Australian Unity Care Services Pty Ltd

ABN 44 065 558 134

Annual report
for the year ended 30 June 2026

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Annual report - 30 June 2026

	Page
Directors' report	1
Financial report	
Financial statements	4
Directors' declaration	30
Independent auditor's report to the owners	31

Directors' report

The directors present their report on Australian Unity Care Services Pty Ltd (the Company) for the year ended 30 June 2026 and the report of the auditor thereon.

Directors
The following persons were directors of Australian Unity Care Services Pty Ltd during the financial year and up to the date of this report, unless otherwise stated:

Lisa Chung AM, Chair and Non-Executive Director
Kelly Bayer Rosmarin, Group Managing Director & CEO (appointed on 15 December 2025)
Lucinda Brogden AM, Non-Executive Director
Kim Cheater, Non-Executive Director
Brett Lafranchi, Executive General Manager, Residential Aged Care (appointed on 28 August 2026)
Dr Helen Nott, Non-Executive Director
Adj. Professor Patricia O'Rourke, Non-Executive Director (appointed on 28 August 2025)
Rohan Mead, Group Managing Director (retired on 15 December 2025)
Paul Ryan, CEO Residential Aged Care & Program Director (appointed on 15 April 2026 and resigned on 28 August 2026)
Ryan Thomas, General Manager Operations, Residential Aged Care (resigned on 28 August 2025)

Company secretaries
Melinda Honig and Catherine Visentin were company secretaries of Australian Unity Care Services Pty Ltd at 30 June 2026.

Principal activities
The principal continuing activities of the Company are the operation and management of residential aged care facilities. The Company is a registered provider of residential aged care under the *Aged Care Act 2024*. The registered provider delivers only residential aged care services and these general purpose financial statements therefore relates only to such operations.

Dividends
The Company did not pay any dividends during the financial year ended 30 June 2026 (2025: $nil).

Review of operations
For the year ended 30 June 2026, the Company recorded a loss after income tax of $13,668,000 (2025: loss after income tax of $13,124,000). Revenue from government subsidies and aged care resident services increased by 8.2% to $161,756,000 (2025: $149,544,000), and investment and other income increased by 5.5% to $43,782,000 (2025: $41,497,000). Expenses excluding finance costs increased by 7.8% to $184,753,000 (2025: $171,384,000), primarily attributed to higher employee benefits expense.

During the year, the Company delivered strong operational performance and continued improvements in care quality, resident experience and workforce capability. Average occupancy across the mature aged care homes (being those that are two years post development completion) was 96.3%, above the sector average of 95.2%, reflecting the continued focus on occupancy optimisation and resident experience. The Company also maintained strong quality and compliance outcomes through a period of significant sector reform, consistently exceeding the mandated average care minutes target.

Revenue growth was driven by accommodation revenue, which increased 32.6% to $54,160,000 (2025: $40,833,000), reflecting the full-year contribution of the expanded floors at The Alba in South Melbourne, Victoria, sustained high occupancy, and the introduction of accommodation deposit retention from 1 November 2025 under the *Aged Care Act 2024*.

Financial performance was affected by Fair Work Commission wage increases that exceeded growth in government funding, contributing to a reduction in the underlying adjusted EBITDA margin. Employee benefits expense increased 11.5% to $140,605,000 (2025: $126,085,000), reflecting these mandated wage increases together with the additional direct care hours required to meet increased minimum care minutes obligations.

During the year, the Company issued $14,450,000 (2025: $5,250,000) of additional ordinary shares and returned $4,850,000 of capital to its parent, Australian Unity Retirement Living Services Pty Ltd, to support working capital requirements.

Notwithstanding this pressure, the successful expansion of residential aged care capacity at The Alba, together with sustained high occupancy across the portfolio, provides a strong platform for future growth and redevelopment opportunities.

The introduction of the *Aged Care Act 2024* represents the most significant reform to the aged care regulatory framework in decades. Key changes include a rights-based approach to care, strengthened provider obligations, enhanced governance and compliance requirements, and revised financial and prudential standards. The sector is also adapting to changes in residential accommodation pricing arrangements, including the increase in the maximum Refundable Accommodation Deposits (RAD) threshold from 1 July 2026, which may influence future funding and pricing practices.

Review of operations (continued)
These developments have affected the Company's future operations, compliance obligations, service delivery models and financial performance. Management continues to assess the implications of these reforms and has implemented appropriate operational and governance responses.

Matters subsequent to the end of the financial year
The board is not aware of any matter or circumstance arising since 30 June 2026 which has significantly affected or may significantly affect the financial status or results of the Company.

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

Environmental regulation
The property operations managed by the Company are subject to environmental regulations under Australian law. There have been no known reportable breaches of these regulations.

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 Company'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 disclosed in the details of related party transactions in Note 20.

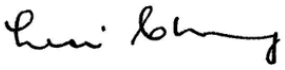
Insurance and indemnification of directors and officers
During the financial year, the Company paid a premium in respect of a contract insuring the directors, company secretaries and executive officers of the Company to the extent permitted by the *Corporations Act 2001*. In accordance with common commercial 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 lack of good faith.

Auditor's independence declaration
KPMG is the external auditor for the 2026 financial year. A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 3.

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

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



Lisa Chung AM
Director



Kelly Bayer Rosmarin
Director

Melbourne
27 October 2026

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

To the Directors of Australian Unity Care Services Pty Ltd

I declare that, to the best of my knowledge and belief, in relation to the audit of the financial report of Australian Unity Care Services Pty Ltd for the financial year ended 30 June 2026 there have been:

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

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

KPMG

Shara Learmonth
Partner
Sydney
27 October 2026

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Australian Unity Care Services Pty Ltd ABN 44 065 558 134
Financial report - 30 June 2026

	Page
Financial statements	
Statement of comprehensive income	5
Balance sheet	6
Statement of changes in equity	7
Statement of cash flows	8
Notes to the financial statements	9
Directors' declaration	30
Independent auditor's report to the owners	31

This financial report includes separate financial statements of Australian Unity Care Services Pty Ltd as an individual entity. The financial statements are presented in the Australian currency.

