health Group Bidco Pty Ltd
	Enrich Health Group Finance Holdings Pty Ltd
	Enrich Health Group Finance Pty Ltd
	Enrich Health Group Pty Ltd
	Greengate Care Pty Ltd
	Greengate Partnership Pty Ltd
	Herston Development Company Pty Ltd
	Herston Quarter Aged Care Developer Pty Ltd
	Herston Quarter Retirement Community Developer Pty Ltd
	Hills Nursing Pty Ltd
	Hunters Hill Sub-Trust
	ItsMyCare Pty Ltd
	Kookaburra Securitisation Trust 2021-1R
	MHC Employment Services Pty Ltd
	myHomecare Group Pty Ltd
	myHomecare Holdings Pty Ltd
	myHomecare Pty Ltd
	Oxley Home Care Pty Ltd
	Peninsula Grange Sub-Trust
	Platypus Asset Management Pty Ltd
	Sarmace Pty Ltd
	SMG Labour Pty Ltd
	St Brigid's Green Retirement Village Pty Ltd
	St Faber's Green Retirement Village Pty Ltd
	St Luke's Green Retirement Village Pty Ltd
	St Patrick's Green Retirement Village Pty Ltd
	The Governor's Retirement Resort Pty Ltd
	Victoria Grange Sub Trust

29 Parent entity financial information

(a) Summary financial information

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

	2025 \$'000	2024 \$'000
Balance sheet		
Cash and cash equivalents*	104,217	166,819
Other current assets	379,129	377,721
Current assets	483,346	544,540
Non-current assets	1,272,400	1,271,959
Total assets	1,755,746	1,816,499
Current liabilities	131,498	153,233
Non-current liabilities	437,321	429,699
Total liabilities	568,819	582,932
Members' balances	255,625	255,625
Mutual Capital Instruments	458,085	457,038
Reserves	11,492	17,555
Retained earnings	461,725	503,349
Total equity	1,186,927	1,233,567
Profit/(loss) for the year	(16,269)	27,546
Total comprehensive income for the year	(16,269)	27,546

* Includes investment trusts which have investment policy that invests in short term, highly liquid assets that readily supports conversion to cash (refer to note 9).

The Parent entity wrote down an investment in subsidiary to its recoverable amount and recognised an impairment loss of \$51.8 million, recorded in the statement of profit and loss. The impairment loss gets eliminated at Group consolidation.

(b) Contingent assets and liabilities of the Parent entity

The Parent entity has entered into bank guarantee arrangements totalling \$95,635,000 (2024: \$105,174,000) as part of its normal operations and under business transfer arrangements in order to secure the Group's performance under contracts. The bank guarantees only become payable upon the non-performance of the Group.

The Parent entity had no other contingent assets or liabilities as at 30 June 2025.

(c) Commitments entered into by the Parent entity

The Parent entity did not have any commitments as at 30 June 2025 and 2024.

30 Reconciliation of profit attributable to members of Australian Unity Limited

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

	Year ended 30 June 2024		
	Attributable to members of Australian Unity Limited \$'000	Attributable to benefit fund policyholders \$'000	Consolidated profit or loss \$'000
Insurance revenue	703,823	15,247	719,070
Insurance service expenses	(651,461)	(15,048)	(666,509)
Insurance finance expense from insurance contracts issued	(199)	(24,465)	(24,664)
Net insurance income	52,163	(24,266)	27,897
Other revenue and other income	1,041,249	336,541	1,377,790
Other expenses, excluding finance costs			
- Movement in policyholder liabilities	-	(129,127)	(129,127)
- Other expenses	(1,067,689)	(100,989)	(1,168,678)
Operating profit	25,723	82,159	107,882
Finance costs	(73,819)	-	(73,819)
Share of net losses of joint ventures	(235)	-	(235)
Profit/(loss) before income tax	(48,331)	82,159	33,828
Income tax benefit/(expense)	24,331	(82,159)	(57,828)
Loss from continuing operations	(24,000)	-	(24,000)
Profit from discontinued operation	1,259	-	1,259
Loss for the year	(22,741)	-	(22,741)

31 Business combination

(a) Acquisition of myHomecare group (MHC)

On 28 March 2024, the Group completed its acquisition of all the shares of the Enrich Health Group Pty Ltd. The Group had agreed to pay \$278 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 paid was \$145.5 million, with a deferred consideration of \$7.0 million which was settled in May 2025.

The acquisition is in line with the Group's strategic priority to provide innovative products and services that meet the health and financial wellbeing needs of our members and customers.

Details of the purchase consideration, net assets acquired and goodwill recognised in the accounting for the business combination are as follows:

	\$'000
Purchase consideration	
Cash payments*	138,485
Deferred consideration amount	7,029
Total	145,514
Net assets acquired based on the fair value at the date of acquisition:	
Cash and cash equivalents	7,911
Trade and other receivables	30,124
Other assets	20,752
Trade and other payables	(5,836)
Other liabilities	(174,749)
	(121,798)
Goodwill on acquisition	267,312
Total	145,514

* The balances include completion adjustments made since last year end under the sale and purchase agreement.

In May 2025, the deferred consideration was settled and a remeasurement charge of \$6.6 million has been recognised through profit or loss.

The purchase price allocation exercise has been completed and did not identify any significant intangible assets. Goodwill of \$267.3 million (2024: \$263.6 million) has been adjusted for fair value remeasurement of the net assets acquired under AASB 3 *Business Combinations*.

Cash flows in relation to the business acquisition of \$38,674,000 (2024: \$95,724,000) and acquisition related cost of nil in 2025 (2024: \$5,081,000). These acquisition-related costs were recognised in Other expenses, excluding finance costs in the Consolidated statement of comprehensive income.

(b) Acquisition of 114 Albert Road

On 14 February 2025, the Group acquired an additional 59.5% interest in 114 Albert Road Holding Trust and its controlled entity, 114 Albert Rd Development Trust (together referred to as "The Alba"), increasing its ownership from 40.5% to 100%, and obtaining control. At acquisition date, the previously held interest was remeasured to fair value, resulting in a revaluation loss of \$4.8 million recognised in the income statement.

The acquisition did not meet the definition of a business under AASB 3 *Business Combination* and was accounted for as an asset acquisition.

	\$'000
Total net assets acquired included:	
Capitalised development costs	45,295
Other assets	119
Borrowings	(28,669)
Other payables	(8,536)
Total Net assets	8,209

Total purchase consideration of the acquisition amounted to \$31.3 million, which includes fair value of previously held interest. The consideration was allocated to the acquired assets based on their relative fair values. No goodwill was recognised as part of this transaction.

32 Disposal group held for sale

(a) Description

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

Under the agreement, Australian Unity will transition its banking operations to Bank Australia. The transfer will include all banking customers and their loans, credit cards and deposit accounts, which at 30 June 2025 was ~25,000 customers, \$1,470,422,000 in loans and credit, and \$1,662,449,000 in deposits (30 June 2024: ~25,000 customers, \$1,395,164,000 in loans and credit, and \$1,550,326,000 in deposits). AUBL's general insurance business, where it is a licensed Authorised Representative of an insurer to distribute their general insurance products, remains a continuing operation.

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

(b) Assets and liabilities of disposal group held for sale

As at 30 June 2025, the disposal group were measured at the lower of carrying amount and fair value less costs to sell. Accounting policies exempt from this requirement are included in the following notes:

- Cash and cash equivalents (refer to note 40(i))
- Financial assets at FVTPL (refer to note 40(u))
- Loans and advances (refer to note 40(u))

	30 June 2025 \$'000
Assets	
Cash and cash equivalents	3,450
Financial assets at fair value through profit or loss	181,078
Loan and advances	1,474,700
Provision for impairment	(4,278)
Assets held for sale	1,654,950
Liabilities	
Interest bearing liabilities	1,662,449
Employee benefits provision	1,967
Liabilities held for sale	1,664,416

(c) Cumulative income or expenses included in Other comprehensive income (OCI)

There are no cumulative income or expenses included in OCI related to the disposal group held for sale.

(d) Financial performance and cash flow information

The financial performance and cash flow information presented are for the financial years ended 30 June 2025 and 2024.

	2025 \$'000	2024 \$'000
Interest income	80,669	71,599
Interest expense	(57,368)	(48,524)
Net interest income	23,301	23,075
Other banking income	1,411	1,722
Net operating income	24,712	24,797
Operating expenses	(28,258)	(28,735)
Loan impairment provision	(343)	4,985
Profit/(loss) before income tax	(3,889)	1,047
Income tax benefit/(expense)	1,166	(316)
Profit/(loss) after income tax from discontinued operation	(2,723)	731
Net cash inflow from operating activities	18,293	21,278
Net cash outflow from investing activities	-	345
Net increase in cash generated by banking business	18,293	21,623

32 Disposal group held for sale (continued)

(e) Measurement of fair values

(i) Fair value hierarchy

Interest bearing liabilities included in the disposal group of \$1,662,449,000 have been categorised as a Level 2 fair value based on the inputs to the valuation technique used (refer to note 32(e) (ii)).

(ii) Valuation technique and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of the disposal group, as well as the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs
Deposits projected cash flow adjustment (using the Deposits projected cash flow model): The Deposits projected cash flow is calculated based on projected fixed interest payments and outstanding principal for each deposit security. The cash flows are discounted back to present value using current market fixed deposit rates. In this case, it is assumed that interest is paid in full at maturity and calculated on a simple (non-compounding) basis.	- Current fixed market deposit rates (based on security profile, type, and tenor). The fixed market deposit rates currently range from 0.25% to 5.40%. - Projected cash flow timing and amounts. - Discount or premium between present value and face value. The discount rate for deposits ranges from 3.78% to 4.27%.
Exclusion of tax impact: The calculations for both loans and deposits do not take into account any tax impact in determining the fair value adjustments.	No tax impact considered in the calculations.

(f) Loans and advances

	2025 \$'000	2024 \$'000
Current		
Mortgage loans	1,466,026	28,196
Trail commission	-	1,798
Personal loans	8,674	3,948
Provision for impairment	(4,278)	(3,918)
Total current	1,470,422	30,024
	2025 \$'000	2024 \$'000
Non-current		
Mortgage loans	-	1,355,697
Trail commission	-	3,928
Personal loans	-	5,631
Loans to policy holders*	30,051	37,010
Advances*	2,389	1,143
Provision for impairment	-	(114)
Total non-current	32,440	1,403,295
Total loans and advances	1,502,462	1,433,319

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

(i) Mortgage loans

The mortgage loans are secured on real property. The loans mature at various dates up to 30 June 2055 and earn interest at annual rates between 2.69% and 9.25% (2024: between 1.88% and 9.75%). Mortgage loans are carried at amortised cost as at 30 June 2025 and 2024.

(ii) Personal loans

These represent secured and unsecured personal loans. The loans mature at various dates up to 4 September 2031 and earn interest at annual rates between 5.99% and 14.49% (2024: between 5.99% and 15.18%). Personal loans are carried at amortised cost as at 30 June 2025 and 2024.

(iii) Maturity profile

Mortgage and personal loans totalling \$34,127,000 (2024: \$32,143,000) are maturing within 12 months and \$1,440,971,000 (2024: \$1,361,328,000) will mature over 12 months.

32 Disposal group held for sale (continued)

(iv) Provision for impairment

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

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

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

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

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

Management's review of the ECL, taking into consideration the key model parameters, portfolio mix, the scale of loans under hardship and the amount in arrears, the forward-looking view of the economy, including unemployment rates, and the emerging industry practice; has resulted in an increase of \$342,000 (2024: decrease of \$4,985,000) in the impairment provision.

The table below presents the movement in the gross carrying amount of each category of loans for the financial years ended 30 June 2025 and 30 June 2024.

