FINANCIAL REPORT
FINANCIAL YEAR 2025–26

HCF



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DIRECTORS' REPORT

The Board of Directors of the Hospitals Contribution Fund of Australia Ltd ('HCF' or the 'Company') has the pleasure in submitting its report together with the consolidated financial statements of HCF and its subsidiaries for the financial year ended 30 June 2026 and the auditor's report thereon.

DIRECTORS

Unless otherwise stated, the following persons were Directors of HCF during the whole of the financial year and up to the date of this report:

- Annette King (Chair)
- Terry Agnew
- John Barrington
- Michael Bassingthwaighte
- Mark Compton
- Amanda Hagan (appointed 1 February 2026)
- Catherine Hallinan
- Sheena Jack (retired 1 July 2025)
- Mark Johnson (retired 6 November 2025)
- Robin Low (appointed 1 February 2026)
- Karen Price
- Lorraine Thomas (appointed 1 July 2025)

PRINCIPAL ACTIVITIES

The principal activities of HCF and its subsidiaries (referred to as 'the Group') within Australia during the financial year were:

- The provision of private health insurance;
- The provision of accident and illness insurance; and
- The operation of Dental and Eyecare Centres for policyholders and their dependents.

REVIEW OF OPERATIONS

As Australia's largest not-for-profit health fund, HCF exists to put members' health first. Guided by our purpose of bringing a human touch to healthcare, we continue to make healthcare more understandable, affordable, and accessible for Australians. Beyond health insurance, HCF provides a growing range of services and support to help more than two million members live healthier lives and deliver meaningful value at every stage of life.

This purpose underpins HCF's operating performance and long-term financial strength. The following section presents an overview of HCF's financial performance and financial position for the year ended 30 June 2026.

Financial review

	2026	2025	VARIANCE	VARIANCE
	$M	$M	$M	%
Insurance revenue	**4,518.5**	**4,182.0**	**336.5**	**8.0%**
Insurance service expenses	(4,570.7)	(4,191.7)	(379.0)	9.0%
Outwards reinsurance premium expenses	(2.9)	(2.7)	(0.2)	
Reinsurance recoveries	3.1	1.6	1.5	
Insurance service result	**(52.0)**	**(10.8)**	**(41.2)**	**>(100%)**
Investment and net finance income	152.2	216.2	(64.0)	(29.6%)
Revenue from contracts with customers, other income & expenses	(10.7)	(7.2)	(3.5)	
Income tax expense	(1.7)	(2.9)	1.2	
Net profit after income tax	**87.8**	**195.3**	**(107.5)**	**(55.0%)**

Net profit after income tax for 2026 decreased by $107.5 million to $87.8 million, compared with $195.3 million in 2025. The decrease was primarily due to a $64.0 million reduction in investment income and a $41.2 million decrease in the Insurance Service Result. The Insurance Service Result benefited from strong member and revenue growth; however, this was offset by lower insurance margins. The reduction in insurance margins was driven by higher hospital average claims costs, reflecting increased hospital cost inflation and unfavourable changes in the mix of hospital services. Operating expenses decreased by 1.0% and operating expense ratio decreased by 1.1% compared with 2025.

Insurance revenue

	2026	2025	VARIANCE	VARIANCE
	$M	$M	$M	%
Health insurance members	2,145,080	2,067,933	77,147	3.7%
Insurance revenue $m	4,518.5	4,182.0	336.5	8.0%

In 2026, domestic health insurance membership increased by 3.7%. HCF's market share increased by 22 basis points to 13.81% as at 30 June 2026. Membership growth was achieved across all states and territories, consistent with HCF's continued national expansion.

Insurance revenue for 2026 increased by $336.5 million to $4,518.5 million, representing growth of 8.0% compared with 2025. This growth included the impact of headline premium rate increases of 4.96% from 1 April 2026, applicable for three months of the financial year, and 4.95% from 1 April 2025, applicable for nine months of the financial year, resulting in an equivalent blended rate increase of 4.95%.

Insurance service expense

	2026 $M	2025 $M	VARIANCE $M	VARIANCE %
Claims expense	(4,039.9)	(3,622.0)	(417.8)	11.5%
Risk equalisation	72.3	38.5	33.8	
Claims net of Risk equalisation	**(3,967.6)**	**(3,583.5)**	**(384.0)**	**10.7%**
State ambulance levies	(64.2)	(64.5)	(0.2)	
Losses on onerous contracts and reversals of those losses	(6.5)	(5.9)	(0.6)	
Incurred claims expenses	**(4,038.3)**	**(3,653.9)**	**(384.4)**	**10.5%**
Claims Ratio %	89.4%	87.4%	2.0%	
Operating expenses	**(532.4)**	**(537.8)**	**5.4**	**(1.0%)**
Operating Expense Ratio %	11.8%	12.9%	(1.1%)	
Insurance service expenses	**(4,570.7)**	**(4,191.7)**	**(379.0)**	**9.0%**

Incurred Claims Expense

Claims expense increased by 11.5%, from $3,622.0 million in 2025 to $4,039.9 million in 2026. After adjusting for prior period provision releases in 2025, provides an adjusted and more normalised year-on-year growth of 10.5%. In 2026, the average hospital claims cost per service increased by 6.0%, driven by higher hospital inflation and changes in the mix of hospital services, while the hospital utilisation rate per unit remained broadly consistent with 2025. The increase in average hospital claims cost per service was particularly evident across heart and vascular, pregnancy, neurological and chemotherapy services.

Ancillary utilisation per unit increased by 1.9% in 2026 compared with 2025, due to continued strong demand for dental services, particularly More for You dental. The average ancillary claims cost per unit increased by 0.6%.

The risk equalisation result for 2026 was $72.3 million, an increase of $33.8 million compared with 2025. The increase was primarily due to a higher proportion of claims being allocated to the risk equalisation pool. The industry risk equalisation pool increased by 9.8% in 2026, up from 7.5% in 2025, reflecting broader claims cost pressures across the industry.

As at 30 June 2026, the balance for losses on onerous contracts was $12.8 million, an increase of $6.5 million compared with 2025. The increase was attributable to lower projected gross margins for this group of onerous contracts.

Operating Expense

In 2026, operating expenses decreased by $5.4 million to $532.4 million, with the operating expense ratio improving to 11.8% from 12.9% in 2025.

HCF maintained a disciplined approach to cost management during the year, while continuing to invest in new products to support members, enhancements to the digital member experience and the ongoing strengthening of cyber security capabilities. The reduction in operating expenses was partially offset by higher acquisition costs and the impact of general cost inflation.

INVESTMENT INCOME

Investment income decreased by $64.0 million to $152.2 million in 2026, following particularly strong 2025 investment returns.

Positive returns were achieved across all major asset classes, led by global equities, supported by Australian equities, defensive assets, and unlisted infrastructure. Market volatility during the year, including geopolitical tensions, higher energy prices and inflation concerns, moderated overall returns compared with 2025.

Financial position

	2026	2025	VARIANCE	VARIANCE
	$M	$M	$M	%
Total assets	3,523.9	3,383.9	140.0	4.1%
Total liabilities	(935.8)	(891.7)	(44.1)	4.9%
Net assets	**2,588.1**	**2,492.2**	**95.9**	**3.8%**
Net assets as a % of net insurance revenue	57%	60%		

In 2026, net assets increased by $95.9 million, or 3.8%, to $2,588.1 million. The increase comprised net profit after income tax of $87.8 million and an $8.2 million favourable revaluation of land and buildings. The key movements in financial position were:

- Assets: Investment assets increased by $145.1 million, supported by positive investment returns.
- Liabilities: Total liabilities increased by $44.1 million, primarily due to higher premiums paid in advance, claims payables and trade payables.

HCF's financial position and regulatory capital buffer remain strong under APRA's capital standards framework for the private health insurance industry, with a capital adequacy multiple of 2.42 as at 30 June 2026.

PERFORMANCE INDICATORS

Management and the Board oversee the Company's overall performance, from the implementation of its purpose and vision statements and strategic plan to the Group's performance against operating plans and financial budgets.

Together, the Board and Management have identified key performance measures to monitor performance. These performance measures include financial performance, member satisfaction, leadership effectiveness, risk culture and risk and compliance activities.

Senior Management regularly monitors these performance measures and report as appropriate to each Board and Committee meeting allowing sufficient time to actively monitor the Group's performance.

LIKELY DEVELOPMENTS

There are no likely developments in the Group entities known at the date of this report.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no other significant changes in the state of affairs of the Group during the period.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

No matters have occurred, other than those disclosed, after balance sheet date which have significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group.

OTHER CORPORATE INFORMATION

HCF is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the Company is wound up, the constitution states that each Member (previously 'Councillor') is required to contribute a maximum of $2 each towards meeting any outstanding obligations of the entity. At 30 June 2026, the collective liability of Members is $38 (2025: $46).

ENVIRONMENTAL

The Group has adhered to all environmental regulations governing its presence in the local government area where its branches and worksites are situated. This includes ensuring that all HCF Dental and Eyecare Centres meet their obligations under environmental protection and radiation control legislation, disposal of clinical waste and adherence to X-ray radiation standards. The Group was active in energy conservation, material recycling and waste reduction practices throughout the year. The Group's activities do not adversely impact on biodiversity of flora and wildlife habitats.

PARENT ENTITY FINANCIAL STATEMENTS

The Company has adopted ASIC 2021/195, issued by the Australian Securities and Investments Commission, permitting entities to continue to include parent entity financial statements in their financial reports. Entities taking advantage of the relief are not required to present the summary parent entity information otherwise required by regulation 2M.3.01 of the *Corporations Regulations 2001*.

ROUNDING

Unless otherwise stated, the amounts contained in this report and in the financial report have been rounded to the nearest $1,000 (where rounding is applicable) and where noted ($000) under the option available to the Company under Australian Securities and Investment Commission ('ASIC') Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Company is an entity to which the class order applies.

INDEMNIFICATION OF DIRECTORS

During or since the financial year, the Company has paid premiums in respect of contracts insuring any past, present or future Directors, Secretaries and other officers of the Company against certain liabilities. In accordance with common commercial practices, the insurance policies prohibit disclosure of the nature of the liabilities insured against and the amount of the premiums.

INDEMNIFICATION OF AUDITOR

To the extent permitted by law, the Company has agreed to indemnify its auditor, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year ended 30 June 2026.

DIRECTOR TENURE AND MEETING ATTENDANCE

The tenure of each Director, number of scheduled Board and Committee meetings held in the year ended 30 June 2026 and number of meetings attended by the Director including in their capacity as a member of the Committee (where relevant) is shown below.

DIRECTORS	TENURE	BOARD	AUDIT & FINANCE COMMITTEE MEETINGS	INVESTMENT COMMITTEE MEETINGS	RISK, COMPLIANCE & SUSTAINABILITY COMMITTEE MEETINGS	NOMINATION COMMITTEE MEETINGS	PEOPLE, CULTURE & REMUNERATION COMMITTEE MEETINGS
	YEARS[1]	ATTENDED					
Total numbers of meetings held		12	5	5	4	3	5
Independent Non-Executive Director							
A. King (Board Chair)	3	12	2	–	2	3	–
T. Agnew	6	12	–	–	–	3	5
J. Barrington	11	10	5	5	4	3	–
M. Bassingthwaighte	6	12	–	5	–	3	5
M. Compton	2	12	–	–	4	3	–
A. Hagan[3]	–	6	–	–	2	2	–
C. Hallinan	7	12	5	5	4	3	–
M. Johnson[2]	12	6	–	–	–	1	–
R. Low[3]	–	6	3	–	2	2	–
K. Price	2	11	–	–	–	3	5
Executive Director							
L. Thomas	1	11[4]	–	–	–	–	–

1. Completed years of service as at date of this report.
2. Mr Johnson retired as a non-executive director on 6 November 2025.
3. Ms Hagan and Ms Low were appointed as non-executive directors on 1 February 2026.
4. Ms Thomas was not required to attend one Board meeting.