Australian Unity Care Services Pty Ltd is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

271 Spring Street
Melbourne VIC 3000

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

The financial statements were authorised for issue by the directors on 27 October 2026. The directors have the power to amend and reissue the financial statements.

Australian Unity Limited, the Company’s ultimate parent entity, produces consolidated financial statements that are included in its Annual Report. This Annual Report is available for public use and can be obtained from Australian Unity Limited’s office at 271 Spring Street, Melbourne, VIC 3000.

Australian Unity Care Services Pty Ltd
Statement of comprehensive income
For the year ended 30 June 2026

	Notes	**2026 $'000**	2025 $'000
Revenue and other income	1	**205,538**	191,041
Expenses, excluding finance costs	2	**(184,753)**	(171,384)
Finance costs	2	**(41,813)**	(38,533)
Loss before income tax		**(21,028)**	(18,876)
Income tax benefit	3	**7,360**	5,752
Loss after income tax		**(13,668)**	(13,124)
Total comprehensive income for the year		**(13,668)**	(13,124)
Loss for the year is attributable to:			
Owners of Australian Unity Care Services Pty Ltd		**(13,668)**	(13,124)
Total comprehensive income for the year is attributable to:			
Owners of Australian Unity Care Services Pty Ltd		**(13,668)**	(13,124)

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

Australian Unity Care Services Pty Ltd
Balance sheet
As at 30 June 2026

	Notes	**2026 $'000**	2025 $'000
ASSETS			
Current assets			
Cash and cash equivalents	4	**75,979**	60,165
Trade and other receivables	5	**7,589**	9,594
Loans and advances	6	**311,395**	323,645
Total current assets		**394,963**	393,404
Non-current assets			
Investments in subsidiaries	16	**199,818**	181,558
Deferred tax assets	10	**238**	6,132
Property, plant and equipment	11	**13,325**	7,426
Right-of-use assets	12	**27,442**	30,456
Intangible assets		**126**	252
Total non-current assets		**240,949**	225,824
Total assets		**635,912**	619,228
LIABILITIES			
Current liabilities			
Trade and other payables	7	**22,372**	22,788
Interest bearing liabilities	8	**29,352**	27,109
Non-interest bearing liabilities	9	**518,971**	503,715
Lease liabilities	12	**5,199**	5,093
Provisions	13	**12,190**	10,903
Other current liabilities		**-**	443
Total current liabilities		**588,084**	570,051
Non-current liabilities			
Interest bearing liabilities	8	**6,339**	-
Lease liabilities	12	**32,096**	35,414
Provisions	13	**1,915**	2,217
Total non-current liabilities		**40,350**	37,631
Total liabilities		**628,434**	607,682
Net assets		**7,478**	11,546
EQUITY			
Contributed equity	14	**80,884**	71,284
Accumulated losses		**(73,406)**	(59,738)
Total equity		**7,478**	11,546

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

Australian Unity Care Services Pty Ltd
Statement of changes in equity
For the year ended 30 June 2026

	Notes	Contributed equity $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 July 2024		66,034	(46,614)	19,420
Loss for the year		-	(13,124)	(13,124)
Other comprehensive income		-	-	-
Total comprehensive income		-	(13,124)	(13,124)
Transactions with owners in their capacity as owners:				
Contributions of equity	14	5,250	-	5,250
Balance at 30 June 2025		71,284	(59,738)	11,546
Balance at 1 July 2025		**71,284**	**(59,738)**	**11,546**
Loss for the year		**-**	**(13,668)**	**(13,668)**
Other comprehensive income		**-**	-	-
Total comprehensive income		**-**	**(13,668)**	**(13,668)**
Transactions with owners in their capacity as owners:				
Contributions of equity	14	**14,450**	**-**	**14,450**
Capital return to parent entity	14	**(4,850)**	**-**	**(4,850)**
		9,600	**-**	**9,600**
Balance at 30 June 2026		**80,884**	**(73,406)**	**7,478**

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

Australian Unity Care Services Pty Ltd
Statement of cash flows
For the year ended 30 June 2026

	Notes	**2026 $'000**	2025 $'000
Cash flows from operating activities			
Government subsidies and resident fees (inclusive of goods and services tax)		**167,661**	148,459
Payments to suppliers and related entities (inclusive of goods and services tax)		**(174,076)**	(147,045)
Interest and distribution received		**8,328**	9,302
Other income received		**434**	199
Interest paid on lease liabilities		**(2,002)**	-
Net cash inflow from operating activities		**345**	10,915
Cash flows from investing activities			
Loans repaid by/(provided to) related entities		**20,832**	(87,618)
Payments for additional investments in subsidiaries		**(18,260)**	(5,252)
Payments for property, plant and equipment		**(8,630)**	(2,357)
Payments for intangible assets		**-**	(139)
Net cash outflow from investing activities		**(6,058)**	(95,366)
Cash flows from financing activities			
Net receipts from accommodation bonds and interest		**15,256**	78,855
Receipt from issue of shares		**14,450**	5,250
Return of capital to parent entity		**(4,850)**	-
Payments of lease liabilities		**(3,329)**	(5,043)
Receipt of borrowings from related entities		**-**	1,316
Net cash inflow from financing activities		**21,527**	80,378
Net increase/(decrease) in cash and cash equivalents		**15,814**	(4,073)
Cash and cash equivalents at the beginning of the financial year		**60,165**	64,238
Cash and cash equivalents at the end of the financial year	4	**75,979**	60,165

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

Notes to the financial statements

		Page
Operating Results		10
1	Revenue and other income	10
2	Expenses	11
3	Income tax benefit	11
4	Cash and cash equivalents	12
5	Trade and other receivables	12
6	Loans and advances	13
7	Trade and other payables	13
8	Interest bearing liabilities	14
9	Non-interest bearing liabilities	14
10	Deferred tax balances	15
11	Property, plant and equipment	16
12	Leases	16
13	Provisions	17
14	Equity	17
15	Critical estimates and judgements	18
Company structure		19
16	Investments in subsidiaries	19
Unrecognised items		19
17	Commitments	19
18	Contingencies	19
19	Events occurring after the reporting period	19
Other information		20
20	Related party transactions	20
21	Remuneration of auditors	22
22	Material accounting policies	22

Operating Results

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 Care Services Pty Ltd (the Company), which operates solely in Residential Aged Care sector.