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

Gross carrying amount	Stage 1 (12-month ECL) \$'000	Stage 2 (Lifetime ECL not credit impaired) \$'000	Stage 3 (Lifetime ECL credit impaired) \$'000	Total \$'000
Opening gross carrying amount at 1 July 2023	1,135,202	13,937	7,255	1,156,394
Transfers from Stage 1 category	(9,815)	7,180	2,635	-
Transfers from Stage 2 category	4,645	(5,824)	1,179	-
Transfers from Stage 3 category	857	570	(1,427)	-
Balance movements, derecognition or written-off	(226,762)	528	(526)	(226,760)
New loans originated during the period	463,837	-	-	463,837
Closing gross carrying amount at 30 June 2024	1,367,964	16,391	9,116	1,393,471

32 Disposal group held for sale (continued)

(iv) Provision for impairment (continued)

The movements of expected credit loss provision for the financial year ended 30 June 2025 and 30 June 2024 are as follows:

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

Expected credit loss (ECL) provision	Stage 1 (12-month ECL) \$'000	Stage 2 (Lifetime ECL not credit impaired) \$'000	Stage 3 (Lifetime ECL credit impaired) \$'000	Total \$'000
Opening ECL provision at 1 July 2023	6,592	1,141	1,412	9,145
Transfers from Stage 1 category	(59)	41	18	-
Transfers from Stage 2 category	401	(493)	92	-
Transfers from Stage 3 category	127	75	(202)	-
Balance movements, derecognition or written-off	(1,036)	561	(445)	(920)
New loans originated during the period	(4,526)	(224)	(179)	(4,929)
Change in assumptions and methodology	737	-	-	737
Closing ECL provision at 30 June 2024	2,236	1,101	696	4,033

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

	2025 \$'000	2024 \$'000
Balance at the beginning of the year	4,033	9,145
Amounts charged to profit and loss	342	(4,985)
Amounts written-off	(97)	(127)
Balance at the end of the year	4,278	4,033

(v) Past due but not impaired

At 30 June 2025, loans and advances of \$25,507,000 (2024: \$31,196,000) were past due but not credit impaired. These consist of loans in delinquency, but under 90 days in arrears. They relate to a number of borrowers for whom there is no recent history of default.

The ageing of these loans and advances are as follows:

	2025 \$'000	2024 \$'000
Less than 30 days		
Mortgage loans	22,819	26,323
Personal loans	14	31
30 to 89 days		
Mortgage loans	2,646	2,646
Personal loans	28	81
	25,507	31,196

(vi) Fair value and risk exposures

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

Unrecognised items

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

33 Commitments

(a) Capital commitments

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

	2025 \$'000	2024 \$'000
Financial assets at fair value through profit or loss		
Within one year	2,060	3,200
	2,060	3,200
Investment properties		
Within one year	17,996	56,566
	17,996	56,566
Total capital commitments	20,056	59,766

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 eight years with capital expenditure in the range of \$73 million.

(b) Credit related commitments

The Group has binding commitments to extend credit which are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements.

	2025 \$'000	2024 \$'000
Irrevocable approved but undrawn loans	35,228	45,787
Revocable loans with balances available for redraw	64,727	57,367
Revocable undrawn lines of credit, credit cards and overdrafts	16,191	16,467
Total credit related commitments	116,146	119,621

34 Contingencies

Contingent liabilities

Current provisions include an allowance for civil penalty proceedings initiated against a Group entity in the Federal Court of Australia, alleging breaches of Design and Distribution Obligations related to the Australian Unity Select Income Fund. The matter is at an early stage, and the final cost remains uncertain. The actual expense may differ from the provision, depending on various factors, including the Court's decision (if any) and the timing of that decision. In accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*, further details are not disclosed on the grounds that it may significantly prejudice the outcome of the proceedings.

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 \$98,175,000 (2024: \$109,879,000) as part of its normal operations and under business transfer arrangements in order to secure the Group's performance under contracts. The bank guarantees only become payable upon the non-performance of the Group.

The Group had no other contingent assets or liabilities at 30 June 2025.

35 Events occurring after the reporting period

MCI dividend

On 27 August 2025, the board has determined a final fully franked dividend of \$2.5068 per Australian Unity Mutual Capital Instrument (MCI) to be paid on 15 October 2025.

Acquisition of Plena Healthcare

On 18 July 2025, the Group entered into a share sale agreement to acquire 100% of the shares in Plena Healthcare Holdings Pty Ltd (Plena Healthcare) from Zenitas Healthcare Pty Ltd, for a consideration of \$70 million. Plena Healthcare is a national provider of mobile allied health services within residential aged care and community settings. Plena Healthcare will scale and become part of the Group's Home Health platform at completion. At the date of this report, the measurement of acquisition-date fair value of the acquired assets and liabilities, and the determination of identifiable intangible assets and goodwill arising from the acquisition have not been finalised.

The board is not aware of any other matter or circumstance arising since 30 June 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.

36 Related party transactions

(a) Parent entity

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

(b) Subsidiaries

Interests in subsidiaries are set out in note 28.

(c) Joint ventures

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

	2025		2024	
	Ownership interest held	Share of net gain/(loss) \$'000	Ownership interest held \$'000	Share of net gain/(loss) \$'000
Expected credit loss (ECL) provision				
Acorn Capital Limited	48.1%	(499)	40.7%	(249)
Ramsay Connect Pty Ltd	50.0%	940	50.0%	14
114 Albert Road Holding Trust	-%	-	40.5%	-
Total share of net gain/(loss)		441		(235)

(d) Key management personnel

Disclosures relating to key management personnel are set out in note 37.

(e) Related party transactions

Transactions between the Group and related parties for the financial years ended 30 June 2025 and 2024 were as follows:

- Property development management fees charged to related entities, \$794,574 (2024: \$7,915,431).
- Fees charged by related entities for the construction of aged care and retirement village properties, \$26,874,000 (2024: \$34,915,000).
- Payments for investments in associates and joint ventures, \$400,000 (2024: \$nil).
- Investment income from related entities, \$4,856,852 (2024: \$4,580,669).
- Interest charged by a related entity, \$338,445 (2024: \$323,153).
- Dividends received from joint ventures, \$305,880 (2024: \$nil).

All transactions with related entities are entered into on normal commercial terms and conditions and at market rates as applicable.

36 Related party transactions (continued)

(f) Balances with related parties

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

	2025 \$	2024 \$
Assets		
Cash and cash equivalents	10,000,000	411,763,357
Trade and other receivables	-	541,618
Financial assets at fair value through profit or loss	477,462,706	440,460,360
	487,462,706	852,765,335
Liabilities		
Trade and other payables	23,003	-
Loans payable to related entities	5,100,000	5,100,000
	5,123,003	5,100,000

37 Key management personnel disclosures

(a) Key management personnel compensation

	2025 \$	2024 \$
Short term employee benefits	9,039,343	7,607,261
Post employment benefits	342,832	287,531
Long term benefits	720,145	132,901
Termination benefits	1,320,969	509,876
MCI-based payments	1,467,583	1,195,689
Total	12,890,872	9,733,258

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

(b) Other transactions with key management personnel

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

As of 30 June 2025, the residential loan balance for key management personnel is \$5,528,500 (2024: \$1,912,685).

38 Remuneration of auditors

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

(a) Audit and other assurance services

	2025 \$	2024 \$
KPMG		
Audit and review of financial statements	3,333,400	3,260,149
Audit of regulatory returns	380,000	380,000
Other assurance services	455,600	404,500
Deloitte Touche Tohmatsu		
Audit of the financial statements - MHC	-	559,275
Total remuneration for audit and other assurance services	4,169,000	4,603,924

(b) Taxation and other services

	2025 \$	2024 \$
KPMG		
Tax governance services	40,000	15,000
Other services	350,861	353,000
Total remuneration for taxation and other services	390,861	368,000
Total auditors' remuneration	4,559,861	4,971,924

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

39 Benefit fund policy liabilities

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

(a) Reconciliation of changes in policy liabilities

	2025 \$	2024 \$
Life investment contract policy liabilities		
Balance at the beginning of the financial year	2,847,734	1,718,397
Policy liabilities acquired on business combination	-	899,380
Increase recognised in the profit or loss	223,089	213,574
Premiums recognised as a change in contract liabilities	345,304	284,935
Claims recognised as a change in contract liabilities	(350,697)	(268,552)
Balance at the end of the financial year	3,065,430	2,847,734
Net policy liabilities at the end of the financial year	3,065,430	2,847,734

(b) Actuarial methods and assumptions

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

Insurance contract liability valuations measured using the General Measurement Model

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

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

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

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

Fund name	Measurement model	Discount basis	Mean liability term (Yrs)	Expenses (% of assets)	Investment tax rate	Mortality scaling	Mortality table ¹
Funeral Fund	GMM	Zero Coupon CGS Curve plus illiquidity premium	8.50	0.31%	0%	70%	ALT2018-20
Funeral and Ancillary Benefits Fund	GMM	Zero Coupon CGS Curve plus illiquidity premium	8.50	0.31%	0%	100%	ALT2018-20
Travel Protection Fund	GMM	Zero Coupon CGS Curve plus illiquidity premium	8.50	0.39%	0%	100%	ALT2018-20

The key assumptions for the liability calculations for these funds at 30 June 2024 were as follows:

Fund name	Measurement model	Discount basis	Mean liability term (Yrs)	Expenses (% of assets)	Investment tax rate	Mortality scaling	Mortality table ¹
Funeral Fund	GMM	Zero Coupon CGS Curve plus illiquidity premium	11.5	0.35%	0%	70%	ALT2018-20
Funeral and Ancillary Benefits Fund	GMM	Zero Coupon CGS Curve plus illiquidity premium	9.5	0.42%	0%	100%	ALT2018-20
Travel Protection Fund	GMM	Zero Coupon CGS Curve plus illiquidity premium	7.0	0.42%	0%	100%	ALT2018-20

¹ ALT2018-20 refers to Australian Life Tables (Male and Female) 2018-2020.

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

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

39 Benefit fund policy liabilities (continued)

(b) Actuarial methods and assumptions (continued)

Insurance contract liability valuations measured using the Variable Fee Approach

Traditional funds

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

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

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

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

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

The key assumptions for the liability calculations for these funds at 30 June 2024 were as follows:

Fund name	Measurement model	Discount basis	Mean liability term (Yrs)	Future bonus rate ¹ (% of assets)	Expenses (% of assets)	Investment tax rate	Mortality scaling	Mortality table ²
Life Assurance Benefit Fund	VFA	Earning Rate	6.0	4.40%	0.43%	30%	75%	ALT2018-20
Central Sick and Funeral Fund	VFA	Earning Rate	6.0	2.57%	0.44%	0%	60%	ALT2018-20
Whole of Life Funeral Fund	VFA	Earning Rate	9.0	2.38%	0.58%	0%	100%	ALT2018-20

¹ Surplus above the guaranteed liability is included in the Insurance Contract Liability for funds with Discretionary Participating features in the form of an assumed future bonus.

² ALT2018-20 refers to Australian Life Tables (Male and Female) 2018-2020.

(c) Discount rate

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

	1 year	5 years	10 years	15 years	20 years
2025					
Non-participating contracts	3.56 %	3.76 %	4.50%	4.83%	5.09%
2024					
Non-participating contracts	4.74%	4.51%	4.78%	4.93%	5.03%

40 Material accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. Where appropriate, comparatives have been reclassified to enhance comparability with current year disclosures (refer to note 40 (ak) for further information). The financial statements are for the consolidated entity consisting of Australian Unity Limited (Parent entity) and its subsidiaries and associates, referred to in these financial statements as the Group.

(a) Basis of preparation

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

(i) Compliance with International Financial Reporting Standards

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

(ii) Historical cost convention

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

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

Where applicable, the Group has adopted new and amended accounting standards which have become mandatory for the first time in the current reporting period as set out in the table below. The adoption of the new and amended accounting standards has had no material impact on the Group's financial statements.

AASB	Title
AASB 2022-05	Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback
AASB 2023-1	Amendments to Australian Accounting Standards – Supplier Finance Arrangements
AASB 2023-3	Amendments to Australian Accounting Standards – Disclosure of Non-current Liabilities with Covenants: Tier 2

(b) Mutual Capital Instruments

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

(c) Discontinued operation

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

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

(d) Principles of consolidation

(i) Subsidiaries

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

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

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

(ii) Associates

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

(iii) Joint arrangements

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

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

(iv) Equity method

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

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

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

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in note 40 (p).

(v) Changes in ownership interests

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

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

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

40 Material accounting policies (continued)

(vi) Life insurance benefit funds

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

(e) Benefit fund policy liabilities and contracts

(i) Classification

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

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

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

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

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

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

(ii) Valuation

The fair value of life insurance contract liabilities are determined using a projection method. The participating investment contract liabilities, which are classified as life insurance contracts, are valued under an accumulation method. Further details of the actuarial assumptions used in the calculation of these policy liabilities are set out in note 39.