HCF BOARD OF DIRECTORS

Annette King

FAICD, FIAA, BEcon (Actuarial)
Chair (from 7 November 2025), Non-Executive Director

Ms King was elected Chair of the Board of HCF in November 2025, having been a Non-Executive Director since 2022. Ms King is also Chair of the Nomination Committee.

Ms King is an experienced Non-Executive Director with extensive Asia Pacific experience across financial services and technology, including member-based organisations, large private companies (ASX100 equivalent), high-growth businesses and not-for-profit organisations. She has chaired Board committees responsible for audit, risk and compliance, people and culture, and nominations, and has served on technology and data, investment, insurance and other committees. She has prior experience as a CEO of a Significant Financial Institution. Her passion is helping businesses achieve sustainable growth through differentiated client and member experiences, supported by digital, technology and data enablement. She is a qualified actuary and formerly served as President and Chair of the Actuaries Institute.

Prior to becoming a non-executive director, she had a successful track record as a CEO, CFO and Chief Marketing Officer and VP of Client Centricity of significant financial institutions, as well as being a founder/entrepreneur. Ms King has served large, highly regulated multi-national companies (Swiss Re, AXA, Manulife, Mercer, MLC Superannuation) and innovative fintech companies (AFG, FNZ, Galileo Platforms). Her focus is on business growth through differentiated client and member experience, organisational culture and innovation via data, digital and technology enablement.

Her career commenced in a mutual, member-owned organisation and she has served on member organisations in the not-for-profit sector in Australia and Singapore, as well as being a (fiduciary) trustee director on superannuation funds with 2 million members and $200 billion in assets. In addition to responsibilities in Australia and New Zealand, Ms King has lived and worked for 14 years in Asia in both executive and non-executive director roles.

She currently serves on the boards of TAL Dai-ichi Life Australia Pty Ltd, TAL Life Limited, TAL Life Insurance Services Limited, Australian Finance Group (ASX:AFG) and U Ethical Investors. Her previous boards include Swiss Re, HCF Life Insurance Company Pty Ltd, MLC Superannuation, FNZ wealth management technology and Chair of Galileo Platforms. She is a member of the AICD's APRA Forum, a member of the Actuaries Institute Public Policy Council Committee and a member of Chief Executive Women. She was President of the Life Insurance Association of Singapore, served on the Singapore Actuarial Society and the Hong Kong Advisory Committee for the AICD.

She is a Fellow of the Actuaries Institute, a Fellow of the Australian Institute of Company Directors, and has a Bachelor of Economics from Macquarie University, majoring in actuarial science.

Terry Agnew

MBA, MSc, BE (Hons), FAICD, FAIM, SF Fin
Non-Executive Director

Mr Agnew was appointed to the Board of HCF in October 2019. Mr Agnew is Chair of the People, Culture & Remuneration Committee and a member of the Audit and Finance Committee and Nomination Committee. Mr Agnew joined the Board of HCF Life in December 2024 and was elected Chair in July 2026.

He is an experienced Director, Chair and CEO with a strong track record and involvement with successful and growing organisations. The strategic differentiation and sustainable success of these organisations is built on a foundation of brand, culture, safety and innovation. He has worked across a range of industries including insurance, financial services, travel and tourism, education, disability and care and membership organisations.

Mr Agnew is President of the WA Division of the Australian Institute of Company Directors. He is Chair of MDA National Insurance and was a Founding Member of CEOs for Gender Equity. He is a Pro-Chancellor of Curtin University Council and the Chair of the Kalgoorlie Campus Council which includes the Western Australian School of Mines. Additionally, he Chairs the Expert Advisory Panel of the AAA Road Safety Research Program. He is the former Chair of Flip Insurance Pty Ltd, the former Chair of the Business Council of Cooperatives and Mutuals (2017–2023), the former Deputy Chair of Infrastructure WA and a former Director of RAA Insurance.

Mr Agnew is a Fellow of the Australian Institute of Company Directors and of the Australian Institute of Management, a Senior Fellow of the Financial Services Institute of Australasia (FINSIA) and a Member of Engineers Australia (formally known as the Institution of Engineers Australia). Mr Agnew was educated in Adelaide, Perth and Boston and his qualifications include MBA, M.Sc., B.E. (Hons) and the Harvard AMP. He is an Honorary Doctor of Curtin University.

John Barrington

BComm, LLB, GDAFI, FAICD
Non-Executive Director

Mr Barrington was appointed to the Board of HCF in November 2014 and as a Director of the Corporate Trustee of the HCF Research Foundation in April 2017. Mr Barrington is a member of the HCF Risk, Compliance & Sustainability Committee (Chair from March 2015–July 2026), the Audit & Finance Committee, the Nomination Committee and the Investment Committee. He was Acting Managing Director of HCF between March and July 2017. He was appointed to the Board of HCF Life Insurance Company Pty Ltd in February 2019 and is a member of the HCF Life Risk & Compliance Committee (Chair from May 2019–June 2026) and the Audit & Finance Committee.

Mr Barrington was Principal of Barrington Legal, a Sydney law firm, with more than 40 years' experience in insurance law, superannuation, banking and finance. He was formerly General Counsel for the National Mutual Life Association, Chief Executive of CUNA Mutual Limited and Mutual Community Limited. Mr Barrington served as Chair of Intrinsic Value Investment Limited and Albert Court Aged Care Edgecliff. Until January 2017, he was Chair of Meridian Lawyers and a Director of Guild Group Holdings.

Mr Barrington brings deep expertise in financial services and private health insurance, including financial oversight, regulatory compliance, policy frameworks and governance. His experience includes advising clients, working in highly regulated organisations and serving as a Council Member of the Private Health Insurance Administration Council (PHIAC), giving him unique insights from industry and regulatory perspectives.

Michael Bassingthwaighte AM
FAICD
Non-Executive Director

Mr Bassingthwaighte was appointed to the Board of HCF in October 2019 and is a member of the Nomination Committee and the People, Culture & Remuneration Committee. He was appointed Chair of the Investment Committee in September 2023.

Mr Bassingthwaighte spent his entire executive career in private health insurance, having retired in mid-2018 after 36 years as CEO of Peoplecare Health Limited.

Mr Bassingthwaighte co-founded the IT company HAMB Systems Limited (HAMBS) and developed it as a collaborative provider of technology services for 24 health insurers. He was Chair of HAMBS from inception for 25 years, until 2018.

Mr Bassingthwaighte also co-founded the Australian Health Service Alliance (AHSA) which provides hospital and medical service contracting, data management and clinical advisory services for 28 health insurers. Through senior voluntary roles with Members Health Funds Alliance (MHFA), he made significant contributions to health policy development. Mr Bassingthwaighte is currently a Director of the Illawarra Retirement Trust (IRT), a large not-for-profit retirement village, aged care and home care service provider with centres in Sydney, Canberra, the Sunshine Coast in QLD and the Illawarra and South Coast of NSW.

Past Directorships include Coordinare (the Primary Health Network for South Eastern NSW), Defence Health, Members Own Health Funds, the Illawarra Business Chamber, the Illawarra Health and Medical Research Institute (IHMRI), the Australian Health Services Research Institute (AHSRI) and the NSW Health Funds Association. He also served as an industry advisor to PHIAC, the private health insurance regulator prior to its functions being transferred to APRA. Mr Bassingthwaighte is a Fellow of the Australian Institute of Company Directors, an Honorary Fellow of the University of Wollongong and was awarded a Member of the Order of Australia (AM) in 2013 for significant service to the private health insurance industry and the community of the Illawarra Region.

Mark Compton AM
BSc, MBA, FAICD, FCHSM, FAIM, FRS (NSW)
Non-Executive Director

Professor Compton was appointed to the Board of HCF in June 2024 and as a Director of the Corporate Trustee of the HCF Research Foundation in July 2024. Professor Compton is a member of the HCF Investment Committee, HCF Risk, Compliance & Sustainability Committee and HCF Nomination Committee.

Professor Compton is an experienced Non-Executive Director, Chairman and CEO, predominantly in healthcare and life sciences organisations in both listed and unlisted companies and in the not-for-profit sector. Through his diverse experiences in executive and non-executive roles, Professor Compton has developed a passion for values-driven organisations with a strong, positive corporate culture.

He previously served as Chairman of the Woolcock Institute of Medical Research. He was a Non-Executive Director of Macquarie University Hospital, Independent Practitioner Network Limited and the Australian Private Hospitals Association.

Professor Compton was appointed as a Non-Executive Director (from October 2014) and Chairman (from November 2015) of Sonic Healthcare Limited. He also chairs the Advisory Board of Communio Limited (NZ) and is Chairman of St Luke's Care, a not-for-profit health and aged care organisation (from November 2017).

Professor Compton's primary community commitment has been St John Ambulance, where he has served as a volunteer for 50 years. In June 2019, he was appointed Lord Prior of the worldwide Order and Chairman of St John International. Before his appointment as Lord Prior, Professor Compton was the national Chairman and Chancellor of the Order of St John in Australia.

Professor Compton is an Adjunct Professor in Healthcare Leadership at Macquarie Business School, Macquarie University, Sydney. He is a Fellow of the Australian Institute of Company Directors, the Australasian College of Health Services Management, the Australian Institute of Management and the Royal Society.

He was awarded the Centenary Medal of the Commonwealth of Australia for services to the community and was appointed a Member of the Order of Australia (AM) in January 2010 for services to health, hospitals, medical research and St John Ambulance. He was appointed as Knight in the Most Venerable Order of the Hospital of St John of Jerusalem (Order of St John) in 2004 and promoted to Bailiff Grand Cross of the Order of St John in 2017. He has also been awarded the Queens Platinum Jubilee Medal and the Coronation Medal at the coronation of His Majesty King Charles III.

Amanda Hagan (appointed 1 February 2026)
GAICD, SIA, BSc (Business Information Technology)
Non-Executive Director

Ms Hagan was appointed to the Board of HCF in February 2026. Ms Hagan is a member of the Risk, Compliance & Sustainability Committee, Nomination Committee and Chair of the Technology & Data Committee.

Ms Hagan has over 30 years' experience across financial services, healthcare, energy and technology, including CEO and executive leadership roles in private health insurance and retail energy. Her experience is evenly split between mutual organisations and privately owned and ASX-listed companies.

Ms Hagan has deep private health insurance experience, including more than 11 years as CEO of Healthcare at Australian Unity with responsibility for its retail and corporate health insurance, dental, optical, allied health and hospital in the home businesses.

Ms Hagan also served as a Group Executive of Technology/Chief Technology Officer at two APRA-regulated organisations, overseeing cyber security, architecture, technology operations, digital and data.

She has held board positions with the Australian Health Service Alliance, Ramsay Home Health, Members Own Health Funds, Private Healthcare Australia and 1st Group (ASX: 1ST).