1 Revenue and other income

The Company operates in Australia and generates revenue mainly through its operations and management of residential aged care facilities. Resident fees and service revenue, retention resident accommodation payments (DAPs) and a majority of management fee income from related entities are recognised over time when the customers simultaneously receive the benefits from the services provided under contracts with the Company.

The following are Revenue from services accounted for under AASB 15 *Revenue from Contracts with Customers*, except for imputed revenue on Refundable Accommodation Deposits (RAD) which is accounted for under AASB 16 *Leases*, and other income:

	2026	2025
	$'000	$'000
Revenue from services		
Government subsidies funding aged care services	**116,982**	108,711
Accommodation revenue	**44,774**	40,833
	161,756	149,544
Investment and other income		
Imputed revenue on RAD	**34,970**	31,731
Distribution income	**-**	545
Interest income	**8,378**	9,022
Other income	**434**	199
	43,782	41,497
Revenue and other income	**205,538**	191,041

Investment and other income includes imputed income from the provision of aged care accommodation, which is accounted for as a lease under AASB 16 *Leases*. For residents that entered care prior to 1 November 2025, 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 RAD is required to be recognised as income and, correspondingly, interest expense with no impact on profit or loss.

Effective 1 November 2025, providers are permitted to retain a portion of eligible RAD balances for residents that entered care from that date. The retention amount is calculated at 2% per annum of the remaining RAD balance on a daily basis for up to five years and is capped at 10% of the RAD balance retained. Retention amounts deducted are not refundable to residents upon departure from care. The amount was immaterial for the year ended 30 June 2026.

2 Expenses

	2026 $'000	2025 $'000
Expenses, excluding finance costs, included in the profit or loss classified by nature:		
Client care costs	**558**	454
Computer and equipment costs	**2,670**	3,458
Depreciation and amortisation expense	**5,871**	5,724
Employee benefits expense	**140,605**	126,085
Revaluation loss of previously held interest in an associate *	**-**	4,810
Occupancy costs	**12,466**	11,544
Resident costs	**12,115**	11,428
Shared service costs charged by related entities	**6,023**	3,819
Other expenses	**4,445**	4,062
	184,753	171,384

***** In 2025, the Company held a 40.5% interest in 114 Albert Road Holding Trust and its controlled entity, 114 Albert Rd Development Trust (together referred to as "The Alba") with a carrying value of $12,914,000. On 14 February 2025, the Company acquired an additional 59.5% interest in 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. No remeasurement gain or loss was recognised in relation to The Alba in the current year.

	2026 $'000	2025 $'000
Depreciation and amortisation		
Depreciation of property, plant and equipment	**2,731**	2,361
Depreciation of right-of-use assets	**3,014**	3,014
Amortisation of intangible assets	**126**	349
	5,871	5,724

	2026 $'000	2025 $'000
Finance costs		
Imputed finance cost on RAD	**34,959**	31,731
Interest and finance charges on borrowings	**4,852**	4,657
Notional interest on leases (Note 12(b))	**2,002**	2,145
Total interest and finance charges	**41,813**	38,533

3 Income tax benefit

(a) Income tax benefit

	2026 $'000	2025 $'000
Current tax	**10,865**	2,009
Deferred tax	**(6,950)**	1,121
Adjustments for current and deferred tax of prior periods	**3,445**	2,622
Income tax benefit	**7,360**	5,752

3 Income tax benefit (continued)

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

	2026	2025
Loss before income tax	**(21,028)**	(18,876)
Tax at the Australian tax rate of 30%	**6,308**	5,663
Non-assessable income	**-**	164
Deductible expenditure	**3**	-
Non-deductible expenditure	**13**	-
Over/(under) provision in prior years	**1,036**	(75)
Income tax benefit	**7,360**	5,752

4 Cash and cash equivalents

	2026	2025
	$'000	$'000
Bank balances	**4,123**	2,917
Cash equivalents held in the form of investment trusts*	**71,856**	57,248
	75,979	60,165

Cash and cash equivalent balances are categorised as financial assets at amortised cost.

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

5 Trade and other receivables

	2026	2025
	$'000	$'000
Trade receivables	**2,202**	3,396
Provision for impairment of receivables	**-**	(59)
Amounts due from related entity (Note 20(f))	**1,694**	-
Prepayments	**623**	1,039
Other receivables	**3,070**	5,218
	7,589	9,594

Trade and other receivables are categorised as financial assets at amortised cost except where stated otherwise.

GST receivable is not a financial asset.

6 Loans and advances

	2026 $'000	2025 $'000
Unsecured loans to parent entity - current		
Australian Unity Retirement Living Services Limited (Note 20(f))	**-**	14,078
Unsecured loans to related entities - current (Note 20(f))		
Australian Unity Peninsula Grange RACF Land Trust	**19,184**	19,184
Australian Unity Aged Care Trust #3	**24,457**	24,457
Australian Unity Campbell Place Aged Care Land Trust	**55,510**	55,510
Australian Unity Sienna Grange Aged Care Land Trust	**32,977**	32,977
Australian Unity Peninsula Grange RACF Land Trust	**44,935**	44,935
Australian Unity Aged Care Trust #1	**31,292**	31,012
Australian Unity Investments Trust	**103,040**	101,492
	311,395	309,567
Total loans and advances	**311,395**	323,645

Loans and advances are categorised as financial assets at amortised cost.