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

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

(iii) Claims expense

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

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

(f) Borrowing costs

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

(g) Borrowings

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

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

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

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

(h) Business combinations

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

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

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

40 Material accounting policies (continued)

(h) Business combinations (continued)

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.

(i) Cash and cash equivalents

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

(j) Derivatives and hedging activities

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

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

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

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

Cash flow hedges that qualify for hedge accounting

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

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

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

(k) Employee benefits

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

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

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

(ii) Long service leave

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

(iii) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or to providing termination benefits as a result of an offer made to encourage voluntary redundancy.

Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

(iv) Superannuation

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

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

40 Material accounting policies (continued)

(l) Financial guarantee contracts

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

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

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

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

(m) Goods and Services Tax (GST)

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

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

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

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the taxation authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(n) Government grants and subsidies

Grants and subsidies from the government are recognised at their fair value where there is a reasonable assurance that the grants and subsidies will be received and the Group will comply with all attached conditions.

Government grants and subsidies relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants and subsidies relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

(o) Health insurance contracts

(i) Classification

Health insurance contracts are classified as insurance contracts as they contain significant insurance risk where the significance is dependent on both the probability of an insurance event and the magnitude of its potential effect. As such, health insurance contracts are classified as insurance contracts under AASB 17 and are accounted for in accordance with note 40 (r).

Once a contract has been classified as a health insurance contract, it remains as a health insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during the period.

The Group has determined that all current contracts with health insurance policyholders are health insurance contracts.

(ii) Claims

Health insurance claims include all claim losses occurring during the year, whether reported or not, and any adjustments to claims outstanding from previous years

(p) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(q) Income tax

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period.

Deferred income tax is provided on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- When the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carrying forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; or
- When the deductible temporary difference is associated with investments in subsidiaries, associates or interest in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

40 Material accounting policies (continued)

(q) Income tax (continued)

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Tax consolidation

Australian Unity Limited (Parent entity) and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

The Parent entity, as head entity, and the controlled entities in the tax consolidation group continue to account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right. The Parent entity also recognises the current tax assets or liabilities, and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidation group.

The entities under the tax consolidated group entered into a tax funding agreement under which the wholly-owned entities fully compensate the Parent entity for any current tax payable assumed and are compensated by the Parent entity for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to the Parent entity under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The Parent entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group. Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

(r) Insurance contracts

(i) Key types of insurance contracts issued, and reinsurance contracts held

The Group issues the following types of contracts that are classified as, and accounted for, in accordance with AASB 17:

Health insurance contracts:

- Private health insurance contracts which provide benefits to cover costs arising from a range of services, including hospital services, medical services, prostheses, and ancillary services. The coverage period of these contracts is one year or less. The Group accounts for these contracts applying the Premium Allocation Approach (PAA).

Life business - non-participating contracts, including:

- Funeral and ancillary funds, which are insurance contracts providing funeral and ancillary benefits in the form of fixed sum assured on death, in exchange for fixed contributions.
- Travel protection insurance, which provides transportation benefits from place of death to funeral homes, in exchange for upfront premiums.
- Personal risk insurance fund contracts, which are term life insurance or crisis based contracts that provide either level or decreasing sum assured coverage for a limited period of time in exchange for renewable fixed or fluctuating premiums.

The Group accounts for these policies applying the General Measurement Model (GMM).

Life business - direct participating contracts:

- Life insurance contracts, which provide whole of life and endowment benefits in the form of sum assured plus bonuses, in exchange for contributions on a fixed scale. The Group accounts for these policies applying the Variable Fee Approach (VFA).
- Central sick and funeral funds, providing funeral benefits, endowment benefits and supplementary sickness benefits in the form of fixed sum assured plus bonuses, in exchange for contributions. The Group accounts for these policies by applying the VFA.
- Endowment and funeral funds, which provide funeral benefits and endowment benefits in the form of fixed sum assured, in exchange for contributions on a fixed scale. The Group accounts for these policies applying the GMM. Although the fund rules allow for participation, in practice, with the Group applying its discretion, this has not occurred, and surpluses have been transferred to the management fund.
- Whole of life insurance policies, providing fixed coverage with bonuses until death in exchange for level premiums. The Group accounts for these contracts applying the VFA.

Investment contracts with discretionary participation features:

- Funeral and investment bonds, which provide the investor with the right to receive additional discretionary amounts contractually based on specified underlying items and which are expected to be a significant portion of the total contractual benefits. These contracts are accounted for applying the VFA.

The Group also holds reinsurance contracts to mitigate risk exposure. For term life, total and permanent disablement and crisis insurance policies, the Group holds quota share and surplus reinsurance treaties.

The amounts in relation to reinsurance contracts held are considered immaterial, hence, a net approach is taken in the AASB 17 valuation, with a net presentation (i.e., net of reinsurance) adopted in the financial statements.

40 Material accounting policies (continued)

(ii) Definitions and classifications

Products sold by the Group are classified as insurance contracts when the Group accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. This assessment is made on a contract-by-contract basis at the contract issue date.

The Group issues certain insurance contracts to allow policyholders to participate in investment returns with the Group, sometimes in addition to compensation for losses from insured risk. This comprises of the Group's investment bonds and funeral bonds which consist of investment components. The investment components, which can be investment-linked accounts or investment accounts with discretionary participation features (being capital guaranteed participating benefits), are payable "under all circumstances". The investment-linked component if considered distinct is valued as a financial instrument under AASB 9. The investment account with discretionary participation features is valued under AASB 17 as the Group also issues insurance contracts.

The Group applies AASB 17 to account for non-distinct investment components as part of its insurance contracts. The Group's whole of life and endowment contracts have a surrender value, and therefore contain an investment component which is payable in all circumstances. The Group has assessed that all these contracts contain non-distinct investment components which will be combined and measured with the insurance risk elements, under AASB 17.

The subsidiaries of the Group pay dividends to Australian Unity Limited, which may be used to fund further member benefits, irrespective of the type of contract held by the Group member at the subsidiary level. The Group has determined that the funds received from all entities within the mutual Group are co-mingled, and the nature, quality and amount of any member benefits provided at the Group level are at the discretion of Australian Unity Limited. Based on this, these benefits to the Group's members are considered to be sufficiently far removed from the Group's obligations under its insurance and investment contracts with discretionary participation features held by its policyholders. The benefits are therefore not considered as an obligation by the Group arising from insurance contracts or investments contracts with Direct Participation Features (DPF), to deliver goods or services to policyholders. Rather the making of services available to Group members is a means to return value to the Group members.

(iii) Level of aggregation

The Group identifies portfolios by aggregating insurance contracts that are subject to similar risks and managed together. In grouping insurance contracts into portfolios, the Group considers the similarity of risks rather than the specific labelling of the product lines.

Health insurance

For health insurance contracts accounted for applying the PAA, the Group determines that contracts are not onerous on initial recognition, unless there are facts and circumstances indicating otherwise. The health insurance contracts issued are considered as a single portfolio.

If facts and circumstances indicate that some health insurance contracts may be onerous at initial recognition; the Group performs a quantitative assessment. If the estimated fulfilment cash flows exceed the LRC carrying amount, the difference is recognised in profit or loss and the LRC is increased by the same amount, as a Loss Component Liability.

Benefit funds

The Group has determined that contracts within each of its benefit funds are subject to similar risks. Benefit funds are each 'managed together' and this is evidenced through the legislative requirements, benefit fund rules, Financial Condition Report and bonus declarations. The Group has assessed that its AASB 17 portfolios are its benefit funds, except for the Accidental Death, Adult Accident, and Student Accident Funds being included in the Personal Risk Insurance Fund as these are not considered material to the Group.

Each portfolio is sub-divided into groups of contracts to which the recognition and measurement requirements of AASB 17 are applied.

At initial recognition, the Group segregates benefit fund contracts based on cohorts which contain all contracts that were issued within a 12-month period. Each cohort is then further disaggregated into three groups of contracts:

- (a) Contracts that are onerous on initial recognition.
- (b) Contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently.
- (c) Any remaining contracts.

The determination of whether a contract or a group of contracts is onerous is based on the expectations as at the date of initial recognition (or transition), with fulfilment cash flow expectations determined on a probability-weighted basis. In determining the appropriate grouping, the Group measures a set of contracts together using reasonable and supportable information. The Group applies significant judgement in determining at what level of granularity the Group has sufficient information to conclude that all contracts within a set are in the same group. In the absence of such information the Group assesses each contract individually.

All groups include only contracts issued or renewed within a 12-month period. The composition of groups established at initial recognition is not subsequently reassessed. The groupings are reassessed on renewal where contract boundaries are determined to be short (i.e. shorter than the legal contractual term).

(iv) Contract boundaries

The assessment of a group of contracts includes all of the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of a contract if they arise from substantive rights and obligations that exist during the reporting period under which the Group can compel the policyholder to pay premiums or has a substantive obligation to provide services.

A substantive obligation to provide services ends when:

- the Group has the practical ability to reassess the risks of the particular policyholder and can set a price or level of benefits that fully reflects those reassessed risks; or
- the Group has the practical ability to reassess the risks of the portfolio that contains the contract and can set a price or level of benefits that fully reflects the risks of that portfolio; and
- the pricing of the premiums for coverage up to the reassessment date does not take into account risks that relate to periods after the reassessment date.

Specifically for investment contracts with DPF which does not include a transfer of significant insurance risk, the contract boundary is modified so that cash flows are within the contract boundary if they result from a substantive obligation of the entity to deliver cash at a present or future date. The entity has no substantive obligation to deliver cash if it has the practical ability to set a price or promise to deliver the cash that fully reflects the amount of cash promised and related risk.

The Group assesses the contract boundary at initial recognition and at each subsequent reporting date to include the effect of changes in circumstances on the Group's substantive rights and obligations.

(v) Initial recognition

For insurance contracts issued, the Group recognises groups of insurance contracts issued from the earliest of the beginning of the coverage period, the date when the first payment from a policyholder is due or received, or when the Group determines that a group of contracts becomes onerous.

Investment contracts with discretionary participation features are initially recognised at the date the Company becomes a party to the contract.

40 Material accounting policies (continued)

Measurement of insurance contracts issued

Measurement approach	Liability for remaining coverage (LRC)	Liability for incurred claims (LIC)
Contracts measured other than the Premium Allocation Approach (PAA) – General Measurement Method (GMM) and Variable Fee Approach (VFA).	Comprises of the future cash flows that relate to services that will be provided under the contracts in future periods and any Contractual Service Margin (CSM) at that date. The CSM represents the unearned profit in the contracts relating to services that will be provided under the contracts. Under VFA, the unearned profit represents fees charged to the policyholder less expenses incurred.	Under GMM, the LIC consists of the future cash flows related to servicing past claims and expenses incurred. Under VFA, the LIC consists of the account balance which represents the benefits payable.
Contracts measured under PAA	For health insurance, the Group measures the LRC as the amount of premiums received in cash, less the government private health insurance rebate receivables. The Group expenses all insurance acquisition cash flows as they are incurred.	For health insurance, the LIC consists of the future cash flows related to servicing past claims and expenses incurred.

Discount rates

The time value of money and financial risk is measured separately from expected future cash flows with changes in financial risks recognised in profit or loss at the end of each reporting period.

Discount rates that reflect the time value of money, the characteristics of the cash flows and the liquidity characteristics of the insurance contracts may not be directly observable in the market. Estimation for discount rates is then required.

The Group has not applied discounting to health insurance liabilities due to their short term nature and as the Group has determined that there is no significant financing component in health insurance contracts with a coverage period of one year or less.

In determining discount rates for cash flows on portfolios measured using the GMM, the Group uses the 'bottom-up approach' to estimate discount rates, by considering key components such as the risk-free yield curve and the liquidity risk premium.

The Group uses expected real rates of return to discount Fulfilment Cash Flows (FCFs) for contracts measured using VFA.

The Group uses the discount rate applicable to each group of contracts on initial recognition, which is based on recognised contracts. The Group estimates the locked-in discount rate for new groups of insurance contracts issued and this is set as the discount rate derived immediately before the recognition of the group.