Ms Hagan has over 30 years' experience in highly regulated, competitive retail markets, with expertise in brand, marketing, customer experience, channel optimisation, innovation and the use of technology and data to provide a competitive edge.

She also has deep experience in call centre and back-office operations, as well as organisational risk management and consumer regulation.

As the executive responsible for retail energy at Australia's fourth largest energy retailer, Ms Hagan led a major business transformation, including development of a new customer information system, customer portal and app, as well as data and call centre technology.

Ms Hagan holds a Bachelor of Science in Business Information Technology from the University of NSW and was a Co-op Scholar.

Catherine Hallinan
BA (Hons), MBA, SF Fin, FAICD
Non-Executive Director
Ms Hallinan was appointed to the Board of HCF in February 2019 and is Chair of the Risk, Compliance & Sustainability Committee, a member of the Audit & Finance Committee, the Nomination Committee, the Investment Committee and the Technology & Data Committee.

Ms Hallinan has extensive expertise across the financial services industry, spanning insurance, investments, banking, strategy and planning, and mergers and acquisitions.

She is currently a director of Insurance Manufacturers Australia and SCOR Global Life Australia. Ms Hallinan was Chair of the Board of HCF Life (2019–2026), having been appointed as a Non-Executive Director in June 2011. She has previously served as a Non-Executive Director for Flip Insurance Pty Ltd (2021–2025), St. Catherine's Aged Care Services, Lawcover Insurance Pty Limited and as Chair of Gateway Bank. Her former executive roles included General Manager, Wealth Strategy at St George Bank and General Manager, Investment Management & Life at Zurich Australia.

Mark Johnson
(retired 6 November 2025)
BComm, FCA, CPA, FAICD
Non-Executive Director
Mr Johnson was elected Chair of the Board of HCF in July 2019, having been a Non-Executive Director since November 2013 and retired in November 2025.

He previously served as PwC CEO and Asian Deputy Chair from June 2008 to July 2012. Prior to becoming CEO, he held several leadership positions at PwC Australia including National Managing Partner – Businesses, Managing Partner of the Assurance line of service, Managing Partner Assurance and Business Advisory Services and leader Consumer and Industrial Products. In these roles, he served on a number of global firm committees.

Mr Johnson is currently a Director of SGH Limited, Goodman Limited, Goodman Funds Management Limited, Aurecon Limited, Metcash Limited and Sydney Airport Corporation Limited. In the community, he is a member of the Council of University of New South Wales, Sydney.

He was on the Board of HCF Life (2023–2025), Boral Limited until July 2024, The Smith Family until November 2023, on the Board of Partners of Corrs Chambers Westgarth until March 2022, Chairman of G8 Education Limited until November 2021, a Director of Coca-Cola Amatil Limited until May 2021, Westfield Corporation Limited until June 2018, Chair of the Advisory Board to Willis Towers Watson in Australasia until December 2016 and a Director of HSBC Bank Australia until April 2017.

Mr Johnson was a member of the Australian Auditing and Assurance Standards Board, the Business Council of Australia (and of its Healthy Australia Taskforce) and was Deputy Chair of the Finance and Reporting Committee of the Australian Institute of Company Directors.

Robin Low (appointed 1 February 2026)
FCA, FAICD, BCom
Non-Executive Director
Ms Low was appointed to the Board of HCF in February 2026. Ms Low is Chair of the HCF Audit & Finance Committee and a member of the HCF Risk, Compliance & Sustainability Committee, HCF Nomination Committee and HCF Technology & Data Committee. Ms Low was also appointed to the Board of HCF Life in February 2026. Ms Low is Chair of the HCF Life Audit & Finance Committee and a member of the HCF Life Risk & Compliance Committee.

Ms Low is an experienced non-executive director with extensive experience on the boards of ASX-listed companies, Federal Government entities and not-for-profit companies. Ms Low was with PricewaterhouseCoopers (PwC) for over 27 years where she was a partner in audit and risk, specialising in financial services, in particular audit, risk and mergers and acquisitions of insurance companies. In her career with PwC, Ms Low worked with leading financial institutions in Australia and the UK.

Since leaving PwC over ten years ago, she has served on six ASX-listed company boards, two Federal Government entities and a number of not-for-profit organisations. Ms Low is drawn to organisations where she has a strong alignment to their purpose and believes in their sustainable growth prospects.

Ms Low's current ASX-listed company board roles are with Appen Limited and Articore Limited. She has previously served on the boards of ASX listed companies: AUB Group Limited, IPH Limited, Marley Spoon SE and CSG Limited. She has chaired the audit and risk committee for all these organisations. She has also been a member of a number of listed company people and culture committees and currently chairs a listed company people and culture committee.

Ms Low's other board appointments have included Australian Reinsurance Pool Corporation and the Auditing and Assurance Standards Board, where she was Deputy Chair. In the not-for-profit sector, her current board appointments include Guide Dogs NSW/ACT, the Sax Institute and Yalari. Her past not-for-profit appointments include Sydney Medical School Foundation, Public Education Foundation, Primary Ethics and YWCA. She currently serves on the University of Sydney Finance Committee. She is a member of the Australian Institute of Company Directors (AICD) Reporting Committee and is an AICD mentor.

Ms Low is a Fellow of Chartered Accountants Australia and New Zealand and a Fellow of the AICD. She holds a Bachelor of Commerce from the University of New South Wales, Sydney. She is a former registered company auditor and was approved to audit life and general insurance companies.

Karen Price
MBBS, PhD, FRACGP
Non-Executive Director
Adj Professor Karen Price was appointed to the Board of HCF in November 2023 and is a member of the Nomination Committee, the People, Culture & Remuneration Committee and the Technology & Data Committee. She was appointed Chair of the Corporate Trustee of the HCF Research Foundation in November 2025, having been a Non-Executive Director since November 2023.

Professor Price, PhD Monash, is the past President of the RACGP (2020–2022). She's a clinician of 30 years, including successful small business ownership, medical director of a corporate practice and now working in a multi-doctor practice with team-based allied health, and non-GP medical specialists.

She sat on the national board of the RACGP during 2020–2022, which is a 50,000+ member-led not-for-profit organisation. This included serving the national finance and risk committee, the people culture and remuneration committee and the federal elections and advocacy committee.

Prior to this, Adj Professor Price was Deputy Chair of the Victorian Council and RACGP Victorian Chair of the Women in General Practice. These roles involved high-level strategic decision making, while managing risk and effective delivery of member-focused outcomes. There was also a considerable role in national media including public and private meetings with the Prime Minister, federal and state health ministers, and federal and state health department staff to deliver health system outcomes for the Australian people. She participated in the 10-year primary healthcare plan, the Medicare taskforce and the inaugural 10-year cancer roundtable for improving patient-focused outcomes.

Adj Professor Price has a PhD on GP collaborative practices and is involved in ongoing research projects. She will be serving in a voluntary capacity on the inaugural Innovation and Enterprise Advisory Board at Melbourne University, Faculty of Medicine.

She won the inaugural leadership and health advocacy award from the Australian Federation of Medical Women in 2021, a Family Medicine research award in 2016 and a medical student teaching award in 2011 and was added to the AMA honour roll of fellows for outstanding services to the medical community in 2026. Her abiding interest remains the power of human collaboration and potential, her family and values-based living.

She has served as a Non-Executive Director of the World Organisation of Family Doctors in 2023–2025, a Global Family Doctors and not-for-profit organisation promoting equitable healthcare around the world and is serving on the AMA Victorian GP policy advisory committee after recently completing a term at AMA Federal Council as Chair of AMA GP Council. She continues moderating and facilitating her own GP education forum, "GP's Down Under," which is a registered charity in a voluntary capacity.

Lorraine Thomas
University of Portsmouth (UK), H.N.D, Geography
Chief Executive Officer and Managing Director
Ms Thomas was appointed as CEO & Managing Director of HCF in July 2025, bringing more than a decade of deep experience within the organisation. Having joined HCF in early 2015, she has held various roles, including Chief Officer Product & Innovation, Chief Officer Product & Diversified Business and Chief Operating Officer. Ms Thomas was appointed as a Director of HCF Life Insurance Company Pty Ltd, Flip Insurance Pty Ltd (a wholly owned subsidiary of HCF Life), and as a Director of the Corporate Trustee of The HCF Research Foundation on 1 July 2025.

Ms Thomas has over 20 years' experience in innovative, customer-centric product delivery and business strategy. She has played a key role in driving organisational transformation, leading high-performing teams to achieve outstanding results, and improving member outcomes through innovation and service excellence. Responsible for Product Innovation, HCF Life and HCF's International Business, she has also led key strategic initiatives supporting HCF's 2025 Strategy.

Known for her inclusive leadership style and long-term vision, Ms Thomas remains committed to putting members at the heart of everything HCF does and building a healthier future for Australians by expanding access to affordable, high-quality care.

Ms Thomas' appointment reflects HCF's ongoing commitment to leadership continuity, member-first values and long-term sustainability.

As CEO & Managing Director, Ms Thomas will focus on delivering HCF's 2030 strategy, investing in digital capability, strengthening partnerships across the health system and continuing to advocate for fairness in private health insurance.

Ms Thomas is a Director of Private Healthcare Australia and Members Health Fund Alliance Limited.

COMPANY SECRETARY

Nathan Francis
BBus, CA, FGIA, FCIS, GAICD
Company Secretary
Mr Francis joined HCF as Company Secretary in February 2019. He is a Chartered Accountant and Chartered Secretary with over 20 years' experience spanning health insurance, financial services and funds management. Prior to joining HCF, Mr Francis held senior executive governance and finance roles with ANZ, RT Health Fund and Charter Hall Group, having commenced his career in assurance advisory roles at PwC.

We have obtained an independence declaration from our auditors, Ernst & Young, which is set out below and forms part of the Directors' Report for the year ended 30 June 2026.

Signed in accordance with a resolution of the Directors.



Annette King

Chair
Sydney
3 September 2026

Shape the future
with confidence

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Auditor's independence declaration to the directors of The Hospitals Contribution Fund of Australia Ltd

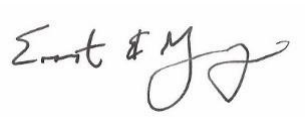
As lead auditor for the audit of the financial report of The Hospitals Contribution Fund of Australia Ltd for the financial year ended 30 June 2026, I declare to the best of my knowledge and belief, there have been:

a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;

b. No contraventions of any applicable code of professional conduct in relation to the audit; and

c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

This declaration is in respect of The Hospitals Contribution Fund of Australia Ltd and the entities it controlled during the financial year.