The loan to Australian Unity Peninsula Grange RACF Land Trust (AU Peninsula Grange RACF Land Trust) of $19,184,000 (2025: $19,184,000) and Australian Unity Aged Care Trust #3 (AUCT#3) of $24,457,000 (2025: $24,457,000) accrue interest on a monthly basis at the 90 day bank bill rate plus a margin of 2%. At 30 June 2026, the applicable interest rate was 6.46% (2025: 5.60%). The loan to AU Peninsula Grange RACF Land Trust is due on 31 March 2027, and the term of the loan to AUACT #3 aligns with the lease term of the associated lease arrangements between the related-party operator and the residents.

The remaining loans to related entities were charged with fixed interest at 0.9% per annum. Under the loan agreements, the Company provides an advance to each of the related entities at the time it receives a RAD from the residents that will occupy the respective aged care facilities and in an amount equivalent to the RAD. The loans are to be used for capital expenditures as permitted under the *Aged Care Act 2024*, including expenditures for the construction of the aged care facilities. The terms of these loans are aligned with the lease term of the associated lease arrangements between the related-party operator and the residents.

7 Trade and other payables

	2026 $'000	2025 $'000
Trade payables	**2,074**	2,974
Amounts due to related entity (Note 20(f))	**-**	5,475
Accrued expenses	**9,860**	8,338
Other payables	**10,438**	6,001
	22,372	22,788

Trade and other payables are categorised as financial liabilities at amortised cost except where stated otherwise.

8 Interest bearing liabilities

	2026 **$'000**	2025 $'000
Current		
Loan from ultimate parent entity (Note 20(f))	**20,770**	20,770
Loan from parent entity (Note 20(f))	**8,582**	6,339
	29,352	27,109
Non-current		
Loan from parent entity (Note 20(f))	**6,339**	-
	6,339	-
Total interest bearing liabilities	**35,691**	27,109

Interest bearing liabilities are categorised as financial liabilities at amortised cost.

At 30 June 2026, the Company had a current loan from its ultimate parent entity of $20,770,000 (2025: $20,770,000 current) accruing interest at the 90-day bank bill rate plus 2.50%-2.55% (90-day bank bill rate per annum; 2025: 2.00%-2.55%).

The Company also had current loans of $8,582,000 and non-current loans of $6,339,000 from its parent entity (2025: $6,339,000 current) accruing interest at the 90-day bank bill rate plus 2.00%-2.50% (90-day bank bill rate per annum; 2025: 2.50%). The current loans mature in April 2027 and non-current loans mature in September 2027.

9 Non-interest bearing liabilities

	2026 **$'000**	2025 $'000
Current		
Refundable accommodation deposits - current	**504,805**	489,549
Loan from parent entity - current (Note 20(f))	**14,166**	14,166
Total non-interest bearing liabilities	**518,971**	503,715

Non-interest bearing liabilities are categorised as financial liabilities at amortised cost.

The loan from Australian Unity Retirement Living Services Limited, the parent entity, is interest-free and matures on 30 June 2027.

Refundable accommodation deposits (RAD) represent payments received from the residents of aged care facilities as upfront deposits for their aged care accommodation.

RADs are classified as current liabilities in accordance with the requirements of the Department of Health and Aged Care, notwithstanding that repayment may occur more than 12 months after the reporting date. RADs are repayable in full within legislated timeframes following a resident's departure from the facility, generally within 14 days of the resident leaving or within 14 days of probate being granted. RADs are measured at their contractual amount payable.

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

10 Deferred tax balances

2026	**Opening balances**	**Recognised in the Income Statement**	**Other**	**Closing Balance**
	$000	**$000**	**$000**	**$000**
Deferred Tax Assets				
Accrued expenses	**1,201**	**(49)**	**-**	**1,152**
Capitalised expenditure	**2,128**	**(1,771)**	**-**	**357**
Provisions	**3,473**	**622**	**-**	**4,095**
Lease liability	**12,152**	**(963)**	**-**	**11,189**
License	**3,222**	**(3,222)**	**-**	**-**
Total Deferred Tax Assets	**22,176**	**(5,383)**	**-**	**16,793**
Deferred Tax Liabilities				
Development management fee	**(6,907)**	**(359)**	**(1,056)**	**(8,322)**
Right-of-use asset	**(9,137)**	**904**	**-**	**(8,233)**
Total Deferred Tax Liabilities	**(16,044)**	**545**	**(1,056)**	**(16,555)**
Deferred Tax Assets - Net				**238**

2025	Opening balances	Recognised in the Income Statement	Other	Closing Balance
	$000	$000	$000	$000
Deferred Tax Assets				
Accrued expenses	817	384	-	1,201
Capitalised expenditure	1,946	182	-	2,128
Provisions	2,752	721	-	3,473
Lease liability	12,946	(794)	-	12,152
License	3,222	-	-	3,222
Total Deferred Tax Assets	21,683	493	-	22,176
Deferred Tax Liabilities				
Development management fee	(6,631)	(276)	-	(6,907)
Right-of-use asset	(10,041)	904	-	(9,137)
Total Deferred Tax Liabilities	(16,672)	628	-	(16,044)
Deferred Tax Assets - Net				6,132

11 Property, plant and equipment

	Plant and equipment $'000	Leasehold improvements $'000	Total $'000
At 30 June 2025			
Cost or fair value	21,433	169	21,602
Accumulated depreciation	(14,007)	(169)	(14,176)
Net book amount	7,426	-	7,426
Year ended 30 June 2026			
Opening net book amount	**7,426**	**-**	**7,426**
Additions	**8,630**	**-**	**8,630**
Depreciation charge	**(2,731)**	**-**	**(2,731)**
Closing net book amount	**13,325**	**-**	**13,325**
At 30 June 2026			
Cost or fair value	**30,064**	**169**	**30,233**
Accumulated depreciation	**(16,739)**	**(169)**	**(16,908)**
Net book amount	**13,325**	**-**	**13,325**

12 Leases

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

The Company has non-cancellable lease contracts, as lessee, with related entities for retirement village properties. The Company's lease contracts do not impose any covenants other than the security interests in the leased assets that are held by the lessors.