The Group has elected not to disaggregate and presents all changes in the discount rates as part of Insurance Finance Income and Expense (IFIE).

Risk adjustment for non-financial risk

The Group measures the compensation it would require for bearing the uncertainty about the amount and timing of cash flows arising from insurance contracts, other than financial risk, separately as an adjustment for non-financial risk.

For health insurance contracts, the risk adjustment on LRC is applicable only when performing onerous contract testing or to calculate the LIC. The Group has adopted an LRC risk adjustment equal to the net margin target in its pricing philosophy.

For benefit fund insurance contracts the Group uses the confidence level approach, based on the value at risk, to set the risk adjustment for the LRC at 80% confidence. The risk adjustment calculated using this approach is determined for each subsidiary and aggregated at a consolidated level without adjustment. The risk adjustment on the LIC is immaterial for investment contracts with DPF.

The confidence interval is set at each subsidiary level and incorporates the risk appetite at that level. This confidence interval is then cascaded across portfolios and other groupings of business within the subsidiary, using a systematic and rational method. The confidence interval is applied to determine the risk adjustment, by calibrating the non-financial risk elements of the regulatory capital.

(vi) Subsequent measurement under the GMM

In estimating the total future FCFs, the Group distinguishes between those relating to already incurred claims and those relating to future services. Cash flows (including experience adjustments) relating to current or past service are recognised immediately in profit or loss, while cashflows (including experience adjustments) relating to future services adjusts the CSM.

Recognition in profit or loss (current or past service)

An amount of the CSM is released to profit or loss in each period during which the insurance contract services are provided. This includes changes in FCFs for the effect of the time value of money and the effect of financial risk and changes thereof, changes in the FCFs relating to the LIC, and experience adjustments relating to insurance service expenses.

The Group determines coverage units to represent the insurance services that are delivered by these contracts. The coverage units are based on the sum of the sums insured, both current and future expected, over the expected life of the contract. The number of coverage units changes as insurance contract services are provided, contracts expire, lapse, or surrender and new contracts are added into the group. The total number of coverage units depends on the expected duration of the obligations that the Group has from its contracts, which can differ from the legal contract maturity because of the impact of policyholder behaviour and the uncertainty surrounding future insured events. In determining a number of coverage units, the Group exercises judgement in estimating the likelihood of insured events occurring and policyholder behaviour to the extent that they affect expected periods of coverage in the Group, the different levels of service offered across periods (e.g. policyholders exercising an option and adding an additional coverage for a previously guaranteed price) and the 'quantity of benefits' provided under a contract.

Adjustments to the CSM (future service)

For insurance contracts without direct participating features, the following changes in FCFs are considered to be related to future services and adjust (or 'unlock') the CSM:

- Experience adjustments relating to the premiums received in the period that relate to future services, and any related cash flows such as premium-based taxes measured at the 'locked in' discount rates applicable when the contracts in the group were initially recognised.
- The change in the estimate of the present value of expected future cash flows in the LRC measured at the 'locked in' discount rates applicable when the contracts in the group were initially recognised. All financial variables are 'locked in' at initial recognition.
- Changes in the risk adjustment for non-financial risk relating to future services. The Group has elected not to disaggregate the change in the risk adjustment for non-financial risk between (i) a change related to non-financial risk and (ii) the effect of the time value of money and changes in the time value of money.
- Differences between the amount of investment components that were expected to be payable in the period and the amount of investment components that actually became payable. Both these amounts are measured at the discount rates applicable when the contracts in the group were initially recognised.

40 Material accounting policies (continued)

(vii) Subsequent measurement for contracts accounted under VFA

The carrying amount of the CSM for direct participating contracts at the end of the reporting period is the carrying amount at the beginning of the reporting period adjusted for:

- The effect of any new contracts added to the group;
- The change in the amount of the Group's share of the fair value of the underlying items except for:
 - Increases in FCFs that exceed the carrying amount of the CSM, giving rise to a loss that results in the group of contracts becoming onerous or more onerous; or
 - The decrease in the amount of the Company's share of the fair value of the underlying items that exceeds the carrying amount of the CSM giving rise to a loss.
 - The increase in the amount of the Company's share of the fair value of the underlying items that reverses a previously recognised loss on an onerous group of contracts.
- The changes in FCFs relating to future service, except to the extent that:
 - Such increases in the FCFs exceed the carrying amount of CSM, giving rise to a loss; or
 - Such decreases in the FCFs are allocated to the Loss Component (LC) of the LRC; and
- The amount recognised as insurance revenue because of the transfer of insurance contract services in the period, determined by the allocation of the CSM remaining at the end of the reporting period (before any allocation) over the current and remaining coverage period.

In determining the number of coverage units for contracts accounted under VFA, the Group applies the following methods:

- (i) For investment contracts with discretionary participating features, the quantity of coverage units is determined based on the expected period of the contracts and the level of benefits based on the expected expenses the Group will incur to render the investment-related service that produces the policyholder's benefits under the contract.
- (ii) For insurance contracts with direct participation features, the Group determines coverage units to represent the investment-related and insurance services that are delivered by these contracts.
- (iii) The coverage units are based on the sum of the sums insured and bonuses, both current and future expected or on the sums of the account balances including crediting rates, both current and future expected. The Group chooses to discount the coverage units using the rate applicable to the VFA for insurance contracts with direct participation features.

All CSM adjustments are measured considering a current measure of the time value of money with full allowance of its dependency on the financial variables affecting the fair value returns of the underlying items.

Applying the VFA, the changes in FCFs that adjust the CSM are changes in the amount of the Company's share of the fair value of the underlying items and changes in FCFs that do not vary based on the returns of the underlying items. The changes in FCFs that do not vary based on the returns of the underlying items are:

- Changes in the effect of the time value of money and financial risks not arising from the underlying items, for example, the impact of financial guarantees;
- Experience adjustments arising from premiums received in the period related to future service;
- Changes in the estimate of future expected cash flows of the LRC;
- Differences arising from timing of payment of investment components; and
- Changes in the risk adjustment for non-financial risk related to future service.

(viii) Onerous contracts for contracts other than PAA

The Group considers an insurance contract to be onerous if the expected FCFs allocated to the contract plus any previously recognised acquisition cash flows and any cash flows arising from the contract at the date of initial recognition in total result in a net cash outflow.

The onerous assessment is done on an individual contract level assessing future expected cash flows on a probability-weighted basis including a risk adjustment for non-financial risk. Contracts expected on initial recognition to be loss-making are grouped together and such groups are measured and presented separately. Once contracts are allocated to a group, they are not re-allocated to another group, unless they are substantively modified.

On initial recognition, the CSM of the group of onerous contracts is nil and the Group's measurement consists entirely of FCFs. A net outflow expected from a Group of contracts determined to be onerous is considered to be the Group's loss component and is recognised in profit or loss. The amount of the group's loss component is tracked for the purposes of presentation and subsequent measurement.

After the loss component is recognised, the Group allocates any subsequent changes in FCFs of the LRC on a systematic basis.

For groups of onerous contracts, without direct participating features, the Group uses locked-in discount rates. These are determined at initial recognition to calculate the changes in the estimate of future cash flows relating to future service (both changes in a loss component and reversals of a loss component).

(ix) Subsequent measurement for insurance contracts measured under the PAA

On subsequent measurement, premiums due to the Group for insurance contract services already provided in the period but not yet received at the end of the reporting period are included in the LRC. The carrying amount of the LRC at the end of each subsequent reporting period represents the carrying amount at the start of the reporting period adjusted for the premiums and insurance revenue received in the period and the amount recognised as insurance revenue for insurance contract services provided in that period.

The Group has determined that there is no significant financing component in insurance contracts with a coverage period of one year or less. Hence, the Group does not discount the LRC to reflect the time value of money and financial risk for such insurance contracts.

For insurance contracts issued and measured under the PAA, the risk adjustment on LRC is applicable only when performing onerous contract testing or to calculate the LC. The risk adjustment is determined using a confidence interval. The confidence interval is expressed as the minimum of the target net margin as set in the pricing philosophy.

For health insurance contracts, the risk equalisation payments to and from the Risk Equalisation Special Account (RESA) are treated as part of the FCFs, i.e., the calculated deficit is included in the insurance service expense and the gross deficit payment receipts are considered as third-party recoveries and included in the insurance service expense as a negative amount. Any balances in the RESA at the end of the reporting period are recorded as part of the LIC.

Applying the PAA, the insurance revenue is measured at the amount allocated from the expected premium receipts. This allocation is done based on the number of days in the coverage period of the insurance contracts issued.

For insurance contracts measured using the PAA, the contracts are assumed to be profitable unless facts and circumstances indicate otherwise. For the health insurance contracts, the assessment of facts and circumstances is performed on a quarterly basis.

When facts and circumstances indicate that a group of contracts has become onerous, the Group performs an onerous test. If the amount of the FCFs exceed the carrying amount of the LRC, the Group recognises the amount of the difference as a loss in profit or loss and increases the LRC for the corresponding amount.

The risk adjustment for the Group's health insurance for the LRC and LIC is set at 80% confidence interval.

40 Material accounting policies (continued)

(x) Modification and derecognition

The Group derecognises a contract when it is extinguished, i.e. when the specified obligations in the contract expire or are discharged or cancelled. This is usually at the end of the coverage period.

The Group also derecognises a contract if its terms are modified in a way that would have changed the accounting for the contract significantly. Had the new terms always existed, a new contract based on the modified terms is recognised. Contracts based on modified terms are accounted for by applying note 40(r)(v).

If a contract modification does not result in derecognition, then the Group continues to apply note 40(r)(vi) and note 40(r)(vii) to the contract at subsequent measurement.

(xi) Presentation

The Group presents separately in the balance sheet the carrying amount of portfolios of insurance contracts that are assets and those that are liabilities.

The Group disaggregates the amounts recognised in the statement of comprehensive income into an 'operating profit' sub-total which also includes the net insurance income. The net insurance income comprises of the insurance service result (being insurance revenue and benefit funds insurance revenue net of insurance services expenses and benefit funds insurance services expenses) net of insurance finance income and expense and benefit funds insurance finance income and expense.

Insurance revenue

For the contracts measured under the GMM and the VFA, the Group recognises insurance revenue as it satisfies its performance obligations, as it provides coverage or other services. The Group recognises the allocated amount as insurance revenue and an equal amount as insurance service expenses. The CSM is allocated equally to each coverage unit provided in the period and recognising in profit or loss the amount of the CSM allocated to coverage units provided in the period.

For contracts which are all measured under the PAA, the insurance revenue for each period is the amount of expected premium receipts for providing coverage in the period. The Group allocates the expected premium receipts to each period based on the passage of time or based on the expected pattern of release of risk during the coverage period.

Insurance service expense

Insurance service expenses arising from insurance contracts are recognised in profit or loss generally as they are incurred. They comprise of incurred claims and other insurance service expenses, amortisation of acquisition cash flows, losses on onerous contracts and reversals of such losses, and adjustments to the liabilities for incurred claims for movements in the undiscounted claims experience.

For health insurance, the calculated deficit in the RESA, i.e. the payments, are included in the insurance service expense and the gross deficit payment receipts are considered as third-party recoveries and included in the insurance service expense as a negative amount.

Insurance finance income or expenses (IFIE)

IFIE present the effect of the time value of money and the change in the time value of money, together with the effect of financial risk and changes in financial risk.

For PAA contracts

For those claims that the Group expects to be paid within one year or less from the date of incurrence, the Group does not adjust future cash flows for the time value of money and the effects of financial risks.

For non-participating contracts

For non-participating contracts whose cash flows are not affected by underlying items, the Group has elected to present all IFIE in profit or loss.

For direct participating contracts where the underlying items are held

For direct participating contracts, for which the Group holds the underlying items, the Group presents all IFIE in profit or loss.

(s) Intangible assets

(i) Goodwill

Goodwill is measured as described in note 19. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains/(losses) on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash generating units for the purpose of impairment testing. The allocation is made to those cash generating units or groups of cash generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes.

Impairment is determined by assessing the recoverable amount, based on value-in-use calculations, of the cash generating unit to which the goodwill relates. When the recoverable amount of the cash generating unit is less than the carrying amount, an impairment loss is recognised. When goodwill forms part of a cash generating unit and an operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this manner is measured based on the relative values of the operation disposed of and of the portion of the cash generating unit retained.