Ernst & Young



Kieren Cummings
Partner
3 September 2026

A member firm of Ernst & Young Global Limited
Liability limited by a scheme approved under Professional Standards Legislation

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

STATEMENT OF COMPREHENSIVE INCOME	NOTE	CONSOLIDATED		PARENT	
		2026 $000	2025 $000	2026 $000	2025 $000
Insurance revenue	1	**4,518,450**	4,182,016	**4,472,898**	4,136,931
Insurance service expenses	2	**(4,570,743)**	(4,191,746)	**(4,535,334)**	(4,155,476)
Insurance service result before reinsurance contracts held		**(52,293)**	(9,730)	**(62,436)**	(18,545)
Outwards reinsurance premium expenses	2	**(2,922)**	(2,737)	**-**	-
Reinsurance recoveries	1	**3,160**	1,633	**-**	-
Net expenses from reinsurance contracts held		**238**	(1,104)	**-**	-
Insurance service result		**(52,055)**	(10,834)	**(62,436)**	(18,545)
Investment income	1	**151,925**	216,707	**146,609**	209,911
Insurance finance income/(expenses)	1, 2	**62**	(119)	**-**	-
Reinsurance finance income/(expenses)	1, 2	**179**	(362)	**-**	-
Net insurance and investment result		**100,111**	205,392	**84,173**	**191,366**
Revenue from contracts with customers	1	**25,838**	26,125	**29,126**	29,768
Other income	1	**5,154**	7,075	**5,226**	6,903
Other expenses	2	**(41,646)**	(40,309)	**(35,005)**	(37,465)
Profit before income tax		**89,457**	198,283	**83,520**	190,572
Income tax expense	3(a)	**(1,684)**	(2,948)	**-**	-
Net profit after income tax		**87,773**	195,335	**83,520**	190,572
Other comprehensive income and expense, net of tax. Will not be reclassified subsequently to profit or loss:					
Fair value revaluation of land and buildings		**8,204**	6,715	**8,204**	6,715
Other comprehensive income, net of tax		**8,204**	6,715	**8,204**	6,715
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**95,977**	202,050	**91,724**	197,287

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION	NOTE	CONSOLIDATED		PARENT	
		2026 $000	2025 $000	2026 $000	2025 $000
Assets					
Cash and cash equivalents	4(b)	**77,336**	36,287	**66,482**	23,738
Financial assets at fair value through profit or loss	5	**2,974,968**	2,835,135	**2,974,968**	2,835,135
Investments relating to HCF Life Insurance Business		**94,035**	88,728	**-**	-
Trade receivables and other assets	6	**25,217**	29,116	**27,844**	31,877
Inventories		**323**	354	**323**	354
Reinsurance contract assets		**90**	-	**-**	-
Assets held for sale	14	**-**	42,314	**-**	34,035
Deferred tax assets	3(c)	**3,094**	4,851	**-**	-
Property, plant and equipment	7	**215,122**	208,524	**215,122**	208,524
Right-of-use assets	8	**27,859**	31,593	**27,859**	31,593
Investments in controlled entities	16	**-**	-	**26,000**	36,234
Intangible assets and goodwill	9	**105,873**	106,952	**105,873**	106,952
Total assets		**3,523,917**	3,383,854	**3,444,471**	3,308,442
Liabilities					
Trade creditors and other payables	10	**60,051**	69,531	**55,952**	65,907
Insurance contract liabilities	11	**798,813**	740,516	**787,556**	730,294
Reinsurance contract liabilities		**-**	305	**-**	-
Current tax liabilities	3(d)	**27**	1,522	**-**	-
Provisions	12	**43,703**	41,837	**42,712**	40,917
Lease liabilities	8	**33,178**	37,975	**33,178**	37,975
Total liabilities		**935,772**	891,686	**919,398**	875,093
Net assets		**2,588,145**	2,492,168	**2,525,073**	2,433,349
Equity					
Reserves		**218,173**	209,969	**212,034**	203,830
Retained earnings		**2,369,972**	2,282,199	**2,313,039**	2,229,519
TOTAL EQUITY		**2,588,145**	2,492,168	**2,525,073**	2,433,349

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY	NOTE	CONSOLIDATED		PARENT	
		2026 $000	2025 $000	2026 $000	2025 $000
Retained earnings					
Balance at start of the year		**2,282,199**	2,086,864	**2,229,519**	2,038,947
Net profit after income tax		**87,773**	195,335	**83,520**	190,572
Balance at end of the year		**2,369,972**	2,282,199	**2,313,039**	2,229,519
Asset revaluation reserve[1]					
Balance at start of the year		**156,803**	150,088	**150,664**	143,949
Fair value revaluation of land and buildings - will not be reclassified subsequently to profit or loss		**8,204**	6,715	**8,204**	6,715
Balance at end of the year		**165,007**	156,803	**158,868**	150,664
General reserve[2]					
Balance at start of the year		**53,166**	53,166	**53,166**	53,166
Balance at end of the year		**53,166**	53,166	**53,166**	53,166
Total equity					
Balance at start of the year		**2,492,168**	2,290,118	**2,433,349**	2,236,062
Total comprehensive income		**95,977**	202,050	**91,724**	197,287
BALANCE AT END OF THE YEAR		**2,588,145**	2,492,168	**2,525,073**	2,433,349

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

1 The asset revaluation reserve is used to record changes in the fair value of land and buildings.

2 The Group entered into a merger with RT Health group, and its assets and liabilities were transferred to the Group on 1 November 2021.

FOR THE YEAR ENDED 30 JUNE 2026

STATEMENT OF CASH FLOWS	NOTE	CONSOLIDATED		PARENT	
		2026 $000	2025 $000	2026 $000	2025 $000
Cash flows from operating activities					
Premiums received relating to insurance contracts		**4,545,927**	4,234,934	**4,500,006**	4,189,640
Payments made in respect of insurance contracts		**(4,087,388)**	(3,688,547)	**(4,072,932)**	(3,675,566)
Risk equalisation receipts		**66,433**	50,928	**66,433**	50,928
Payments to suppliers and employees		**(539,129)**	(558,989)	**(509,661)**	(529,205)
Interest received		**10,114**	5,977	**3,023**	3,797
Income tax (paid)/refunded		**(1,423)**	253	**–**	–
Rental received		**5,196**	6,626	**5,196**	6,626
Receipts from contracts with customers		**28,681**	29,655	**29,156**	30,045
Interest repayments of lease liabilities		**(1,586)**	(1,631)	**(1,586)**	(1,631)
Net cash flows from operating activities	4(a)	**26,825**	79,206	**19,635**	74,634
Cash flows from investing activities					
Proceeds of sale on property, plant and equipment		**84**	127	**84**	127
Proceeds from sale of investments		**155,000**	59,593	**155,000**	59,593
Purchases of investments		**(158,176)**	(155,477)	**(151,538)**	(152,199)
Purchases of property, plant, equipment and software		**(11,198)**	(17,697)	**(11,198)**	(17,697)
Dividend received		**–**	–	**10,526**	–
Proceeds of sale on investment property	15	**42,314**	–	**34,035**	–
Net cash flows from/(used for) investing activities		**28,024**	(113,454)	**36,909**	(110,176)
Cash flows from financing activities					
Principal repayments of lease liabilities		**(13,800)**	(13,537)	**(13,800)**	(13,537)
Net cash flows used for financing activities		**(13,800)**	(13,537)	**(13,800)**	(13,537)
Net increase/(decrease) in cash and cash equivalents		**41,049**	(47,785)	**42,744**	(49,079)
Cash and cash equivalents at start of the year		**36,287**	84,072	**23,738**	72,817
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	4(b)	**77,336**	36,287	**66,482**	23,738

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

ABOUT THIS REPORT

The Hospitals Contribution Fund of Australia Ltd (referred to as the 'Company', 'Parent Entity' or 'HCF') is a company limited by guarantee. It operates on a not-for-profit basis and is incorporated in Australia in the state of New South Wales. The registered address of the Company is 403 George Street, Sydney, NSW, 2000.

The table below summarises the group structure of The Hospitals Contribution Fund of Australia Ltd and the entities it controls.

The Company	Refers to The Hospitals Contribution Fund of Australia Ltd as the parent entity and the ultimate parent entity. It provides private health insurance and operates dental and eyecare centres. Also referred to throughout this report as the 'Parent Entity' or 'HCF'.
The Group	Refers to the consolidated entity, consisting of The Hospitals Contribution Fund of Australia Ltd and its subsidiaries. HCF has wholly-owned investments in HCF Life Insurance Company Pty Ltd ('HCF Life'), including its subsidiary Flip Insurance Pty Ltd ('Flip Insurance'), Manchester Unity Australia Pty Ltd ('Manchester Unity'), Railway and Transport Health Fund Pty Ltd ('RT Health').

The financial report is a general purpose financial report which:

- has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB);
- has been prepared on a historical cost basis, except for financial instruments, certain classes of property, plant and equipment and investment properties which have been measured at fair value;
- is presented in Australian dollars with all values rounded to the nearest thousand dollars ($000) unless otherwise stated, in accordance with ASIC Corporations (Rounding in Financial/ Directors' Reports) Instrument 2016/191;
- presents reclassified comparative information where required for consistency with the current year's presentation;
- adopts all new and amended Accounting Standards and Interpretations issued by the AASB that are relevant to the operations of the Group and effective for reporting periods beginning on or after 1 July 2025. Refer to Note 24 for further details; and
- does not early adopt any Accounting Standards and Interpretations that have been issued or amended but are not yet effective unless otherwise stated. Refer to Note 24 for further details.

BASIS OF CONSOLIDATION

The Hospitals Contribution Fund of Australia Ltd and its subsidiaries together are referred to in this financial report as the 'Group' or the 'consolidated entity'. 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 over 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.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group except where these may be required by accounting standards.

HCF LIFE INSURANCE

The Group's life insurance operations are conducted within separate statutory funds of HCF Life Insurance Company Pty Ltd as required by the *Life Insurance Act 1995*. The assets, liabilities, revenue and expenses of the life funds are included within the consolidated financial statements. Transactions and outstanding balances between HCF Life and other entities within the Group are eliminated.

PARENT ENTITY FINANCIAL STATEMENTS

The Company has adopted ASIC 2021/195, issued by the Australian Securities and Investments Commission, permitting entities to continue to include parent entity financial statements in their financial reports. Entities taking advantage of the relief are not required to present the summary parent entity information otherwise required by regulation *2M.3.01 of the Corporations Regulations 2001*.

FOREIGN CURRENCY

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the Statement of Financial Position date. Exchange differences arising from the application of these procedures are taken to the Statement of Comprehensive Income.

OTHER ACCOUNTING POLICIES

Material and other accounting policies that summarise the measurement basis used are relevant to an understanding of the financial statements and are provided throughout the notes to the financial statements.

KEY JUDGEMENTS AND ESTIMATES

In the process of applying the Group's accounting policies, management has made a number of judgements and applied estimates of future events. Judgements and estimates which are material to the financial report are found in the following notes:

- Note 3. Income Tax
- Note 7. Property, Plant and Equipment
- Note 8. Right-of-Use Assets and Lease Liabilities
- Note 9. Intangible Assets and Goodwill
- Note 11. Insurance Contract Liabilities
- Note 12. Provisions
- Note 13. Employee Entitlements and Superannuation Commitments
- Note 14. Assets Held for Sale

The notes include information which is required to understand the financial statements and is material and relevant to the operations, financial position and performance of the Group. Information is considered material and relevant if:

- the amount in question is significant because of its size or nature;
- it is important for understanding the results of the Group;
- it helps to explain the impact of significant changes in the Group's business - for example, acquisitions and impairment, write-downs; or
- it relates to an aspect of the Group's operations that is important to its future performance.

The notes are organised into the following sections:

- **Key numbers** provides a breakdown of individual line items in the financial statements that the Directors consider most relevant and summarises the accounting policies, judgements and estimates relevant to understanding these line items.
- **Risk** discusses the Group's exposure to various financial risks, explains how these affect the Group's financial position and performance and what the Group does to manage these risks.
- **Group structure** explains aspects of the Group structure and how changes have affected the financial position and performance of the Group.
- **Unrecognised items** provides information about items that are not recognised in the financial statements but could potentially have an impact on the Group's financial position and performance; and relates to an aspect of the Group's operations that is important to its future performance.
- **Other** provides information on items which require disclosure to comply with Australian Accounting Standards and other regulatory pronouncements however, are not considered critical in understanding the financial performance or position of the Group.