(a) Amounts recognised in the balance sheet

The following are assets and liabilities recognised under AASB 16:

	30 June 2026 $'000	30 June 2025 $'000
Right-of-use assets		
Buildings	**27,442**	30,456
Total assets	**27,442**	30,456
Lease liabilities		
Current (Note 20(f))	**5,199**	5,093
Non-current (Note 20(f))	**32,096**	35,414
Total liabilities	**37,295**	40,507

Additions to the right-of-use assets during the financial year ended 30 June 2026 were $nil (2025: $nil).

12 Leases (continued)

	2026 $'000	2025 $'000
Future lease payments in relation to lease liabilities as at period end are as follows:		
Within one year	**5,323**	5,215
Later than one year but not later than five years	**16,338**	18,356
Later than five years	**29,155**	32,459
	50,816	56,030

(b) Amounts recognised in the statement of comprehensive income

	2026 $'000	2025 $'000
Depreciation charge of right-of-use assets	**3,014**	3,014
Interest expense (included in Finance costs)	**2,002**	2,145
Expenses relating to short-term leases or leases of low value assets (included in Other expenses)	**116**	252
	5,132	5,411

Total cash outflow for leases in the financial year ended 30 June 2026 was $5,331,000 (2025: $5,043,000).

13 Provisions

	2026 $'000	2025 $'000
Current		
Employee benefits provision	**12,071**	10,689
Self insurance provision	**119**	214
	12,190	10,903
Non-current		
Employee benefits provision	**1,658**	1,280
Self insurance provision	**257**	937
	1,915	2,217
Total provisions	**14,105**	13,120

14 Equity

Share capital

	2026 Shares	2025 Shares	**2026 $'000**	2025 $'000
Ordinary shares				
Fully paid	**80,884,209**	71,284,209	**80,884**	71,284

Ordinary shares have the right to receive dividends as declared and, in the event of a winding up of the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on the shares held.

14 Equity (continued)

Share capital (continued)

	Number of shares	$'000
2025		
Balance at beginning of the financial year	66,034,209	66,034
Shares issued during the year	5,250,000	5,250
Balance at the end of the financial year	71,284,209	71,284
2026		
Balance at beginning of the financial year	**71,284,209**	**71,284**
Shares issued during the year	**14,450,000**	**14,450**
Return of capital to parent entity	**(4,850,000)**	**(4,850)**
Balance at the end of the financial year	**80,884,209**	**80,884**

During the year, the Company issued $14,450,000 (2025: $5,250,000) of additional ordinary shares and returned $4,850,000 of capital to its parent, Australian Unity Retirement Living Services Pty Ltd, to support working capital requirements.

15 Critical 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 Company'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 in this section.

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 estimates and assumptions

The Company 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) 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 lease payments. The lease payments are discounted using the Company’s incremental borrowing rate which is determined using a three-month bank bill swap curve plus a margin that reflects the credit risk.

(ii) Income taxes

The Company 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 Company estimates its tax liabilities based on the Company'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.

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

(i) Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences. The Company considers it probable that future taxable profits will be available within the tax consolidation group to utilise these temporary differences.

(ii) Impairment of investments in subsidiaries

Investments in subsidiaries are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. The impairment test requires an estimation of the recoverable amount of the subsidiaries which is determined based on the present value of future cash flows. Assumptions are used in the financial projections to estimate the future cash flows.

Company structure

This section provides information which will help users understand how the Company structure affects the financial position and performance of the Company as a whole.

16 Investments in subsidiaries

Name of entity	Country of incorporation	Holding	Equity holding		Carrying value of investment	
			2026	2025	**2026**	2025
			%	%	**$'000**	$'000
Directly owned by the Company						
114 Albert Road Holding Trust	Australia	Units	**100**	100	**8,104**	8,104
Australian Unity Aged Care Investments Pty Ltd	Australia	Shares	**100**	100	**65,478**	65,478
Australian Unity Aged Care Trust #1	Australia	Units	**100**	100	**10,167**	10,167
Australian Unity Aged Care Trust #3	Australia	Units	**100**	100	**2**	2
Australian Unity Aged Care Trust #4	Australia	Units	**100**	100	**23,668**	23,668
Australian Unity Aged Care Trust #5	Australia	Units	**100**	100	**32,728**	32,728
Australian Unity Campbell Place Aged Care Land Trust	Australia	Units	**100**	100	**5,360**	4,910
Australian Unity Investment Trust	Australia	Units	**100**	100	**24,376**	24,376
Australian Unity Peninsula Grange RACF Land Trust *	Australia	Units	**100**	100	**17,300**	7,300
Australian Unity Sienna Grange Aged Care Land Trust *	Australia	Units	**100**	100	**12,635**	4,825
Indirectly owned by the Company						
Australian Unity Carlton Aged Care Trust	Australia	Units	**100**	100	**-**	-
Lane Cove Holding Trust	Australia	Units	**100**	100	**-**	-
					199,818	181,558

* During the financial year, the Company made additional investments of $10.0 million to Australian Unity Peninsula Grange RACF Land Trust and $7.8 million to Australian Unity Sienna Grange Aged Care Land Trust, its wholly owned subsidiaries, to support operations of aged care facilities.

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.

17 Commitments

There were no commitments for expenditure at 30 June 2026 (2025: capital commitments of $1,700,000 in respect to The Alba).

18 Contingencies

The Company had no contingent assets or liabilities at 30 June 2026 (2025: $nil).

19 Events occurring after the reporting period

The board is not aware of any matter or circumstance arising since 30 June 2026 which has significantly affected or may significantly affect the financial status or results of the Company 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.