Impairment losses recognised for goodwill are not subsequently reversed.

(ii) Computer software

Costs incurred in acquiring software that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised as computer software. Computer software is initially recognised at cost. Following initial recognition, computer software is carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight line method to allocate the cost of software and licences over their estimated useful lives, which vary from 4 to 7 years.

Costs incurred in configuring or customising cloud-based software under software as a service (SaaS) arrangements are recognised as intangible assets if the activities create an intangible asset that the entity controls and the intangible asset meets the recognition criteria. Those costs that do not result in creating an intangible asset are expensed as incurred, unless they are paid to the supplier of the SaaS arrangement to significantly customise the cloud-based software for the entity, in which case the costs are recorded as a prepayment for services and amortised over the expected term of the arrangement.

(iii) Management rights and other intangible assets

Management rights and other intangible assets acquired separately are initially recognised at cost. The cost of management rights and other intangible assets acquired in a business combination is their fair value as at the date of acquisition.

Management rights and other intangible assets with finite lives are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of intangible assets over their estimated useful lives, which vary from 4 to 10 years. These intangible assets are assessed for impairment whenever there is an indication that they may be impaired. Management rights and other intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

40 Material accounting policies (continued)

(t) Investment properties

Initially, investment properties are measured at cost including transaction costs. Subsequent to initial recognition, investment properties other than development sites are stated at fair value. Gains/(losses) arising from changes in the fair values of investment properties are included in the profit or loss in the year in which they arise. Retirement village development sites are recognised at fair value, while other development sites are recognised at cost.

Retirement village investment property relates to interests in retirement village independent living units and aged care facilities where the aged care facilities are managed by operators which are not part of the Group. These investments are initially measured at cost and when the facilities are complete, or substantially complete, they are stated at fair value. The fair value represents the present value of future cash flows based upon statistical modelling of incoming and outgoing residents and includes assumptions in respect of a number of factors, such as average length of residence and expected changes in property prices.

Land held for development purposes of investment property is also classified as investment property.

Retirement village development sites are built in stages and usually take several years to complete. After each stage is built the developer operates it during the village's remaining construction phases and earns rentals and may earn capital appreciation from the completed stages during this period.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal. Any gains/(losses) on the derecognition of an investment property are recognised in the profit or loss in the year of derecognition.

When the Group begins to redevelop an existing investment property for use in business operation, the property is transferred to owner occupied assets as property, plant and equipment and held as a non-current asset. The property is remeasured to fair value as at the date of transfer with any gain or loss being taken to the income statement. The remeasured amount becomes the deemed cost at conversion date.

(u) Investments and other financial assets

Classification

The Group classifies its financial assets into the following measurement categories:

- those to be measured at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the relevant cash flows.

A financial asset is measured at amortised cost only if both of the following conditions are met:

- it is held within a business model the objective of which is to hold assets in order to collect contractual cash flows, and
- the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Recognition and derecognition

A financial asset is recognised in the balance sheet when the Group becomes a party to the contractual provisions of the instrument, which is generally at trade date. Loans and receivables are recognised when cash is advanced to the borrowers.

A financial asset is derecognised when the contractual cash flows from the asset expire or the rights to receive contractual cash flows are transferred in a transaction in which substantially all the risks and rewards of the ownership are transferred. Any interest in a transferred financial asset that is created or retained by the Group is recognised as a separate asset or liability.

Measurement

Financial assets at fair value through profit or loss are recognised initially at fair value. All other financial assets are recognised initially at fair value plus directly attributable transaction costs.

Subsequent to the initial recognition, for financial assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held as described below. The Group reclassifies debt investments when and only when its business model for managing those assets changes. For investments in equity instruments, the fair value will be recorded in profit or loss, unless the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Repurchase agreements

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

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- **Amortised cost**
Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in profit or loss using the effective interest rate method.
- **Fair value through other comprehensive income (FVOCI)**
Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment losses or reversal of impairment losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is included in profit or loss using the effective interest rate method.
- **Fair value through profit or loss (FVPL)**
Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at FVPL and is not part of a hedging relationship is recognised in profit or loss and presented net within investment gains/(losses) in the period in which it arises. Interest income from these financial assets is included in the profit or loss using the effective interest rate method.

40 Material accounting policies (continued)

Equity instruments

The Group subsequently measures all investments in equity instruments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends and distributions from such investments continue to be recognised in profit or loss when the Group's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in investment gains/(losses) in the statement of profit or loss.

Impairment

The Group assesses on a forward looking basis the expected credit losses (ECL) associated with its financial assets carried at amortised cost and FVOCI. The recognition of impairment depends on whether there has been a significant increase in credit risk.

Debt investments at amortised cost are considered to be low credit risk, and thus the impairment provision is determined as 12 months ECL.

For loans to customers, the Group applies a three-stage approach to measuring ECL. Assets migrate through the following three stages based on the change in credit quality since initial recognition.

- Stage 1: 12-months ECL
For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months is recognised.
- Stage 2: Lifetime ECL – not credit impaired
For credit exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, a lifetime ECL is recognised.
- Stage 3: Lifetime ECL – credit impaired
Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. For financial assets that have become credit impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost (net of provision) rather than the gross carrying amount.

At each reporting date, the Group assesses whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition.

The Group assesses whether the credit risk on a financial asset has increased significantly on an individual or collective basis. For the purposes of a collective evaluation of significant increase in credit risk, loans are grouped on the basis of shared credit risk characteristics, taking into account the type of loans, days in arrears, loan collaterals, remaining term to maturity, geographical location of the borrower and other relevant factors.

The amount of ECL is measured as the probability-weighted amount of the present value of all reasonable cash shortfalls over the expected life of the loans discounted at the effective interest rate. The cash shortfall is the difference between all contractual cash flows that are due to the Group and all the cash flows that the Group expects to receive.

The Group considers its historical loss experience and adjusts this for current observable data. In addition, the Group uses reasonable and supportable forecasts of future economic conditions including macroeconomic factors and how changes in these factors will affect ECL. The methodology and assumptions including any forecasts of future economic conditions are reviewed regularly.

The amount of ECL is recognised using a provision for doubtful debts account. If, in a subsequent period, credit quality improves and reverses any previously assessed significant increase in credit risk since origination, then the provision for doubtful debts reverts from lifetime ECL to 12-months ECL.

(v) Leases

Group as a lessee

The Group leases commercial buildings, computer equipment and motor vehicles under non-cancellable lease contracts. While lease contracts are typically made for fixed periods, they have varying terms and renewal rights. On renewal, the terms of the leases can be renegotiated.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Initial measurement

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option;
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option; and
- lease payments to be made under reasonably certain extension options.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the Group's incremental borrowing rate is used. The incremental borrowing rate is the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. The Group considers any recent external borrowing received by the Group's entities, including any changes in financing conditions since the borrowing is received. The Group applies a three-month bank bill swap curve plus a margin that reflects the credit risk to determine the incremental borrowing rate.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Payments associated with short term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short term leases are leases with a lease term of 12 months or less. Low-value assets mainly consist of computer equipment.

40 Material accounting policies (continued)

Subsequent measurement

Subsequent to the initial recognition, lease liabilities are adjusted by the interest charges, lease payments made and any re-measurement to reflect reassessment or lease modifications.

When the Group is exposed to potential future increases in variable lease payments based on an index or rate, these are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Subsequent to the initial recognition, right-of-use assets are measured at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any re-measurement of the lease liability.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the asset's useful life and the lease term. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Extension and termination options

Extension and termination options are included in a number of leases. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

In determining the lease term for accounting, the Group considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Factors to be considered include, but are not limited to, historical lease duration, costs and business disruption required to replace the leased assets, the amount of termination penalties and remaining value of any leasehold improvements. Extension options are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The extension options in buildings and motor vehicles leases, if any, have not been included in the lease liability as the Group could replace the leases without significant cost or business disruption.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and is within the control of the lessee.

Group as a lessor

As lessor, leases are classified as either an operating lease or a finance lease. Income from operating leases is recognised on a straight-line basis over the lease term. The respective leased assets are included in the balance sheet based on their nature.

Assets held under a finance lease are initially recognised on the balance sheet at an amount equal to the net investment in the lease. Finance income is recognised over the lease term, based on a pattern reflecting a constant periodic rate of return on the Group's net investment in the lease.

Where the Group is an intermediate lessor in a sublease transaction, the sublease is accounted for by reference to the respective head lease. If the head lease is a short term lease, the sublease income is recognised as operating lease income over the lease term. For an asset that is subleased, the head lease does not qualify to be a lease of a low-value asset.

(w) Non-current assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to financial assets, deferred tax assets, employee benefit assets or investment property, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for-distribution and subsequent gains and losses on remeasurement are recognised in profit or loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

(x) Property, plant and equipment

(i) Cost

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

(ii) Depreciation

Land is not depreciated. Depreciation on other property, plant and equipment is calculated on a straight line basis to write off the net cost or revalued amount of each asset over its expected useful life. Estimates of remaining useful lives are reassessed annually for major items.

The expected useful lives are as follows:

Category	Useful life
Buildings	40 years
Plant and equipment	4 - 20 years
Leasehold improvements	5 years

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains/(losses) on disposals are determined by comparing proceeds with carrying amount and included in the profit or loss. When revalued assets are sold, any amounts included in other reserves in respect of those assets are transferred to retained earnings.

Non-property assets under construction are recorded at cost within plant and equipment. These assets are transferred to an appropriate asset category on completion and depreciation commences only when the assets come into operational service.

(y) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

40 Material accounting policies (continued)

(z) Refundable Accommodation Deposits

Refundable accommodation deposits (RADs) are non-interest bearing liabilities received from residents upon their entry into the Group's residential aged care facilities. These amounts are classified as current liabilities as required by the Department of Health, even though the expected settlement may occur over a period exceeding 12 months. RADs are repayable in full within legislated timeframes when the resident leaves the facility. Repayment is typically required within 14 days of a resident's departure from the facility or within 14 days following the granting of probate. Although RADs are non-interest bearing, they are measured at the contractual amount payable. A notional and equal interest expense and income is recorded in the Statement of Comprehensive Income in accordance with industry practice. The Group is required to maintain sufficient liquidity to ensure the prompt repayment of these liabilities in accordance with the *Aged Care Act 1997*. The use of RADs is restricted to purposes permitted under the *Aged Care Act 1997*, including capital expenditure, repayment of related debt, and refunding RADs to departing residents.

(aa) Reinsurance and other recoveries receivable

Reinsurance and other recoveries receivable on paid claims, reported claims not yet paid, IBNR, IBNER and unexpired risk liabilities are recognised as revenue.

Recoveries receivable are assessed in a manner similar to the assessment of outstanding claims. Recoveries are measured as the present value of the expected future receipts, calculated on the same basis as the liability for outstanding claims.

(ab) Reserve for credit losses

The reserve for credit losses is used by a bank subsidiary company to recognise an additional impairment allowance for credit losses required by the Australian Prudential Regulation Authority (APRA) when reporting financial results to this regulatory authority. It is recognised as an appropriation of retained earnings to non-distributable reserves. This additional impairment allowance is not permitted by Australian Accounting Standards to be recognised as an impairment charge against loans and overdrafts or recognised as an expense in the Consolidated statement of comprehensive income.

(ac) Resident loans

Retirement village residents, upon entering certain accommodation types, provide a loan to the village operator, from which deferred management fees are deducted in respect of the provision of certain services and facilities. The actual amount repayable upon departure from the accommodation is determined by the terms of the existing tenancy contracts. In certain cases, the amount repayable includes the resident's share of any increase in the value of the property occupied by the resident during the period of tenancy. As these amounts are payable on demand, they are treated as a current liability and are carried at amortised cost using the effective interest method even though they relate to occupancy of the investment properties which are non-current assets and on average only a small proportion is repaid in any one year.