1. INCOME

	NOTE	CONSOLIDATED		PARENT	
		2026 $000	2025 $000	2026 $000	2025 $000
(a) Health insurance:					
Insurance revenue		**4,472,898**	4,136,931	**4,472,898**	4,136,931
Investment, revenue from contracts with customers, and other income:					
Distribution income		**302,479**	144,628	**302,479**	144,628
Movement in financial assets at fair value through profit or loss		**(15,554)**	1,456	**(25,788)**	1,456
Changes in value of investment property through profit or loss		**-**	(493)	**-**	(493)
Changes in fair value of investment in unit trusts		**(143,631)**	60,523	**(143,631)**	60,523
Interest income		**3,023**	3,797	**3,023**	3,797
Dividend income		**-**	-	**10,526**	-
Total investment income		**146,317**	209,911	**146,609**	209,911
Revenue from contracts with customers		**25,837**	26,032	**29,126**	29,768
Rent income		**4,943**	6,373	**5,196**	6,626
Gain on disposal of property, plant, equipment, intangible assets, and assets held for sale		**5**	51	**5**	51
Other		**25**	226	**25**	226
Total revenue from contracts with customers and other income		**30,810**	32,682	**34,352**	36,671
TOTAL HEALTH INSURANCE INCOME		**4,650,025**	4,379,524	**4,653,859**	4,383,513
(b) Manchester Unity:					
Changes in value of investment property through profit or loss		**-**	90	**-**	-
Interest income		**43**	141	**-**	-
Total investment income		**43**	231	**-**	-
Rent income		**(5)**	265	**-**	-
Revenue from contracts with customers		**1**	93	**-**	-
Gain on disposal of assets held for sale		**1**	-	**-**	-
Total other income		**(3)**	358	**-**	-
TOTAL MANCHESTER UNITY INCOME		**40**	589	**-**	-

1. INCOME (CONTINUED)

	NOTE	CONSOLIDATED		PARENT	
		2026 $000	2025 $000	2026 $000	2025 $000
(c) HCF Life Insurance:					
Insurance revenue		**45,552**	45,085	**-**	-
Reinsurance recoveries		**3,160**	1,633	**-**	-
Investment and other income:					
Distribution income		**7,257**	3,856	**-**	-
Movements in financial assets at fair value through profit or loss		**(5,010)**	1,603	**-**	-
Interest income		**3,318**	1,106	**-**	-
Total investment income		**5,565**	6,565	**-**	**-**
Insurance finance income		**62**	-	**-**	-
Reinsurance finance income		**179**	-	**-**	-
Total net insurance finance income		**241**	-	**-**	**-**
Other income		**185**	160	**-**	-
Total other income		**185**	160	**-**	-
Total HCF Life income		**54,703**	**53,443**	**-**	-
TOTAL INCOME		**4,704,768**	4,433,556	**4,653,859**	4,383,513

Recognition and measurement

Revenue

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

(i) Insurance revenue

Insurance revenue comprises the amount of expected premium receipts from policyholders, inclusive of the government rebate allocated to the period. The Group allocates the expected premium receipts to each period of insurance contract services on the basis of the passage of time. If the expected pattern of release of risk during the coverage period differs significantly from the passage of time, then the allocation is made on the basis of the expected timing of incurred insurance service expenses. The Group changes the basis of allocation between the two methods as necessary, if facts and circumstances change. The change is accounted for prospectively as a change in accounting estimate.

For the periods presented, all revenue has been recognised on the basis of the passage of time.

When a policyholder has been made involuntarily unemployed, the Group may pay the premium on behalf of the policyholder for up to 6 months and claim the private health insurance rebate from the Australian government.

(ii) Revenue from contracts with customers

Revenue from contracts with customers are generated predominantly from the provision of services in dental and eyecare centres, and insurance commissions earned for promoting to purchase travel, pet and life insurance to policyholders. Dental and eyecare centre revenue is recognised as the services are provided to the customers. Insurance commission income is recognised at the point in time where the contracted performance obligation with the insurer has been completed and it is probable that HCF will receive the revenue in relation to the underlying consumer. This point in time is where a policyholder is signed up to purchase the insurance policy.

Income

(i) Distribution income

Distribution income is recognised when the Group's right to receive the income is established.

(ii) Movement in financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets designated as fair value through profit and loss at initial recognition. Gains or losses arising from changes in the fair values of financial assets at fair value through profit or loss are included in the Statement of Comprehensive Income in the year in which they arise.

(iii) Changes in value of investment property through profit or loss

Fair value gains/losses on investment properties are recognised in the Statement of Comprehensive Income when they are remeasured.

(iv) Changes in fair value of investment in unit trusts

Changes in the fair value of investment in unit trusts are calculated as the difference between the fair value at sale, or at balance date, and the fair value at the previous valuation point and are recognised in the Statement of Comprehensive Income. The investment in the unit trust is recorded at the redemption value per unit as reported by the investment managers of the trust.

(v) Dividend income

Dividend income is recognised in the Statement of Comprehensive Income when the Group's right to receive payments is established.

(vi) Interest income

Interest income is recognised using the effective interest rate method, which applies the interest rate that discounts exactly the estimated future cash receipts over the expected life of the financial instrument, or a shorter period, where appropriate, to the net carrying amount of the financial instrument.

(vii) Rent income

Rent income consists of rent from properties owned by the Group. Rent received under operating leases and initial direct costs are recognised on a straight-line basis over the term of the lease.

2. EXPENSES

	NOTE	CONSOLIDATED		PARENT	
		2026 $000	2025 $000	2026 $000	2025 $000
Expenses as presented in the Statement of Comprehensive Income					
Direct claims expenses		**4,014,842**	3,637,517	**3,998,852**	3,621,436
Health benefits risk equalisation special account recoveries		**(72,301)**	(38,494)	**(72,301)**	(38,494)
State ambulance levies		**64,235**	64,455	**64,235**	64,455
Movement in insurance contract liabilities for incurred claims		**25,021**	(15,493)	**23,778**	(14,599)
Losses on onerous contracts and reversals of those losses		**6,503**	5,869	**6,376**	5,896
Incurred claims expenses		**4,038,300**	3,653,854	**4,020,940**	3,638,694
Insurance acquisition cash flows recognised when incurred		**162,039**	144,614	**162,039**	144,614
Amortisation of insurance acquisition cash flows		**530**	481	**–**	–
Other insurance service expenses		**369,874**	392,797	**352,355**	372,168
Insurance service expenses		**4,570,743**	4,191,746	**4,535,334**	4,155,476
Outward reinsurance expense		**2,922**	2,737	**–**	–
Insurance finance expenses		**–**	119	**–**	–
Reinsurance finance expense		**–**	362	**–**	–
Other expenses		**41,646**	40,309	**35,005**	37,465
TOTAL EXPENSES		**4,615,311**	4,235,273	**4,570,339**	4,192,941
The total expenses shown above includes the following key items, disclosed by nature:					
Salaries and employee benefits		**321,059**	311,182	**311,715**	303,436
Rental lease expenses		**1,529**	1,131	**1,529**	1,131
Depreciation and amortisation of:					
• Property, plant and equipment	7	**12,725**	11,732	**12,725**	11,730
• Right-of-use assets	8	**12,736**	13,004	**12,736**	13,004
• Intangible assets	9	**1,079**	1,089	**1,079**	1,089

Recognition and measurement

Expenses

Expenses are consumptions or losses of future economic benefits in the form of reductions in assets or increases in liabilities of the Group.

An expense is recognised to the extent that is probable that the consumption or loss of future economic benefits resulting in a reduction in assets and/or an increase in liabilities has occurred and can be measured reliably.

Claims expense

The claims expense represents current period claims payments during the year, adjusted by the movement in insurance contract liabilities for incurred claims.

Claims are recognised when the liability to the policyholder under the policy contract has been established or upon notification of the insured event. Claims incurred that relate to the provision of services or bearing of risks are treated as expenses and these are recognised on an accrual basis once the liability to the policyholder has been established under the terms of the contract.

State ambulance levies

State ambulance levies are amounts payable by private health insurance companies to the New South Wales and Australian Capital Territory governments for ambulance cover, calculated based on the number and type of private health insurance contributions relating to hospital treatment cover.

2. EXPENSES (CONTINUED)

Health benefits risk equalisation special account (recoveries)/levies

Under the provisions of the *Private Health Insurance Act 2007* all health insurers must participate in the Risk Equalisation Special Account ('RESA').

RESA represents expenses incurred or recovered under Risk Equalisation Trust Fund arrangements based upon an industry survey of eligible claims based upon both age and size of the claim.

The final amounts receivable/payable from the RESA are determined by APRA after the end of each calendar quarter. Estimated provisions for amounts payable and income receivable are provided for periods where determinations have not been made and are recognised in the Liabilities on Incurred Claims within Insurance Contract Liabilities on an accrual basis.

Movement in insurance contract liabilities for incurred claims

Movement in insurance contract liabilities for incurred claims show changes in expected cash flows for insured events that have occurred and release of the risk adjustment.

Losses on onerous contracts and reversals of those losses

To identify potentially onerous contracts, the Group has considered information reviewed by senior management in monitoring financial performance. The Group assumes that no insurance contracts measured under Premium Allocation Approach (PAA) are onerous at initial recognition. Where facts and circumstances are identified that may indicate an onerous contract exists, detailed testing is performed.

The Group recognises losses on onerous contracts by establishing a loss component, valued as the excess of the estimated fulfilment cash flows that relate to the remaining coverage of the group of contracts over the carrying amount of the liability for remaining coverage (LFRC). In subsequent periods, the loss component is reassessed, and any movements are recognised within the Statement of Comprehensive Income.

Insurance acquisition cash flows

Insurance acquisition cash flows arise from the costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) that are directly attributable to the portfolio of insurance contracts to which the group belongs.

For groups of contracts where all contracts have a coverage period of one year or less, the Group has taken the policy decision available to expense insurance acquisition cash flows as incurred. Where the contracts within a group have a coverage period that is greater than one year, this policy choice is not available and these amounts are deferred. Deferred insurance acquisition cash flows are allocated on a systemic and rational basis to the group of insurance contracts to which the insurance contracts are initially allocated and to any expected future renewals of this group of insurance contracts.

Where insurance acquisition cash flows have been paid or incurred before the related group of insurance contracts is recognised in the statement of financial position, a separate asset for insurance acquisition cash flows is recognised for each related group. The asset for insurance acquisition cash flow is derecognised from the Statement of Financial Position when the insurance acquisition cash flows are included in the initial measurement of the related group of insurance contracts.

Insurance services expenses

The Group classifies the majority of expenses incurred by insurance entities within insurance service expenses, except for those not directly attributable to insurance contracts.

Salaries and employee benefits

Salaries and employee benefits include salaries and wages, annual leave and long service leave, parental leave, incentives, and termination payments to employees.

Depreciation and amortisation

Refer to Notes 7, 8 and 9 for details on depreciation and amortisation.

Rental lease expenses

Rental lease expenses include leases on holdover period, low-value leases, and other variable lease expenses recognised under AASB 16. Holdover periods relate to periods when, for a variety of reasons, the Group continues to occupy the property beyond the legally agreed lease term, and generally the lessee and the lessor each have an option to terminate the lease by giving a notice without permission from the other party, or both parties must agree to extend. Holdover periods are cancellable periods until a new lease contract is signed, and would not be enforceable, and as such, these periods are excluded from the lease term.