20 Related party transactions

(a) Parent entity

Australian Unity Retirement Living Services Limited (AURLS) is the parent entity of the Company, and Australian Unity Limited (AUL) is the ultimate parent entity of the Australian Unity Group.

At 30 June 2026, AURLS owned 100% of the Company's issued ordinary shares (2025: 100%).

AUL's board of directors regularly reviews the long term business strategy and funding requirements for all controlled entities and allocates capital as required. As a controlled entity of AUL, the Company accesses working capital from the AUL Group Treasury to meet any temporary funding requirements which may arise from its activities consistent with approved plans.

(b) Directors

The names of persons who were directors of the Company at any time during the financial year and up to the date of this report are as follows:

Lisa Chung AM, Chair and Non-Executive Director
Kelly Bayer Rosmarin, Group Managing Director & CEO (appointed on 15 December 2025)
Lucinda Brogden AM, Non-Executive Director
Kim Cheater, Non-Executive Director
Brett Lafranchi, Executive General Manager, Residential Aged Care (appointed on 28 August 2026)
Dr Helen Nott, Non-Executive Director
Adj. Professor Patricia O'Rourke, Non-Executive Director (appointed on 28 August 2025)
Rohan Mead, Group Managing Director (retired on 15 December 2025)
Paul Ryan, CEO Residential Aged Care & Program Director (appointed on 15 April 2026 and resigned on 28 August 2026)
Ryan Thomas, General Manager Operations, Residential Aged Care (resigned on 28 August 2025)

(c) Key management personnel compensation

Key management personnel compensation for the years ended 30 June 2026 and 2025 is set out below. The key management personnel are all the directors of the Company and those executives with the greatest authority for the strategic direction and management of the Company.

	2026 **$**	2025 $
Short-term employee benefits	**494,125**	385,418
Post-employment benefits	**30,306**	19,853
Termination benefits	**44,254**	82,891
MCI-based benefits	**184,577**	49,770
	753,262	537,932

(d) Other transactions with key management personnel

From time to time, key management personnel may purchase or subscribe to the various products offered by the Company or its related entities. These transactions are on similar terms and conditions to those entered into by other customers or employees and are trivial or domestic in nature.

(e) Transactions with related parties

Transactions between the Company and related entities during the years ended 30 June 2026 and 2025 were as follows:

- Distribution income from related entities, $nil (2025: $545,279).
- Interest income from related entities, $5,533,601 (2025: $5,360,383).
- Shared services costs charged to related entities, $6,022,523 (2025: charged by related entities $3,819,097).

20 Related party transactions (continued)

(e) Transactions with related parties (continued)

- Occupancy expenses charged by a related entity (including depreciation and interest expense associated with leases), $10,346,350 (2025: $10,202,405).
- Interest and finance costs charged by related entities, $3,170,718 (2025: $3,287,649).
- Transfer of equipment to related entities, $nil (2025: $178,574).
- Issue of shares to parent entity, $14,450,000 (2025: $5,250,000)
- Return of capital to parent entity, $4,850,000 (2025: $nil)

The Company reimburses Australian Unity Group Services Proprietary Ltd (AUGSPL), a related entity, for employee benefit expenses of those AUGSPL employees working directly for the Company. AUGSPL also provides office space and administrative services to the Company on a commercial basis. The charge for these services is included in the shared services costs as disclosed above.

All transactions with related entities are entered into on normal commercial terms and conditions and at market rates, except that there are no fixed terms for the repayment of unsecured balances between the parties.

Transactions with the parent entity and other related entities are settled through intercompany accounts. The intercompany balances at 30 June 2026 and 2025 are included in the notes to the financial statements as amounts receivable from/(payable to) related entities as applicable.

(f) Balances with related parties

The following balances with related entities were outstanding at the end of each reporting period:

	2026 **$**	2025 $
Current assets		
Amounts due from related entity (Note 5)	**1,694,133**	-
Loans to parent entity (Note 6)	**-**	14,078,264
Loans to related entities (Note 6)	**311,395,182**	309,566,834
	313,089,315	323,645,098
Current liabilities		
Amounts due to related entity (Note 7)	**-**	5,475,018
Lease liabilities to related entities (Note 12)	**5,199,000**	5,093,442
Loans from ultimate parent entity (Note 8)	**20,769,867**	20,769,867
Loan from parent entity (Note 8)	**8,582,000**	6,339,000
Loan from parent entity - non-interest bearing (Note 9)	**14,165,500**	14,165,500
	48,716,367	51,842,827
Non-current liabilities		
Lease liabilities to related entities (Note 12)	**32,096,240**	35,414,158
Loan from parent entity (Note 8)	**6,339,000**	-
	38,435,240	35,414,158

21 Remuneration of auditors

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

Audit services

	2026 $	2025 $
KPMG		
Audit of financial statements	**86,266**	54,973
Audit of regulatory returns	**25,600**	10,000
Advisory services	**20,430**	-
Total auditors' remuneration	**132,296**	64,973

22 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. The financial statements are for the Company as an individual entity.

The financial statements are for Australian Unity Care Services Pty Ltd as an individual entity (the Company). The Company has elected not to prepare consolidated financial statements in accordance with paragraphs 4(a), Aus 4.1 and Aus 4.2 of AASB 10. Australian Unity Limited, the Company's ultimate parent entity, prepares consolidated financial statements that comply with International Financial Reporting Standards and these are available for public use.

(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*. The Company is a for-profit private sector entity for the purpose of preparing the financial statements.

(i) Compliance with Australian Accounting Standards – Simplified Disclosure Requirements

The financial statements of the Company comply with Australian Accounting Standard (AASB 60) - *General Purpose Financial Statements - Simplified Disclosures for for-Profit and not-for-profit Tier 2 Entities* as issued by the Australian Accounting Standards Board.

(ii) Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain classes of property, plant and equipment.