(ad) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the amount of revenue/income can be reliably measured. As the Group operates diverse businesses, it applies a number of relevant accounting standards for the recognition of revenue: AASB 9 *Financial Instruments*, AASB 15 *Revenue from Contracts with Customers*, AASB 16 *Leases*, AASB 120 *Accounting for Government Grants and Disclosure of Government Assistance*, and AASB 17 *Insurance Contracts*. The following summarises specific recognition criteria in line with these standards:

(i) Insurance revenue (AASB 17)

As insurance services are provided the Group reduces its Liability for Remaining Coverage (LRC) and recognises insurance revenue, which is measured as the amount of consideration the Group expects to be entitled to in exchange for those services.

(ii) Government grants and subsidies (AASB 120)

Government grants and subsidies funding aged care and home care services are recognised as the services are provided.

(iii) Revenue from contracts with customers (AASB 15)

The Group's revenue governed by the requirements of AASB 15 is related to services provided under contracts with customers in the operation of retirement communities, aged care facilities, home care services, health services, wealth assets management and administration, financial planning, estate planning, trustee services, and finance and general insurance broking services.

The revenue recognition from these services is based on the delivery of performance obligations by the Group and an assessment of when the control is transferred to the customer. Revenue is recognised either at a point in time when the performance obligation in the contract has been completed by the Group or over time when the customer simultaneously receives the benefits from the services provided by the Group as the Group performs under the contract.

The transaction price is measured at contract inception, being the amount to which the Group expects to be entitled and to which it has rights under the contract. This includes an assessment of any variable consideration where the Group's performance may result in additional revenues based on certain achievements. Such amounts are only included based on the expected value or the most likely outcome, and only to the extent that it is highly probable that no revenue reversal will occur. The Group identifies the various performance obligations of the contract and allocates the transaction price to these performance obligations. The transaction price is adjusted for the time value of money where the period between the transfer of the promised services to the customers and payment made by the customers exceeds one year.

Residential Aged Care and Home Health services fees

The services fees are revenue generated from the provision of home health services and the management of retirement communities and aged care facilities. Revenue is recognised over time when the customer simultaneously receives the benefits from the services provided by the Group as the Group performs under the contract.

Management and performance fees

Management fees are earned from wealth management and trustee services provided over the life of the contracts and revenue is recognised periodically over time. Any associated performance fees are deemed to be a variable component of the management services that are constrained and recognised only if it is highly probable that the performance hurdles are met and reversal will not occur.

Brokerage and commission income

Brokerage and commission are earned from contracts with customers where it is a licensed Authorised Representative of an insurer to distribute their general insurance products. Commission is also earned from property sale services provided within trustee services and the operations of retirement villages. Revenue is recognised at a point in time when the transfer of the underlying asset has occurred.

Healthcare services revenue

Healthcare services revenue represents fees charged for physiotherapy and other healthcare services provided to customers. Revenue is recognised after the delivery of services to the customers.

40 Material accounting policies (continued)

Assets and liabilities recognised from contracts with customers

As a result of the contracts with customers, the Group recognises Trade receivables and a number of contract assets and liabilities. Trade receivables are recognised when the Group has the right to consideration that is unconditional (no change in accounting policy). Contract assets are recognised when the Group has a conditional right to consideration for the services that have been provided to customers. Contract liabilities are recognised when the Group receives payments in advance for the services that will be provided to customers. The Group also capitalises incremental costs in obtaining contracts with customers.

Accrued and deferred income

Customer contracts generally include arrangements for payments dependent upon the nature and type of services being provided. Customer payments may be required at the inception of the contract (advance payment) or regular payments for ongoing service delivery or at the end of the contract (in arrears) or a combination of these with varied amounts. Accrued income is recognised as a contract asset for unbilled service revenue. Deferred income is recognised as a contract liability where a customer pays in advance or pays a deposit prior to the delivery of the contracted services. On the balance sheet, accrued income is presented as part of Trade and other receivables, while deferred income is presented as part of Trade and other payables.

Capitalised costs to obtain a contract

The incremental costs of obtaining a contract with a customer are capitalised as an asset to the extent to which the costs are expected to be recovered over a period of more than one year. The asset is amortised on a systematic basis that is consistent with the timing of recognition of the relevant revenue. The asset is subject to an impairment assessment through a review of the recoverability against the remaining future revenue, net of respective future expenses. The capitalised costs to obtain a contract are presented as part of Intangible assets on the balance sheet.

In determining the amount of capitalised costs to obtain a contract, management forms a number of key judgements and assumptions which include an assessment of the incremental costs, whether such costs should be expensed as incurred or capitalised, and the period of amortisation of the capitalised costs. These judgements may inherently be subjective, and cover future events such as the recoverability of the capitalised costs through future net income streams over a certain period.

Deferred management fee

Deferred management fee (DMF) is a contracted fee charged to a resident of a managed retirement village. The amount of DMF is linked either to the ingoing contribution the resident paid on entry to the retirement village or to the turnover value of a unit on exiting the village and is expressed as a percentage charge per annum over the period of occupancy. The number of years the DMF can be charged is usually capped to a specific period of time. DMF revenue is recognised over the expected length of stay of a resident.

(iv) Interest income (AASB 9)

Interest income is recognised using the effective interest method when the Group has control of the right to receive the interest payment. The effective interest rate method calculates the amortised cost of a financial asset or financial liability and allocates the interest income or interest expense over the expected life of the financial asset or financial liability so as to achieve a constant yield on the financial asset or liability.

(v) Dividends and distributions (AASB 9)

Dividends and distributions are recognised when the Group's right to receive the income is established. This applies even if they are paid out of pre-acquisition profits. However, the investment may need to be tested for impairment as a consequence.

(ae) Risk Equalisation Special Account

Under the provisions of the *Private Health Insurance Act 2007*, stipulated in the *Private Health Insurance (Risk Equalisation Administration) Rules 2007*, all health insurers must participate in the Risk Equalisation Special Account (RESA). These rules charge a levy to all health insurers and share a proportion of the hospital claims on a sliding scale (by age) for all persons aged 55 years and over regardless of their length of stay in hospital. In certain circumstances, these rules also provide for a High Cost Claimants Pool.

The amounts receivable from the RESA are determined by the Private Health Insurance Administration Council after the end of each calendar quarter. Estimated provisions for amounts payable and income receivable are recognised in the liability for incurred claims.

(af) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided as part of the monthly management reporting document. The chief operating decision maker has been identified as the Group Executive Committee that has delegated responsibility from the board for the achievement of the business strategic and operational plans approved by the board.

(ag) Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid. These payables, which are generally settled on 30–90 day terms and are unsecured, are carried at amortised cost. They are presented as current liabilities unless payment is not due within 12 months after the end of each reporting period.

(ah) Trade and other receivables

Trade and other receivables, which are generally settled on 30–90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

The Group applies the simplified expected credit loss approach in place of the incurred credit loss. Under the expected credit loss approach, the Group estimates the expected lifetime losses to be recognised from initial recognition of the receivables.

The amount of the impairment loss is recognised in the profit or loss. When a trade receivable for which an impairment provision had been recognised becomes uncollectible in a subsequent period, it is written off against the provision account. Subsequent recoveries of amounts previously written off are credited against other expenses in the profit or loss.

40 Material accounting policies (continued)

(ai) New standards and interpretations not yet adopted

The following table sets out the new and amended accounting standards issued by the Australian Accounting Standards Board that are not mandatory for the 30 June 2025 reporting period and have not been adopted by the Group.

AASB	Title	Operative date *
AASB 2014-10	Amendments to Australian Accounting Standards - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2025
AASB 2017-5	Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Correction	1 January 2025
AASB 2021-7	Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Correction	1 January 2025
AASB 2023-5	Amendments to Australian Accounting Standards - Lack of Exchangeability	1 January 2025
AASB 2024-2	Amendments to Australian Accounting Standards - Classification and Measurement of Financial Instruments	1 January 2026
AASB 2024-3	Amendments to Australian Accounting Standards - Annual Improvements Volume 11	1 January 2026
IFRS S2	Climate-related financial disclosures	1 January 2025
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027

* Operative date is for the annual reporting periods beginning on or after the date shown in the above table, unless otherwise stated.

The accounting standards noted above are not expected to have a material impact to the amounts reported in the consolidated financial statements. Where applicable the Group will apply these standards to the annual reporting periods beginning on or after the operative dates set out above.

(aj) Parent entity financial information

The financial information for the Parent entity, Australian Unity Limited, disclosed in note 29 has been prepared on the same basis as the consolidated financial statements, except as set out below.

Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost less any adjustments for impairment losses. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

(ak) Comparative information

To enhance comparability with current year disclosures, certain comparative amounts in the financial statements have been reclassified. The financial statements have been reclassified as detailed in note 1. The reclassification relates to inter-segment eliminations and has no impact on the Group's profit or net assets. In addition, comparative information in this financial report has been re-presented as a result of an operation discontinued during the current year.

Consolidated entity disclosure statement

For the year ended 30 June 2025

Key assumptions and judgements

Determination of tax residency

Section 295(3A) of the *Corporation Acts 2001* (Cth) requires that the tax residency of each entity which is included in the Consolidated entity Disclosure Statement (CEDS) be disclosed. In the context of an entity which was an Australian resident, "Australian resident" has the meaning provided in the *Income Tax Assessment Act 1997* (Cth). The determination of tax residency involves judgement as the determination of tax residency is highly fact dependent and there are currently several different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

In determining tax residency, the consolidated entity has applied current legislation and judicial precedent in concluding that each entity is an Australian resident for tax purposes, as:

- they are incorporated in Australia;
- they carry on business in Australia; and
- moreover, their central management and control is in Australia.

Set out below is a list of entities that are consolidated in this set of Consolidated financial statements at the end of the financial year as required by the *Corporations Act 2001* (s.295(3A)(a)).

Entity name	Type of entity	Place incorporated/ formed	% of share capital held directly or indirectly by the Company in the body corporate	Australian or Foreign resident
114 Albert Development Manager Pty Ltd	Body corporate	Australia	100	Australian
114 Albert Road Development Trust	Trust	Australia	100	Australian
114 Albert Road Holding Trust	Trust	Australia	100	Australian
ACN 085 352 405 Pty Ltd	Body corporate	Australia	100	Australian
ACN 109 163 813 Pty Ltd	Body corporate	Australia	100	Australian
ACN 120 839 447 Pty Ltd	Body corporate	Australia	100	Australian
ACN 148 000 355 Pty Ltd	Body corporate	Australia	100	Australian
ACN 607 521 951 Pty Ltd	Body corporate	Australia	100	Australian
ACN 607 521 960 Pty Ltd	Body corporate	Australia	100	Australian
ACN 618 473 715 Pty Ltd	Body corporate	Australia	100	Australian
Albert Road Development Manager Pty Ltd	Body corporate	Australia	100	Australian
Argent Nominees Pty Ltd	Body corporate	Australia	100	Australian
AUIAL Legal Services Pty Ltd	Body corporate	Australia	100	Australian
Australian Unity Advice Pty Ltd	Body corporate	Australia	100	Australian
Australian Unity Aged Care Investments Pty Ltd	Body corporate	Australia	100	Australian
Australian Unity Aged Care Trust #1	Trust	Australia	100	Australian
Australian Unity Aged Care Trust #2	Trust	Australia	100	Australian
Australian Unity Aged Care Trust #3	Trust	Australia	100	Australian
Australian Unity Aged Care Trust #4	Trust	Australia	100	Australian
Australian Unity Aged Care Trust #5	Trust	Australia	100	Australian
Australian Unity Albert Road Retirement Village Land Trust	Trust	Australia	100	Australian
Australian Unity Aurora Land Company Pty Ltd	Body corporate & Trustee	Australia	100	Australian
Australian Unity Aurora Land Owner Trust	Trust	Australia	100	Australian
Australian Unity Aurora Operations Company Pty Ltd	Body corporate & Trustee	Australia	100	Australian
Australian Unity Aurora Operations Trust	Trust	Australia	100	Australian
Australian Unity Aurora Pty Ltd	Body corporate & Trustee	Australia	100	Australian
Australian Unity Bank Limited	Body corporate	Australia	100	Australian
Australian Unity Better Living Services Pty Ltd	Body corporate	Australia	100	Australian
Australian Unity Campbell Place Aged Care Land Trust	Trust	Australia	100	Australian
Australian Unity Campbell Place Retirement Village Land Trust	Trust	Australia	100	Australian
Australian Unity Capital Management Pty Ltd	Body corporate	Australia	100	Australian
Australian Unity Care Services Pty Ltd	Body corporate	Australia	100	Australian
Australian Unity Carlton Aged Care Trust	Trust	Australia	100	Australian