3. INCOME TAX

	NOTE	CONSOLIDATED		PARENT	
		2026 $000	2025 $000	2026 $000	2025 $000
(a) Income tax expense					
The composition of the total income tax expense is as follows:					
Total current income tax expense		**3,194**	3,562	**-**	-
Deferred income tax attributable to future years:					
• Deferred income tax		**(1,333)**	(887)	**-**	-
• Relating to origination and reversal of temporary differences		**(132)**	273	**-**	-
Over provision for the previous year - charged to profit or loss		**(45)**	-	**-**	-
Income tax expense reported in the Statement of Comprehensive Income		**1,684**	2,948	**-**	-
(b) A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the company's applicable income tax rate is as follows:					
Accounting profit before income tax		**89,457**	198,283	**83,520**	190,572
At the company statutory income tax rate of 30% (2025: 30%)		**26,838**	59,485	**25,055**	57,171
Non-assessable income		**(24,968)**	(57,171)	**(25,055)**	(57,171)
Tax effect of amounts which are not deductible in calculating taxable income:		**-**	75	**-**	-
Tax offsets and credits		**(156)**	(139)	**-**	-
Non-deductible items		**1**	225	**-**	-
Other items		**14**	-	**-**	-
(Over)/under provision for the previous years		**(45)**	473	**-**	-
Income tax expense reported in the Statement of Comprehensive Income		**1,684**	2,948	**-**	-
(c) Movements in deferred tax assets and liabilities					
Balance at start of the year		**4,851**	6,531	**-**	-
Charged to profit or loss		**1,516**	(160)	**-**	-
Transfer from current tax liability		**(3,273)**	(1,520)	**-**	-
Balance at end of the year		**3,094**	4,851	**-**	-
Amounts recognised in the Statement of Financial Position:					
Deferred tax assets		**3,094**	4,851	**-**	-
Balance at end of the year		**3,094**	4,851	**-**	-
Deferred income tax at 30 June relates to the following:					
(i) Deferred tax assets					
Revaluations of financial assets held at fair value through profit or loss		**860**	(474)	**-**	-
Temporary timing differences[1]		**1,015**	884	**-**	-
Tax losses carried forward		**1,219**	4,441	**-**	-
Gross deferred tax assets		**3,094**	4,851	**-**	-
Net deferred tax		**3,094**	4,851	**-**	-

1 Relates to Flip Insurance capital costs that are deductible over 5 years in accordance with *Income Tax Assessment Act 1997* s40-880.

3. INCOME TAX (CONTINUED)

	NOTE	CONSOLIDATED		PARENT	
		2026 $000	2025 $000	2026 $000	2025 $000
(d) Movements in income tax payable					
Balance at start of the year		**1,522**	-	**-**	-
Charged to profit or loss		**(3,245)**	1,522	**-**	-
Payments		**(1,424)**	-	**-**	-
Transfer from current tax liability		**3,174**	-	**-**	-
Balance at end of the year		**27**	1,522	**-**	-
Amounts recognised in the Statement of Financial Position:					
Current tax liability		**27**	1,522	**-**	-
Income tax payable		**27**	1,522	**-**	-

HCF is exempt from income tax.

HCF Life, Flip Insurance and Manchester Unity are subject to income tax. RT Health is a non-trading entity subject to income tax.

Recognition and measurement

Current and deferred tax is reported under five taxable stand-alone entities:

- HCF Life;
- Flip Insurance;
- Manchester Unity; and
- RT Health (non-trading entity)

Current and deferred tax has been determined in each of the Group's subsidiaries on a stand-alone basis. Manchester Unity holds a tax consolidated group which only contains Manchester Unity entity.

Current taxes

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to taxation authorities at the tax rates and tax laws enacted or substantively enacted by the Statement of Financial Position date.

Deferred taxes

Deferred income tax liabilities are recognised for all taxable temporary differences. Deferred income tax assets are recognised for all deductible temporary differences, carried forward unused tax assets and unused tax losses, to the extent it is probable that taxable profit will be available to utilise them.

The carrying amount of deferred income tax assets is reviewed at Statement of Financial Position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to utilise them.

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 Statement of Financial Position date.

Deferred income tax is provided on temporary differences at Statement of Financial Position date between accounting carrying amounts and the tax bases of assets and liabilities, other than for the following:

- where they arise 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; and
- where taxable temporary differences relate to investments in subsidiaries, associates and interests in joint ventures:

  (i) Deferred tax liabilities are not recognised if the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

  (ii) Deferred tax assets are not recognised if it is not probable that the temporary differences will reverse in the foreseeable future and taxable profit will not be available to utilise the temporary differences.

Deferred tax liabilities are not recognised on recognition of goodwill. Income taxes relating to items recognised directly in equity are recognised in equity and not in the Statement of Comprehensive Income.

Australian tax consolidation legislation

The head entity in the tax consolidated group, Manchester Unity, continues to account for its own current and deferred tax amounts.

In addition to its own current and deferred tax amounts, the tax consolidated group also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

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 tax consolidated 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.

Offsetting deferred tax balances

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off 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.

4. CASH AND CASH EQUIVALENTS

	NOTE	CONSOLIDATED		PARENT	
		2026 $000	2025 $000	2026 $000	2025 $000
(a) Reconciliation of net profit after tax to the net cash flows from operations					
Net profit after tax		**87,773**	195,335	**83,520**	190,572
Adjustments for:					
Depreciation and amortisation		**26,540**	25,825	**26,540**	25,823
Gain on disposal of property, plant, equipment, intangibles and assets held for sale		**(6)**	(51)	**(5)**	(51)
Movements in financial assets at fair value through profit or loss		**15,864**	(2,243)	**26,307**	(1,456)
Changes in fair value of investment in unit trusts		**143,631**	(60,523)	**143,631**	(60,523)
Dividend income		**-**	-	**(10,526)**	-
Changes in value of investment property through profit or loss		**-**	403	**-**	493
Distribution income		**(309,736)**	(148,484)	**(302,479)**	(144,628)
Changes in assets and liabilities					
Decrease in trade receivables and other assets		**1,558**	1,983	**1,173**	3,597
Decrease/(increase) in prepayments		**2,341**	(3,254)	**2,341**	(3,254)
Decrease in inventories		**31**	52	**31**	52
Decrease in deferred tax assets		**1,757**	3,013	**-**	-
(Decrease)/increase in trade and other payables		**(9,480)**	15,730	**(9,955)**	14,983
Increase in insurance contract assets and liabilities		**57,902**	46,028	**57,262**	44,007
(Decrease)/increase in current tax liabilities		**(1,495)**	1,522	**-**	-
Increase in provisions		**1,866**	5,203	**1,795**	5,019
Decrease in deferred tax liabilities		**-**	(1,333)	**-**	-
Decrease in asset held for sale		**8,279**	-	**-**	-
Net cash flows from operating activities		**26,825**	79,206	**19,635**	74,634
(b) Reconciliation of cash and cash equivalents					
Cash balance comprises:					
• Cash at bank		**18,649**	14,710	**7,795**	2,161
• Short-term deposits		**58,687**	21,577	**58,687**	21,577
TOTAL CASH AND CASH EQUIVALENTS		**77,336**	36,287	**66,482**	23,738

Recognition and measurement

Cash at bank and on deposit

For Statement of Cash Flows presentation purposes, cash and cash equivalents include cash available in bank accounts, deposits held at call with financial institutions and other short-term highly liquid investments with original maturities of three months or less that are readily converted to known amounts of cash and which are subject to insignificant risk of change in value.

For the purpose of the Statement of Cash Flows, cash and cash equivalents consisting of cash at bank and short-term deposits are considered an integral part of the Group's cash management.

5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	CONSOLIDATED		PARENT	
	2026 $000	2025 $000	2026 $000	2025 $000
Short-term deposits	**868**	843	**868**	843
Holdings in unlisted unit trust[1]				
• JANA Tailored Trust No.3	**2,940,188**	2,781,341	**2,940,188**	2,781,341
Holdings in unlisted foreign trust	**9,945**	28,822	**9,945**	28,822
Holdings in other direct investments	**23,967**	24,129	**23,967**	24,129
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	**2,974,968**	2,835,135	**2,974,968**	2,835,135
Maturity analysis of financial assets at fair value through profit or loss				
• No longer than three months	**868**	843	**868**	843
• No maturity specified	**2,974,100**	2,834,292	**2,974,100**	2,834,292
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	**2,974,968**	2,835,135	**2,974,968**	2,835,135

1 JANA Tailored Trust No.3 - Liquidity overview:

- Units in the trust are realisable for cash within 10 business days; and
- In a typical year between 5% and 6% of the holdings may be redeemed and reinvested.

Recognition and measurement

Financial assets at fair value through profit or loss include JANA Tailored Trust No.3 that are designated as fair value through profit or loss at initial recognition. All other financial assets in the table above are measured at fair value through profit or loss.

Purchases and sales of investments are recognised on trade date. Investments are initially recognised at fair value plus transaction costs. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or been transferred following a transfer of ownership.

The fair value of investments traded in financial markets are determined by reference to quoted market bid prices at the close of business on the Statement of Financial Position date. The unlisted unit trust is recorded at fund managers' valuation. Other valuation techniques are used to determine the fair value for all other unlisted securities. Refer to Note 16 for more detail on the investment in JANA Tailored Trust No.3.

6. TRADE RECEIVABLES AND OTHER ASSETS

	NOTE	CONSOLIDATED		PARENT	
		2026 $000	2025 $000	2026 $000	2025 $000
Trade and other receivables		**10,143**	11,701	**10,233**	11,406
Prepayments		**15,074**	17,415	**15,074**	17,415
Intercompany receivables		**-**	-	**2,537**	3,056
TOTAL TRADE RECEIVABLES AND OTHER ASSETS		**25,217**	29,116	**27,844**	31,877

Recognition and measurement

Trade receivables generally have terms of up to 30 days. They are recognised initially at fair value and subsequently at amortised cost using the effective interest method, less allowance for impairment. The carrying value of trade and other receivables are expected to settle within 12 months from reporting date.

Trade and other receivables

Trade and other receivables amounts generally arise from Group transactions, such as lease receivables and GST recoverable from the Australian Government.

Impairment of receivables

The Group recognises an allowance for expected credit losses (ECLs) for trade receivables. The Group applies a simplified approach in calculating ECLs, therefore does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Debts that are known to be uncollectable are written off when identified. If an amount is subsequently recovered, it is credited against Statement of Comprehensive Income.