(iii) New and amended accounting standards which are mandatory for the first time

The accounting policies and financial risk management policies are the same as those applied for the year 30 June 2025. Where applicable, the Company has adopted new and amended accounting standards which have become mandatory for the first time in the current reporting period as set out in below table. The application of the new and amended accounting standards has no impact to the amounts reported in the Company's financial statements.

AASB	**Title**
AASB 2023-5	Amendments to Australian Accounting Standards – Lack of Exchangeability
AASB S2	Climate-related Disclosures
AASB S2025-1	Amendments to Greenhouse Gas Emissions Disclosures
AASB 2026-1	Amendments to Australian Accounting Standards – Disclosures about Uncertainties in the Financial Statements

22 Material accounting policies (continued)

(a) Basis of preparation (continued)

(iv) Going concern

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business. At 30 June 2026, the Company reported a net loss of $13.7 million (2025: loss of $13.1 million), net assets of $7.5 million (2025: $11.5 million), and in a net current asset deficiency position of $199.5 million (2025: $176.6 million). The deficiency was largely driven by the refundable accommodation deposits (RAD) of $504.8 million (2025: $489.5 million) which are recorded as current liabilities as required by Australian Accounting Standards, whilst the corresponding assets funded by RADs were classified as non-current assets. Consistent with historical experience, the Company expects repayment of refundable loans to be replaced by new residents. The Company has a letter of support from the ultimate parent entity which will provide support to the Company to pay its debts as and when they fall due, if required.

(b) 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 on the balance sheet.

(c) Employee benefits

Employees engaged in the Company's operations are employed by the Company or by a related entity, Australian Unity Group Services Proprietary Limited (AUGSPL), with employee benefit expenses accounted for on the basis below. Those expenses incurred in AUGSPL that are applicable to the Company are directly passed on to the Company.

(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 other payables in respect of employees' services up to the end of each reporting period 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) Superannuation

The Company contributes to the Australian Unity Staff 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 retirement village complexes and aged care facilities. The Company is required to contribute to the above mentioned plans in accordance with the Superannuation Guarantee Legislation.

(d) 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.

(e) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions.

22 Material accounting policies (continued)

(e) Government grants (continued)

Government grants 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 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.

(f) 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 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 profit nor taxable profit or loss; or
- When the deductible temporary difference is associated with investments in subsidiaries, associates or interest in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right exists 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.

22 Material accounting policies (continued)

(f) Income tax (continued)

Tax consolidation
Australian Unity Limited, the Company's ultimate 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.

Australian Unity Limited, as the 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 head 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 head entity for any current tax payable assumed and are compensated by the head entity for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to the head 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 head 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.

Imputation (franking) credits
The imputation credit position relevant to the tax consolidated group is maintained by the head entity, Australian Unity Limited. Accordingly, no separate amount of imputation credits available for distribution has been disclosed for the Company.

(g) Interest income

Interest income is recognised using the effective interest method when the Company 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.

(h) Investments in subsidiaries

Subsidiaries are all those entities (including special purpose entities) over which the Company has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity.

Investments in subsidiaries are accounted for at cost in the Company's financial statements. Dividends received from subsidiaries are recognised in the profit or loss. The investments in subsidiaries are derecognised at the date of disposal and any gain or loss is included in the profit or loss.

The subsidiaries are fully consolidated in the financial statements of Australian Unity Limited, the Company's ultimate parent entity.

(i) Leases

Company as a lessee
The Company leases retirement village properties from related entities within the Australian Unity Group. 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 Company.

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:

22 Material accounting policies (continued)

(i) Leases (continued)

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment 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 Company under residual value guarantees;
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option;
- payments of penalties for terminating the lease, if the lease term reflects the Company 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 Company, the Company's incremental borrowing rate is used. The incremental borrowing rate is the rate that the Company 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 Company considers any recent external borrowing received, including any changes in financing conditions since the borrowing is received. The Company 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 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.

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 Company 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 Company 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 Company's operations. The majority of extension and termination options held are exercisable only by the Company and not by the respective lessor.

In determining the lease term for accounting, the Company 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, if any, have not been included in the lease liability as the Company 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 Company 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.

22 Material accounting policies (continued)

(i) Leases (continued)

Company as a lessor
The Company classifies leases as an operating or finance lease based on whether substantially all the risks and rewards are transferred to the lessee. For sub-leases, the classification is performed by reference to the head lease. Leases with residents of aged care facilities are classified as operating leases.

For residents of aged care facilities who have opted a refundable accommodation deposit (RAD) arrangement, the Company has determined that the adoption of AASB 16 define this arrangement to be a lease for accounting purposes with the Company acting as the lessor. Where residents have opted to pay a Daily Accommodation Payment, the Company records the income under AASB 16 on a daily basis.

Under a RAD arrangement, the Company recognises as revenue an imputed non-cash accommodation charge representing the resident's right to occupy a room under the arrangement. This revenue is calculated by applying the Maximum Permissible Interest Rates (MPIR), as regulated by the Department of Health and Aged Care, to the outstanding balances of RAD during the reporting period. An imputed non-cash finance cost on the RAD balance is also recognised at the same amount of the imputed revenue, resulting in a nil impact to the profit or loss for the reporting period.

(j) Loans and advances

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the end of the reporting period, which are classified as non-current assets.

Loans and advances are recognised on trade date. The amounts are initially measured at fair value and subsequently carried at amortised cost using the effective interest method. Loans and advances are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and there has been a transfer of substantially all the risks and rewards of ownership.

Impairment
The Company assesses on a forward looking basis the expected credit losses (ECL) associated with its loan assets carried at amortised cost. The recognition of impairment depends on whether there has been a significant increase in credit risk.

At each reporting date, the Company assesses whether there has been a significant increase in credit risk for loan 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. In determining whether credit risk has increased significantly since initial recognition, the Company uses its internal credit risk review, external risk ratings and forecast information to assess deterioration in credit quality of a loan asset.

The Company considers its historical loss experience and adjusts this for current observable data. In addition, the Company 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.

The Company has not recognised an ECL provision, because no significant credit risk has been identified for the year ended 30 June 2026.