Determination of tax residency (continued)

Entity name	Type of entity	Place incorporated/ formed	% of share capital held directly or indirectly by the Company in the body corporate	Australian or Foreign resident
Australian Unity Carlton Retirement Trust # 1	Trust	Australia	100	Australian
Australian Unity Carlton Retirement Trust #2	Trust	Australia	100	Australian
Australian Unity Constitution Hill Retirement Community Holdings Pty Ltd	Body corporate	Australia	100	Australian
Australian Unity Corporate Advisory Services Pty Ltd	Body corporate	Australia	100	Australian
Australian Unity Dispensaries Friendly Society Pty Ltd	Body corporate	Australia	100	Australian
Australian Unity Employee Share Trust	Body corporate	Australia	100	Australian
Australian Unity Finance Pty Ltd	Body corporate	Australia	100	Australian
Australian Unity Funds Management Limited	Body corporate & Trustee	Australia	100	Australian
Australian Unity General Insurance Agency Pty Ltd	Body corporate	Australia	100	Australian
Australian Unity Group Services Pty Ltd	Body corporate	Australia	100	Australian
Australian Unity Health Limited	Body corporate	Australia	100	Australian
Australian Unity Herston Quarter Aged Care Land Holdings Pty Ltd	Body corporate	Australia	100	Australian
Australian Unity Herston Quarter Retirement Community Land Holdings Pty Ltd	Body corporate	Australia	100	Australian
Australian Unity Home Care Service Pty Ltd	Body corporate	Australia	100	Australian
Australian Unity Investment Bonds Pty Ltd	Body corporate	Australia	100	Australian
Australian Unity Investment Management Administration Pty Limited	Body corporate & Trustee	Australia	100	Australian
Australian Unity Investment Real Estate Limited	Body corporate	Australia	100	Australian
Australian Unity Investment Trust	Trust	Australia	100	Australian
Australian Unity Investments Strategic Holdings Pty Ltd	Body corporate	Australia	100	Australian
Australian Unity Lane Cove Operations Company Pty Ltd	Body corporate & Trustee	Australia	100	Australian
Australian Unity Life Bonds Pty Limited	Body corporate	Australia	100	Australian
Australian Unity Limited	Parent entity	Australia	100	Australian
Australian Unity Mornington Development Trust	Trust	Australia	100	Australian
Australian Unity Mortgage Investments Pty Ltd	Body corporate	Australia	100	Australian
Australian Unity Nominees Pty Ltd	Body corporate & Trustee	Australia	100	Australian
Australian Unity Office Holdings Pty Ltd	Body corporate	Australia	100	Australian
Australian Unity Peninsula Grange RACF Land Trust	Trust	Australia	100	Australian
Australian Unity Property Management Pty Ltd	Body corporate	Australia	100	Australian
Australian Unity Retirement Development Management Pty Ltd	Body corporate	Australia	100	Australian
Australian Unity Retirement Living Holdings Pty Ltd	Body corporate	Australia	100	Australian
Australian Unity Retirement Living Investments Pty Ltd	Body corporate	Australia	100	Australian
Australian Unity Retirement Living Management Pty Ltd	Body corporate	Australia	100	Australian
Australian Unity Retirement Living Services Limited	Body corporate	Australia	100	Australian
Australian Unity Retirement Village Trust # 1	Trust	Australia	100	Australian
Australian Unity Retirement Village Trust # 2	Trust	Australia	100	Australian
Australian Unity Retirement Village Trust # 5	Trust	Australia	100	Australian
Australian Unity Retirement Village Trust # 6	Trust	Australia	100	Australian
Australian Unity Sienna Grange Aged Care Land Trust	Trust	Australia	100	Australian
Australian Unity Sienna Grange Development Trust	Trust	Australia	100	Australian
Australian Unity Strategic Holdings Pty Ltd	Body corporate	Australia	100	Australian
Australian Unity Strategic Investments Pty Ltd	Body corporate	Australia	100	Australian
Australian Unity Support Foundation Limited	Body corporate	Australia	100	Australian
Australian Unity Trustees Limited	Body corporate	Australia	100	Australian
AUT Legal Services Pty Ltd	Body corporate	Australia	100	Australian
Better Home Care Pty Ltd	Body corporate	Australia	100	Australian
Big Sky Financial Planning Pty Ltd	Body corporate	Australia	100	Australian
Campbell Place Sub Trust	Trust	Australia	100	Australian
Cash Enhanced Plus Internal Investment Trust	Trust	Australia	100	Australian
Certainty Financial (NSW) Pty Ltd	Body corporate	Australia	100	Australian
Certainty Financial Pty Ltd	Body corporate	Australia	100	Australian

Determination of tax residency (continued)

Entity name	Type of entity	Place incorporated/ formed	% of share capital held directly or indirectly by the Company in the body corporate	Australian or Foreign resident
Credit Enhanced Internal Investment Trust	Trust	Australia	100	Australian
Diversified No 1 Internal Investment Trust	Trust	Australia	100	Australian
Drummond Place Sub-Trust	Trust	Australia	100	Australian
Enrich Health Group Bidco Pty Ltd	Body corporate	Australia	100	Australian
Enrich Health Group Finance Holdings Pty Ltd	Body corporate	Australia	100	Australian
Enrich Health Group Finance Pty Ltd	Body corporate	Australia	100	Australian
Enrich Health Group Pty Ltd	Body corporate	Australia	100	Australian
FTL Estate Services Pty Ltd	Body corporate	Australia	100	Australian
FTL Judge & Papaleo Pty Ltd	Body corporate	Australia	100	Australian
Funeral Plan Management Pty Ltd	Body corporate & Trustee	Australia	100	Australian
Greengate Care Pty Ltd	Body corporate	Australia	100	Australian
Greengate Development Pty Ltd	Body corporate	Australia	100	Australian
Greengate Care Pty Ltd	Body corporate	Australia	100	Australian
Greengate Development Pty Ltd	Body corporate	Australia	100	Australian
Greengate Management Services Pty Ltd	Body corporate	Australia	100	Australian
Greengate Partnership Pty Ltd	Body corporate	Australia	100	Australian
Greengate Realty Pty Ltd	Body corporate	Australia	100	Australian
Greglea Village Management Pty Ltd	Body corporate	Australia	100	Australian
Health Providers Australia Pty Ltd	Body corporate	Australia	100	Australian
Herston Car Park Company Pty Ltd	Body corporate	Australia	100	Australian
Herston Company Pty Ltd	Body corporate	Australia	100	Australian
Herston Development Company Pty Ltd	Body corporate	Australia	100	Australian
Herston Heritage Development Company (No.2) Pty Ltd	Body corporate	Australia	100	Australian
Herston Heritage Development Company (No.3) Pty Ltd	Body corporate	Australia	100	Australian
Herston Heritage Development Company (No. 4) Pty Ltd	Body corporate	Australia	100	Australian
Herston Heritage Development Company Pty Ltd	Body corporate	Australia	100	Australian
Herston Management Company Pty Ltd	Body corporate	Australia	100	Australian
Herston Northern Car Park Company Pty Ltd	Body corporate	Australia	100	Australian
Herston Quarter Aged Care Developer Pty Ltd	Body corporate	Australia	100	Australian
Herston Quarter Childcare Company Pty Ltd	Body corporate	Australia	100	Australian
Herston Quarter Education Pty Ltd	Body corporate	Australia	100	Australian
Herston Quarter Management Company Pty Ltd	Body corporate	Australia	100	Australian
Herston Quarter Retirement Community Developer Pty Ltd	Body corporate	Australia	100	Australian
High Yield Plus Internal Investment Trust	Trust	Australia	100	Australian
Hills Nursing Pty Ltd	Body corporate	Australia	100	Australian
Hunters Hill Sub Trust	Trust	Australia	100	Australian
ItsMyCare Pty Ltd	Body corporate	Australia	100	Australian
J&P Services Pty Ltd	Body corporate	Australia	100	Australian
KNS Essential Care Pty Ltd	Body corporate	Australia	100	Australian
Kookaburra Securitisation Trust 2021-1R	Trust	Australia	100	Australian
Lane Cove Development Manager Pty Ltd	Body corporate	Australia	100	Australian
Lane Cove Holding Trust	Trust	Australia	100	Australian
Lane Cove Land Trust	Trust	Australia	100	Australian
Lifepan Australia Friendly Society Limited	Body corporate	Australia	100	Australian
Lifestyle Manor Sub Trust	Trust	Australia	100	Australian
Long Duration Internal Investment Trust	Trust	Australia	100	Australian
MHC Employment Services Pty Ltd	Body corporate	Australia	100	Australian
Mortgages No 1 Internal Investment Trust	Trust	Australia	100	Australian
myHomecare Group Pty Ltd	Body corporate	Australia	100	Australian
myHomecare Holdings Pty Ltd	Body corporate	Australia	100	Australian

Determination of tax residency (continued)

Entity name	Type of entity	Place incorporated/ formed	% of share capital held directly or indirectly by the Company in the body corporate	Australian or Foreign resident
myHomecare Pty Ltd	Body corporate	Australia	100	Australian
National Friendly Society Limited	Body corporate	Australia	100	Australian
Other Securities Internal Investment Trust	Trust	Australia	100	Australian
Oxley Home Care Pty Ltd	Body corporate	Australia	100	Australian
Peninsula Grange Sub Trust	Trust	Australia	100	Australian
Platypus Asset Management Pty Limited	Body corporate	Australia	100	Australian
Premium Investment Management Pty Ltd	Body corporate	Australia	67	Australian
Premium Wealth Management Pty Ltd	Body corporate	Australia	100	Australian
Rathdowne Place Residences Project Manager Pty Ltd	Body corporate	Australia	100	Australian
Remedy Healthcare Group Pty Ltd	Body corporate	Australia	100	Australian
Retirement Management Services Pty Ltd	Body corporate	Australia	100	Australian
Retirement Village Operating Trust	Trust	Australia	100	Australian
Retirement Village Property Trust	Trust	Australia	100	Australian
Sarmace Pty Ltd	Body corporate	Australia	100	Australian
Short Term Securities Internal Investment Trust	Trust	Australia	100	Australian
Sienna Grange Development Manager Pty Ltd	Body corporate	Australia	100	Australian
Sienna Grange Sub Trust	Trust	Australia	100	Australian
SMG Labour Pty Ltd	Body corporate	Australia	100	Australian
St Brigid's Green Retirement Village Pty Ltd	Body corporate	Australia	100	Australian
St Faber's Green Retirement Village Pty Ltd	Body corporate	Australia	100	Australian
St Luke's Green Retirement Village Pty Ltd	Body corporate	Australia	100	Australian
St Patrick's Green Retirement Village Pty Ltd	Body corporate	Australia	100	Australian
The Australian Unity Victoria Grange Development Trust	Trust	Australia	100	Australian
The Couhe Unit Trust	Trust	Australia	100	Australian
The Governor's Retirement Resort Pty Ltd	Body corporate	Australia	100	Australian
The Trustee for RVPT Sub Trust No 1	Trust	Australia	100	Australian
The Trustee for RVPT Sub Trust No 2	Trust	Australia	100	Australian
Vianova Asset Management Pty Ltd	Body corporate	Australia	100	Australian
Victoria Grange Sub Trust	Trust	Australia	100	Australian
Willandra Village Management Pty Ltd	Body corporate	Australia	100	Australian

Directors' declaration

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

- a) The financial statements and notes set out on pages 50 to 135, are in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the Group's financial position as at 30 June 2025 and of its performance for the financial year ended on that date;
 - ii. complying with Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- b) The financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 40; and
- c) There are reasonable grounds to believe that the Parent entity will be able to pay its debts as and when they become due and payable.
- d) The Consolidated entity disclosure statement as at 30 June 2025, set out on pages 136 to 139, is true and correct.

The directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer as required by section 295A of the *Corporations Act 2001*.

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



Lisa Chung AM
Chair



Rohan Mead
Group Managing Director & CEO

Melbourne
27 August 2025

Independent auditor's report to members



Independent Auditor's Report

To the members of Australian Unity Limited

Report on the audit of the Financial Report

Opinion

We have audited the **Financial Report** of Australian Unity Limited (the Company).

In our opinion, the accompanying Financial Report of the Company gives a true and fair view, including of the **Group's** financial position as at 30 June 2025 and of its financial performance for the year then ended, in accordance with the *Corporations Act 2001*, in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Consolidated Balance Sheet as at 30 June 2025
- Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity, and Consolidated Statement of Cash Flows for the year then ended
- Consolidated Entity Disclosure Statement and accompanying basis of preparation as at 30 June 2025
- Notes, including material accounting policies
- Directors' Declaration.

The **Group** consists of the Company and the entities it controlled at the year end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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Key Audit Matters

The **Key Audit Matters** we identified are:

- Valuation of Goodwill
- Recoverability of Herston Quarter Development Costs
- Valuation of the Liability for Incurred Claims
- Valuation of Retirement Villages

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of Goodwill (\$495m)

Refer to Note 19, Note 26(a)(ii), Note 40(s)(i) to the financial report

The key audit matter	How the matter was addressed in our audit
A key audit matter for us was the Group's annual testing of goodwill for impairment, given the size of the balance. Certain conditions impacting the Group increased the judgement applied by us when evaluating the evidence available. We focussed on the significant forward-looking assumptions the Group applied in their value in use models, including: • Forecast cash flows, growth rates and terminal growth rates – The Group has faced challenges from regulatory change and activity, and continued integration efforts across some of its operating business in the current year. This increases the risk of inaccurate forecasts or a wider range of possible outcomes, for us to consider. • Forecast growth rates and terminal growth rates – In addition to the uncertainties described above, the Group's models are sensitive to small changes in these assumptions, reducing available headroom. This drives additional audit effort specific to their feasibility and consistency of application to the Group's strategy. • Discount rates – These are complicated in nature and vary according to the conditions and environment the specific Cash Generating Unit (CGU) is subject to from time to time, and the models approach to incorporating risks into the cash flows or discount rates. The Group's modelling is	Working with our valuation specialists, our procedures included: • We considered the appropriateness of the value in use method applied by the Group to perform the annual test of goodwill for impairment against the requirements of the accounting standards. • We assessed the integrity of the value in use models used, including the accuracy of the underlying calculation formulas. • We compared the forecast cash flows contained in the value in use models to Board approved forecasts. • We assessed the accuracy of previous Group forecasts to inform our evaluation of forecasts incorporated in the models. • We assessed the Group's underlying methodology for the allocation of costs to the forecast operating cash flows contained in the value in use model for consistency with our understanding of the business and the criteria in the accounting standards. • We challenged the Group's forecast cash flow and growth assumptions with consideration to ongoing regulatory changes and continued integration efforts. We compared key events to the Board approved plan and strategy. We compared forecast growth rates and terminal growth rates to published studies of industry trends and expectations, and considered differences for the Group's operations. We



sensitive to small changes in the discount rate. We involved our valuations specialists and senior team members with the assessment.

The Group uses complex models to perform their annual testing of goodwill for impairment. The models are largely manually developed, use adjusted historical performance, and a range of internal and external sources as inputs to the assumptions. Complex modelling tend to be prone to greater risk for potential bias, error and inconsistent application. These conditions necessitate additional scrutiny by us, in particular to address the objectivity of sources used for assumptions, and their consistent application.

We involved valuation specialists to supplement our senior audit team members in assessing this key audit matter.

used our knowledge of the Group, their past performance, business and customers, and our industry experience.

- We analysed the Group's discount rates against publicly available data of a group of comparable entities and independently developed relevant discount rate ranges considered comparable using publicly available market data for comparable entities, adjusted by risk factors specific to the Group and the industry it operates in.
- We considered the sensitivity of the models by varying key assumptions, such as forecast growth rates, terminal growth rates and discount rates, within a reasonably possible range. We did this to identify those CGUs at higher risk of impairment and those assumptions at higher risk of bias or inconsistency in application and to focus our further procedures.
- We compared the implied multiples from comparable market transactions to the implied multiple from the Group's value in use model.
- We considered the Group's determination of their CGUs based on our understanding of the operations of the Group's business, and how independent cash inflows were generated, against the requirements of the accounting standards.
- We assessed the disclosures in the financial report using our understanding of the issue obtained from our testing and against the requirements of the accounting standards.



Recoverability of Herston Quarter Development Costs (\$178m)

Refer to Note 16, Note 26(a)(iv) and Note 40(t) to the financial report

The key audit matter	How the matter was addressed in our audit
The Group capitalises development costs relating to the development of Herston Quarter. It is the Group's policy to carry the development cost at the lower of cost and net realisable value. Recoverability of Herston Quarter development costs is a key audit matter due to the: • Extent of judgement required by the Group in determining the net realisable value of the development, particularly in relation to the net realisable value of future stages of the development where no contractual arrangement currently exists. Such judgements may have a significant impact on the overall recoverability of capitalised development costs, necessitating additional audit effort. • Challenging market conditions in the real estate construction industry continuing to experience cost escalation, which increases the risk of inaccurate forecasts or a wider range of possible outcomes, for us to consider. The significant areas we focused on was in assessing the Group's: • Net realisable value of future stages of the development; and • Forecast future uncontracted costs, given its role in determining net realisable value. We involved our senior audit team members in assessing this key audit matter.	Our procedures included: • Obtaining an understanding of the Group's key process for valuation of capitalised development costs. • Obtaining an understanding of each stage within the development, including the current status of any commercial negotiations with external parties. • For estimated selling price and net realisable value: - We considered the reasonableness of assumptions made in relation to selling prices based on available sources, including executed sale agreements, historical experience of similar transactions, and our industry knowledge. - We checked a sample of independent external valuations to their expected selling price for consistency to the Group's determination of net realisable value. • For forecast costs: - We tested, on a sample basis, committed forecast costs to underlying supplier contracts. - We evaluated assumptions in relation to uncontracted forecast costs against historical experience of similar costs, and our industry expectation of cost contingency levels and cost escalation assumptions. • Using the findings from testing along with our understanding of economic conditions to evaluate the Group's application of lower of cost and net realisable value when determining recovery of the capitalised development costs. • Assessing the disclosures in the Group's financial report using our understanding obtained from our testing against the requirements of accounting standards.


Valuation of the Liability for Incurred Claims (\$56m)

Refer to Note 13(a), Note 40(o), Note 40(r) to the financial report

The key audit matter	How the matter was addressed in our audit
We consider liability for incurred claims accounting to be a key audit matter given the complexity and judgemental nature of assumptions used to value the actuarially determined portion of Liability for Incurred Claims. The Group's claims liabilities for the health business of Australian Unity Health Limited are short-term in nature. The Group has valued reserves, which are a significant component of the Liability for Incurred Claims using its actuarial reserving methodology. The liability for incurred claims includes a risk adjustment for non-financial risk.	Our procedures included: • Working with our actuarial specialists, we performed an independent reprojection of the best estimate claims reserves of health business as at 30 June 2025. • We made adjustments to the selection of reserving assumptions based on our actuarial industry experience and judgements. We compare our results to the Group's reserving liability. • We compared our independent estimates to those made by the Group, and investigated significant differences. In doing so, we considered the underlying methodology, assumptions and processes. • We evaluated the adequacy of the risk adjustment and compared the risk adjustment to industry peers. • We reconciled the key inputs of paid and incurred claims used within the actuarial modelling to the source data in the Group's policy administration systems. • We assessed the disclosures in the financial report using our understanding obtained from our testing and against the requirements of the accounting standard.



Valuation of Retirement Villages (\$2,218m)

Refer to Note 15, Note 16, Note 26(a)(iii), Note 40(t) to the financial report

The key audit matter	How the matter was addressed in our audit
Retirement Villages represent the largest asset class of the Group. The Group primarily measures Retirement Villages at fair value internally using a discounted cash flow model based on the cashflows associated with contractual cashflows of current and future residents. On an annual basis, the Group has a sample of villages valued externally to compare to internal models. Separately, two villages are subject to annual external valuations, with the Group adopting these external values. Key assumptions used in the Group's internal model and by external valuers include: • Discount rates • Resident tenures and average length of stay • Property price and growth rates • Refurbishment costs The valuation of retirement villages is a key audit matter due to the significance of the balance and judgement required by us in assessing the Group's key valuation assumptions, methodologies and the final adopted values given the inherent estimation uncertainty. This leads to additional audit effort due to differing assumptions based on asset classes, locations and characteristics of individual property assets.	Our procedures included: • Performing a walkthrough to understand the Group's process for valuing Retirement Villages, including the key inputs and assumptions used. • Assessing the Group's methodology used in the valuations of retirement villages for consistency with accounting standards, industry practice and the Group's policies. • Utilising KPMG valuation specialists to challenge a sample of valuations, including the valuation method, assumptions and data, and perform sensitivity analysis over reasonably possible changes in key model inputs. • We tested, a sample of other key inputs to the retirement village valuations such as the fee structure of residents' contracts and ingoing contributions which form the basis of the inflows in the discounted cash flow model. • Assessing the Group's external valuations prepared for a sample of villages, including the valuation methodology and key assumptions adopted. We also assessed the scope, competence and objectivity of the valuers. • Comparing the advice obtained from the external valuers on the key assumptions to those applied in the internal valuations of retirement villages for consistency. • Assessing the associated disclosures in the financial statements including checking the sensitivity analysis calculations, using our understanding obtaining from our testing, against accounting standard requirements.



Other Information

Other Information is financial and non-financial information in Australian Unity Limited's annual report which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Director's Report, including Remuneration Report. The Chair's Report, Group Managing Director's Report, FY2025 at a Glance, Governance Report and Environment Report, and Financial Overview are expected to be made available to us after the date of the Auditor's Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not and will not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors of Australian Unity Limited are responsible for:

- Preparing the Financial Report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Group, and in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*
- Implementing necessary internal control to enable the preparation of a Financial Report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Group, and that is free from material misstatement, whether due to fraud or error
- Assessing the Group's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- To obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- To issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.



Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/media/bwvjcgre/ar1_2024.pdf. This description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Australian Unity Limited for the year ended 30 June 2025, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

The Directors of the Australian Unity Limited are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included in pages 38 to 49 of the Directors' report for the year ended 30 June 2025.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

Chris Wooden
Partner
Melbourne
27 August 2025

Glossary of terms

the Group	Australian Unity Group	CHSP	Commonwealth Home Support Programme
the Company	Australian Unity Limited	Corporations Act	<i>Corporations Act 2001</i> (Cth)
AC	Audit Committee	CSV	Community & Social Value
ACCC	Australian Competition and Consumer Commission	EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortisation
Adjusted EBITDA	In assessing the performance of its operating business segments, the Group uses a measure of adjusted earnings before interest, tax, depreciation and amortisation (Adjusted EBITDA). As the name indicates, this measure excludes the effects of tax, depreciation and amortisation, interest on external borrowings and investment income. It also excludes the impact of discontinued operations, Group overheads and other material non-recurring revenue and expenditure. A reconciliation between Adjusted EBITDA and profit/(loss) before income tax from continuing operations is set out in Note 1 (c) to the consolidated financial statements. For the purposes of the financial performance in the Operating and Financial Review, the Group Adjusted EBITDA is the sum of the platform Adjusted EBITDA plus the Corporate Functions	Emissions	Greenhouse Gas emissions
AGM	Annual General Meeting	ERMF	Enterprise Risk Management Framework
APRA	Australian Prudential Regulation Authority	ESG	Environmental, social & governance
ASIC	Australian Securities and Investments Commission	FUMAA	Funds under management, administration and advice
ASX	Australian Securities Exchange	GHG	Greenhouse Gas
ASX MAP	Australian Securities Exchange Market Announcements Platform	GLT	Group Leadership Team
CEO	Chief Executive Officer	GMD	Group Managing Director
		IC	Investment Committee
		KMP	Key Management Personnel
		KPMG	External auditor
		MCI	Mutual Capital Instrument
		MHC	myHomecare Group
		PC&R Committee	People, Culture & Remuneration Committee
		PHI	Private health insurance
		R&C Committee	Risk & Compliance Committee
		RBA	Reserve Bank of Australia
		W&CM	Wealth & Capital Markets platform
		WGEA	<i>Workplace Gender Equality Act 2012</i> (Cth)

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