(k) Refundable accommodation deposits

Refundable accommodation deposits (RAD) represent payments received from the residents of aged care facilities as upfront deposits for their aged care accommodation. Residents have the ability to pay the deposits up to six months after moving into an aged care facility. These deposits are non-interest bearing and are repayable within 14 days of a resident’s departure from the facility or within 14 days of the granting of probate. Regulations restrict the permitted use of the accommodation deposits to repayment of accommodation deposit balances, capital expenditures of residential aged care facilities and investments in qualified financial products.

Effective 1 November 2025, providers are permitted to retain a portion of eligible RAD balances for residents that entered care from that date. The retention amount is calculated at 2% per annum of the remaining RAD balance on a daily basis for up to five years and is capped at 10% of the RAD balance retained. Retention amounts deducted are not refundable to residents upon departure from care. The amount was immaterial for the year ended 30 June 2026.

22 Material accounting policies (continued)

(l) Revenue recognition

Revenue recognition
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the amount of revenue can be reliably measured. The Company generates revenue mainly through its operation and management of residential aged care facilities. Revenue is recognised based on the delivery of performance obligations by the Company and an assessment of when the control is transferred to the customer. The revenue recognition is either at a point in time when the performance obligation in the contract has been completed by the Company or over time when the customer simultaneously receives the benefits from the services provided by the Company as the Company performs under the contract.

The transaction price is measured at contract inception, being the amount to which the Company expects to be entitled and to which it has rights under the contract. This includes an assessment of any variable consideration where the Company'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.

When applicable, the Company 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.

Assets and liabilities recognised from contracts with customers
As a result of the contracts with customers, the Company recognises trade receivables and a number of contract assets and liabilities. Trade receivables are recognised when the Company has the right to consideration that is unconditional (no change in accounting policy). Contract assets are recognised when the Company has a conditional right to consideration for the services that have been provided to customers. Contract liabilities are recognised when the Company receives payments in advance for services that will be provided to customers.

(i) 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, deferred income is presented as part of Other current liabilities. The Company did not have accrued income as at the end of the reporting period.

(ii) Residential aged care service fees and subsidies

The service fees which are generated from provision of care services within residential aged care facilities are recognised over time when the customer simultaneously receives the benefits from the services provided under the contract.

Residential care fees are received from government subsidies and individual customers with the amount received from individuals based on a means assessment.

(m) Trade and other payables

Trade and other payables represent financial liabilities for goods and services provided to the Company 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 of the end of the reporting period.

(n) Investments in associates

Investments in associates are accounted for using the equity method. They are initially recorded at cost. Subsequent to initial recognition, the Company's share of profit or loss and other comprehensive income of associates is recognised until the date on which significant control ceases.

(o) New accounting standards not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2026 reporting year and have not been early adopted by the Company. Where applicable, the Company will apply the new standards to the annual reporting periods beginning on or after the operative date. Based on the current assessment, the new accounting standards which have not been applied by the Company are not expected to have a material impact to the amounts reported in the Company's financial statements in the current or foreseeable future reporting periods.

22 Material accounting policies (continued)

(o) New accounting standards not yet adopted (continued)

AASB 18 Presentation and Disclosure in Financial Statements
AASB 18 will replace AASB 101 *Presentation of Financial Statements* and applies for annual reporting periods beginning on or after 1 January 2027. At present, AASB 18 only applies to General Purpose Tier 1 entities, however the AASB published Exposure Draft 341 *Updating AASB 1060 to Align the Presentation and Classification Requirements with AASB 18*.

The proposed effective date of the revised AASB 1060 is annual periods beginning on or after 1 July 2030, with early application permitted. The standard is expected to introduce new requirements relating to the presentation and classification of items in the financial statements, statement of cash flows and management-defined performance measures. The Company will assess the impact on the financial statements when the revised AASB 1060 is published.

(p) Financial instruments disclosures

The total of each category of financial instruments is:

Total of financial assets at amortised cost is $318,768,000 (2025: $332,818,000)

Total of financial liabilities at amortised cost is $577,034,000 (2025: $553,612,000).

In the opinion of the directors of Australian Unity Care Services Pty Ltd ("the Company"):

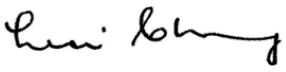
(a) The financial statements and notes set out on pages 5 to 29, are in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the Company's financial position as at 30 June 2026 and of its performance for the financial year ended on that date.

  (ii) complying with Australian Accounting Standards - General Purpose Financial Statements - Simplified Disclosures, the *Corporations Regulations 2001* and other mandatory professional reporting requirements and

(b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



Lisa Chung AM
Director



Kelly Bayer Rosmarin
Director

Melbourne
27 October 2026

Independent Auditor's Report

To the shareholder of Australian Unity Care Services Pty Ltd

Opinion

We have audited the ***Financial Report*** of Australian Unity Care Services Pty Ltd (the Company).

In our opinion, the accompanying Financial Report of the Company gives a true and fair view, including of the Company's financial position as at 30 June 2026 and of its financial performance for the year then ended, in accordance with the *Corporations Act 2001*, in compliance with *Australian Accounting Standards – Simplified Disclosures* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Balance sheet as at 30 June 2026
- Statement of comprehensive income, Statement of changes in equity and Statement of cash flows for the year ended then ended
- Notes, including material accounting policies
- Directors' Declaration.

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 Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* issued by the Accounting Professional and Ethical Standards Board Limited (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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Other Information

Other Information is financial and non-financial information in Australian Unity Care Services Pty Ltd'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.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon. 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 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 Company, and in compliance with *Australian Accounting Standards – Simplified Disclosures* 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 Company, and that is free from material misstatement, whether due to fraud or error
- assessing the Company'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 Company 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/auditors_responsibilities/ar4.pdf. This description forms part of our Auditor's Report.

KPMG

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Shara Learmonth
Partner

KPMG Sydney
27 October 2026