7. PROPERTY, PLANT AND EQUIPMENT

	NOTE	CONSOLIDATED		PARENT	
		2026 $000	2025 $000	2026 $000	2025 $000
(a) Carrying amounts of property, plant and equipment at the end of the financial year:					
Freehold land:					
At fair value	7(b)	**81,150**	74,530	**81,150**	74,530
Buildings on freehold land:					
At fair value	7(b)	**88,137**	89,067	**88,137**	89,067
Total freehold land and buildings		**169,287**	163,597	**169,287**	163,597
Leasehold improvements:					
At cost		**5,934**	5,656	**5,934**	5,656
Accumulated depreciation		**(5,230)**	(4,589)	**(5,230)**	(4,589)
Total leasehold improvements	7(b)	**704**	1,067	**704**	1,067
Plant, equipment, furniture and fittings, motor vehicles:					
At cost		**146,932**	136,131	**146,898**	136,097
Accumulated depreciation		**(101,801)**	(92,271)	**(101,767)**	(92,237)
Total plant, equipment, furniture and fittings, motor vehicles[1]	7(b)	**45,131**	43,860	**45,131**	43,860
Total property, plant and equipment, furniture and fittings and motor vehicles:					
At fair value		**169,287**	163,597	**169,287**	163,597
At cost		**152,866**	141,787	**152,832**	141,753
		322,153	305,384	**322,119**	305,350
Accumulated depreciation		**(107,031)**	(96,860)	**(106,997)**	(96,826)
Net property, plant and equipment, furniture and fittings and motor vehicles	7(b)	**215,122**	208,524	**215,122**	208,524

1 During the year, plant, equipment, furniture and fittings, motor vehicles to the value of $0.1 million (2025: $0.7 million) were fully depreciated and disposed by the Group.

7. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	NOTE	CONSOLIDATED		PARENT	
		2026 $000	2025 $000	2026 $000	2025 $000
(b) Reconciliations of the carrying amounts of property, plant and equipment at the beginning and end of the financial year:					
Freehold land:					
Balance at start of the year		**74,530**	74,520	**74,530**	74,520
Net amount of revaluation increments		**6,620**	10	**6,620**	10
BALANCE AT END OF THE YEAR	7(a)	**81,150**	74,530	**81,150**	74,530
Buildings on freehold land:					
Balance at start of the year		**89,067**	84,788	**89,067**	84,788
Depreciation expense		**(2,514)**	(2,426)	**(2,514)**	(2,426)
Net amount of revaluation increments		**1,584**	6,705	**1,584**	6,705
BALANCE AT END OF THE YEAR	7(a)	**88,137**	89,067	**88,137**	89,067
Leasehold improvements:					
Balance at start of the year		**1,067**	1,041	**1,067**	1,041
Additions		**278**	732	**278**	732
Disposals		**-**	(3)	**-**	(3)
Depreciation expense		**(641)**	(703)	**(641)**	(703)
BALANCE AT END OF THE YEAR	7(a)	**704**	1,067	**704**	1,067
Plant, equipment, furniture and fittings, motor vehicles:					
Balance at start of the year		**43,860**	35,570	**43,860**	35,568
Additions		**10,920**	16,965	**10,920**	16,965
Disposals		**(79)**	(72)	**(79)**	(72)
Depreciation expense		**(9,570)**	(8,603)	**(9,570)**	(8,601)
BALANCE AT END OF THE YEAR	7(a)	**45,131**	43,860	**45,131**	43,860
Total balance at end of the year					
Balance at start of the year		**208,524**	195,919	**208,524**	195,917
Additions		**11,198**	17,697	**11,198**	17,697
Disposals		**(79)**	(75)	**(79)**	(75)
Depreciation expense	2	**(12,725)**	(11,732)	**(12,725)**	(11,730)
Net amount of revaluation increments		**8,204**	6,715	**8,204**	6,715
BALANCE AT END OF THE YEAR	7(a)	**215,122**	208,524	**215,122**	208,524

7. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Recognition and measurement

Freehold land and buildings

Cost and valuation

Freehold land and buildings are measured on a fair value basis. At each reporting date, the value of each asset in these classes is reviewed to ensure that it does not materially differ from the asset's fair value at that date. Refer to Note 15 for the fair value measurement hierarchy of the Group's freehold land and buildings.

Where necessary, the asset is revalued to reflect its fair value. Increases in the carrying amounts arising on revaluation of land and buildings are credited to the asset revaluation reserve in guarantors' equity. To the extent that the increase reverses a decrease previously recognised in the Statement of Comprehensive Income, the increase is first recognised in the Statement of Comprehensive Income.

Decreases that reverse previous increases of the same asset are first charged against revaluation reserve directly in equity to the extent of the remaining reserve attributable to the asset; all other decreases are charged to the Statement of Comprehensive Income. All other classes of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land and buildings were revalued by the Directors at 30 June 2026 using advice received from independent valuations carried out by Colliers International Valuation and Advisory Services Pty Limited ('Colliers'). The inspections and valuations of properties were done using appropriate assumptions determined as at the date of valuation, assuming the properties are in the same condition on the valuation date as the inspection date.

In determining the fair value of freehold land and buildings, Colliers model three valuation approaches; passing capital, capitalisation of income and discounted cash flow, that provide a range of values that would be appropriate in the current market. The valuation approach adopted for each asset may vary due to inherent property characteristics, cashflows and market dynamics.

The discounted cash flow approach has been adopted for HCF House and the income capitalisation method was applied for branches for the 30 June 2026 valuation as the valuation methodology for freehold land and buildings, which is consistent with the 30 June 2025 valuation methodology.

Revaluations are performed on the basis of sale and leaseback under their existing usage method. The change required to the overall carrying value on revaluation is charged directly to the asset revaluation reserve as the buildings are owner occupied.

Refer to Note 15 for the table for observable and unobservable inputs in determining fair value for property.

Leasehold improvements

The cost of improvements to leasehold property are capitalised, recorded as leasehold improvements and amortised over the unexpired portion of the lease or estimated useful life of the improvements, whichever is shorter.

Depreciation

Depreciation is calculated on a straight-line basis to write off the net cost or revalued amount of each item of property, plant and equipment (excluding land) over its expected useful life to the Group. Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items.

The expected useful lives for the property, plant and equipment of The Hospitals Contribution Fund of Australia Ltd are as follows:

CATEGORY USEFUL LIFE	USEFUL LIFE
Freehold buildings	40–50 years
Plant and equipment	2.5–15 years
Leasehold improvements	5–14 years
Computer equipment	2–5 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 and losses on disposals are determined by comparing proceeds with carrying amount, which are included in the Statement of Comprehensive Income. Leasehold improvements are amortised over the term of the lease.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

8. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

	NOTE	CONSOLIDATED		PARENT	
		2026 $000	2025 $000	2026 $000	2025 $000
(a) Carrying amounts of right-of-use assets at the end of the financial year:					
At cost		**72,867**	71,129	**72,867**	71,129
Accumulated depreciation		**(45,008)**	(39,536)	**(45,008)**	(39,536)
Total right-of-use assets	8(b)	**27,859**	31,593	**27,859**	31,593
(b) Reconciliations of the carrying amounts of right-of-use assets at the beginning and end of the financial year:					
Balance at start of the year		**31,593**	34,769	**31,593**	34,769
Additions		**9,002**	9,853	**9,002**	9,853
Depreciation expense	2	**(12,736)**	(13,004)	**(12,736)**	(13,004)
Derecognition of right-of-use assets [1]		**-**	(25)	**-**	(25)
Balance at end of year	8(a)	**27,859**	31,593	**27,859**	31,593
(c) Lease liabilities:					
Balance at start of the year		**37,975**	41,685	**37,975**	41,685
Additions		**9,003**	9,853	**9,003**	9,853
Interest on lease liabilities		**1,586**	1,631	**1,586**	1,631
Repayments		**(15,386)**	(15,168)	**(15,386)**	(15,168)
Disposal		**-**	(26)	**-**	(26)
Balance at end of year [2]		**33,178**	37,975	**33,178**	37,975
Maturity analysis					
No later than one year		**12,449**	13,475	**12,449**	13,475
Later than one year and not later than five years		**21,610**	24,882	**21,610**	24,882
Later than five years		**2,450**	2,561	**2,450**	2,561
Less: future finance charges		**(3,331)**	(2,943)	**(3,331)**	(2,943)
Balance at end of year		**33,178**	37,975	**33,178**	**37,975**
Current		**11,284**	12,295	**11,284**	12,295
Non-current		**21,894**	25,680	**21,894**	25,680
Balance at end of year		**33,178**	37,975	**33,178**	37,975
Additional information about leases for which the Group is a lessee is presented below.					
(d) Amounts recognised in the Statement of Comprehensive Income:					
Depreciation on right-of-use assets		**12,736**	13,004	**12,736**	13,004
Interest expenses on lease liabilities		**1,586**	1,631	**1,586**	1,631
Expenses relating to leases of low-value assets		**118**	105	**118**	105
Losses from lease modifications		**-**	(1)	**-**	(1)

1 Derecognition is due to the Group no longer having the enforceable right-of-use asset covered by the lease term.

2 The Group is no longer required to hold any lessor bank guarantees to support these obligations.

8. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

Recognition and measurement

Definition of a lease

The Group assesses whether a contract is or contains a lease based on the definition of a lease under AASB 16. A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applied the practical expedient available on transition to AASB 16 and, for those contracts entered prior to the date of initial application, did not reassess whether a contract is or contains a lease.

Cost and valuation – as a lessee

The Group's lease portfolio is made up of the lease of office and retail spaces for dental centres and branches, IT and other office equipment. At commencement or on modification of a contract that contains a lease component, where practicable, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, and any initial direct costs incurred and an estimate of restoration costs, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. The right-of-use asset is periodically assessed for impairment testing, and if any, adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. The Group uses its incremental borrowing rate as the discount rate. The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the

right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term. As the exemption for short-term leases must be done by class of underlying assets, the Group has elected not to apply the exemption for the purpose of consistency and ease of use of financial reporting for users of its financials.

Variable lease payments

Leases that include variable lease payments that do not depend on an index or a rate are not included in the measurement of the lease liabilities and are expensed as incurred in 'other expenses' in the Statement of Comprehensive Income.

9. INTANGIBLE ASSETS AND GOODWILL

	NOTE	CONSOLIDATED		PARENT	
		2026 $000	2025 $000	2026 $000	2025 $000
Software:					
At cost		**56,297**	56,297	**56,297**	56,297
Accumulated amortisation		**(51,709)**	(50,630)	**(51,709)**	(50,630)
TOTAL SOFTWARE		**4,588**	5,667	**4,588**	5,667
Software:					
Balance at start of the year		**5,667**	6,756	**5,667**	6,756
Amortisation expense		**(1,079)**	(1,089)	**(1,079)**	(1,089)
Balance at end of the year		**4,588**	5,667	**4,588**	5,667
Goodwill:					
Balance at start of the year		**101,285**	101,285	**101,285**	101,285
Balance at end of the year		**101,285**	101,285	**101,285**	101,285
Total intangible assets					
Balance at start of the year		**106,952**	108,041	**106,952**	108,041
Amortisation expense	2	**(1,079)**	(1,089)	**(1,079)**	(1,089)
TOTAL BALANCE AT END OF THE YEAR		**105,873**	106,952	**105,873**	106,952

Recognition and measurement

Impairment testing for goodwill

Goodwill represents the excess cost of a business combination over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units ('CGUs') or groups of CGUs that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

The Group has two CGUs being Health Insurance and Life Insurance.

The goodwill of $101.3 million has been predominantly allocated to a single CGU being the Health Insurance business.

Impairment losses recognised for goodwill are not subsequently reversed.

The recoverable amount of goodwill is determined based on a value in use calculation using pre-tax cash flow projections. These calculations use cash flow projections based on financial budgets approved by the Board covering a four-year period. Cash flows beyond the five-year period are extrapolated using a terminal growth rate of 2.50% (2025: 2.50%). The growth rate does not exceed the historic long-term average growth rate for the business in which the CGU operates.

9. INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

Key assumptions used for value in use calculations

The following describes the key assumptions on which management has based its cash flow projections to undertake impairment testing of goodwill:

- Cash flow forecast: forecast profits for the first four years based on current and prior years' actuals are used to derive a medium-term cash flow proxy;
- Discount rate of 9.78% (2025: 9.22%): calculated on the weighted average cost of capital; and
- Terminal growth rate of 2.50% (2025: 2.50%) at year 2029 and beyond is based on management's expectation for future performance in the Health Insurance CGU.

These assumptions have been used for the analysis of each CGU as applicable within the business segment.

Impact of possible changes in key assumptions

The carrying value of identified intangible assets as well as net tangible assets are deducted from the values generated from the cash flow projections to arrive at a recoverable value for goodwill which is then compared with the carrying value of goodwill.

It has been assessed that the recoverability of goodwill is in excess of its carrying amount. Therefore, all goodwill is expected to be recoverable.

With regard to the assessment of the recoverable amount of the CGU, management believes that no reasonable sensitivity movements in any of the above key assumptions would cause impairment.

Impairment charge

Based upon the impairment testing performed, there is no impairment charge as no impairment was indicated for the year ended 30 June 2026 (2025: nil).

Accounting policy

Other intangibles are initially recognised at cost and amortised over the period of expected benefit, less any adjustments for impairment losses.

Software-as-a-service ('SaaS') arrangements are arrangements in which the Group does not currently control the underlying software used in the arrangement. Where costs incurred to configure or customise SaaS arrangements result in the creation of a resource which is identifiable, and where the Group has the power to obtain the future economic benefits flowing from the underlying resource and to restrict the access of others to those benefits, such costs are recognised as a separate intangible software asset and amortised over the useful life of the software on a straight-line basis. The amortisation is reviewed at least at the end of each reporting period and any changes are treated as changes in accounting estimates.

Where costs incurred to configure or customise do not result in the recognition of an intangible software asset, then those costs that provide the Group with a distinct service (in addition to the SaaS access) are now recognised as expenses when the supplier provides the services. When such costs incurred do not provide a distinct service, the costs are now recognised as expenses over the duration of the SaaS contract.

A summary of the useful lives of intangible assets is as follows:

INTANGIBLE ASSET	USEFUL LIFE
Software	Finite (2–10 years)

Impairment

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, being 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).

10. TRADE CREDITORS AND OTHER PAYABLES

	CONSOLIDATED		PARENT	
	2026 $000	2025 $000	2026 $000	2025 $000
Trade creditors	**33,498**	42,906	**29,399**	39,282
Other creditors and accruals	**26,553**	26,625	**26,553**	26,625
TRADE CREDITORS AND OTHER PAYABLES	**60,051**	69,531	**55,952**	65,907
Expected to be paid in the next 12 months	**60,051**	69,531	**55,952**	65,907

Recognition and measurement

Trade creditors and other payables

Trade creditors and other payables, which are generally settled within 30-day terms and are unsecured, are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

11. INSURANCE CONTRACT LIABILITIES

Recognition and measurement

Insurance contract classification

The Group issues health insurance contracts in the normal course of business, under which it accepts significant insurance risk from its policyholders by offering indemnification for specific expenses as a result of an insured event relating to illness, injury, pregnancy or preventative care. The Group determines whether it has significant insurance risk if there is a possibility that it could suffer a loss caused by the insured event and pay significant additional amounts beyond what would be paid if the insured event had not occurred.

The Group assesses its health insurance products to determine whether they contain distinct components which must be accounted for under another accounting standard other than AASB 17. After separating any distinct components, the Group applies AASB 17 to all remaining components of the insurance contract. Currently, the Group's health insurance products do not include any distinct components that require separation.

Level of aggregation

Under AASB 17, the Group is required to identify portfolios of aggregation of insurance contracts. A portfolio comprises contracts that have 'similar risks' and 'managed together'. It also requires aggregation of insurance contracts by profitability group and annual cohorts.

For the purposes of onerous contracts testing, policies are grouped into hospital only, ancillary only and packaged products, as well as the tiers within each product type. There are twelve groups in total.

The Group recognises groups of insurance contracts it issues from the earliest of the following:

- the beginning of the coverage period of the group of contracts
- the date when the first payment from a policyholder in the group is due or when the first payment is received if there is no due date
- for a group of onerous contracts, if facts and circumstances indicate that the group is onerous.

Contract boundary

The Group includes in the measurement of a group of insurance contracts all the future cash flows within the boundary of each contract in the group. The contract boundary is used to determine the start and end points of coverage in order to identify cash flows for inclusion in the measurement of an insurance contract under AASB 17. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the entity can compel the policyholder to pay the premiums or in which the entity has a substantive obligation to provide the policyholder with coverage or other services. The Group's health insurance policies have a contract boundary at the annual premium increase each year on 1 April.

Measurement models

The Group applies the premium allocation approach (PAA) for the measurement for its health insurance contracts. The majority of the Group's health insurance contracts automatically qualify as the coverage period of each contract in the group is one year or less.

Liability for incurred claims

The liability for incurred claims (LFIC) represents the estimated liability arising from claims episodes, based on the present value of expected fulfilment cash flows relating to past service which have not yet given rise to claims paid, with an explicit risk adjustment for non-financial risk. A claims episode is an insured medical service that the Group has an obligation to fund which includes consultation fees, diagnostic investigations, hospitalisation or treatment costs. The liability includes an allowance for claims handling expenses. The Group does not adjust the future cash flows for the time value of money and the effect of financial risk for portfolios in which incurred claims are expected to be paid within one year of occurrence.

Liability for remaining coverage

On initial recognition of each group of insurance contracts, the carrying amount of the liability for remaining coverage (LFRC) is measured at the premiums received less any directly attributable insurance acquisition cash flows deferred, if any. The Group does not adjust the LFRC to reflect the time value of money and the effect of financial risk, as the Group expects on initial recognition of each group of contracts that the time between providing each part of the services and the related premium due date is no more than one year. On subsequent measurements, LFRC is amortised to recognise revenue on a passage of time basis over the coverage period.

Onerous contracts

Contracts that are measured using PAA are assumed not to be onerous unless facts and circumstances indicate otherwise. The Group has developed a framework for identifying relevant facts and circumstances that may indicate the existence of onerous contracts, which includes management reports available to senior management for planning and performance management purposes as a source of evidence for facts and circumstances. Where facts and circumstances are identified that may indicate an onerous contract exists, detailed testing is performed, and any loss component is valued under the Premium Allocation Approach by estimating the fulfilment cash flows and an assessment of the risk adjustment using a confidence level approach and included in the carrying amount of LFRC. This exercise is performed as part of the financial reporting process following 30 June and 31 December each year.

Insurance acquisition cash flows

For groups of contracts that are eligible to apply the simplified PAA and have a coverage period of one year or less, AASB 17 provides an option to recognise any insurance acquisition cash flows as expenses when incurred. The Group has taken the policy decision available to expense insurance acquisition cash flows as incurred.

Risk adjustment

Under the PAA, a risk adjustment is recognised on all LFIC balances and on LFRC balances for onerous contracts issued. The risk adjustment for non-financial risk is the compensation that the Group requires for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts. The risk adjustment reflects an amount that an insurer would rationally pay to remove the uncertainty that future cash flows will exceed the expected value amount. Having evaluated the pricing philosophy and historical practice of utilising a confidence level technique, the Group has determined that the use of a confidence level technique to estimate the risk adjustment is appropriate.

The Group has estimated the risk adjustment using a confidence level (probability of sufficiency) approach at the 75th percentile for LFIC (2025: 75th percentile) and at the 75th percentile for LFRC (2025: 75th percentile).

11. INSURANCE CONTRACT LIABILITIES (CONTINUED)

(a) The breakdown of groups of insurance contracts liabilities is set out in the table below:

	CONSOLIDATED		PARENT	
	2026 $000	2025 $000	2026 $000	2025 $000
Insurance contract liabilities				
Health insurance	**787,556**	730,294	**787,556**	730,294
Life insurance	**11,257**	10,222	**-**	-
TOTAL INSURANCE CONTRACT LIABILITIES	**798,813**	740,516	**787,556**	730,294

(b) Roll-forward of insurance contract liabilities showing the liability for remaining coverage and the liability for incurred claims for health insurance contracts is disclosed in the table below:

	2026				
	LIABILITIES FOR REMAINING COVERAGE		LIABILITIES FOR INCURRED CLAIMS		TOTAL
CONSOLIDATED – HEALTH INSURANCE	EXCLUDING LOSS COMPONENT $000	LOSS COMPONENT $000	ESTIMATES OF THE PRESENT VALUE OF FUTURE CASHFLOWS $000	RISK ADJUSTMENT $000	$000
INSURANCE CONTRACT LIABILITIES AS AT 1 JULY	**313,159**	**5,896**	**399,914**	**11,325**	**730,294**
Changes in the Statement of Comprehensive Income					
Insurance revenue	**(4,472,898)**	**-**	**-**	**-**	**(4,472,898)**
Insurance service expenses:					
• Incurred claims and other expenses	**-**	**-**	**4,505,180**	**-**	**4,505,180**
• Losses on onerous contracts and reversals of those losses	**-**	**6,376**	**-**	**-**	**6,376**
• Movement in insurance contract liabilities for incurred claims	**-**	**-**	**24,093**	**(315)**	**23,778**
Total insurance service expenses	**-**	**6,376**	**4,529,273**	**(315)**	**4,535,334**
Insurance service result	**(4,472,898)**	**6,376**	**4,529,273**	**(315)**	**62,436**
Total changes in the Statement of Comprehensive Income	**(4,472,898)**	**6,376**	**4,529,273**	**(315)**	**62,436**
Cash flow movements					
Premiums received	**4,500,006**	**-**	**-**	**-**	**4,500,006**
Payments for claims and other expenses	**-**	**-**	**(4,505,180)**	**-**	**(4,505,180)**
Total cash flow movements	**4,500,006**	**-**	**(4,505,180)**	**-**	**(5,174)**
INSURANCE CONTRACT LIABILITIES AS AT 30 JUNE	**340,267**	**12,272**	**424,007**	**11,010**	**787,556**

11. INSURANCE CONTRACT LIABILITIES (CONTINUED)

CONSOLIDATED – HEALTH INSURANCE	2025				
	LIABILITIES FOR REMAINING COVERAGE		LIABILITIES FOR INCURRED CLAIMS		TOTAL
	EXCLUDING LOSS COMPONENT $000	LOSS COMPONENT $000	ESTIMATES OF THE PRESENT VALUE OF FUTURE CASHFLOWS $000	RISK ADJUSTMENT $000	$000
INSURANCE CONTRACT LIABILITIES AS AT 1 JULY	260,450	–	410,685	15,152	686,287
Changes in the Statement of Comprehensive Income					
Insurance revenue	(4,136,931)	–	–	–	(4,136,931)
Insurance service expenses:					
• Incurred claims and other expenses	–	–	4,164,179	–	4,164,179
• Losses on onerous contracts and reversals of those losses	–	5,896	–	–	5,896
• Movement in insurance contract liabilities for incurred claims	–	–	(10,772)	(3,827)	(14,599)
Total insurance service expenses	–	5,896	4,153,407	(3,827)	4,155,476
Insurance service result	(4,136,931)	5,896	4,153,407	(3,827)	18,545
Total changes in the Statement of Comprehensive Income	(4,136,931)	5,896	4,153,407	(3,827)	18,545
Cash flow movements					
Premiums received	4,189,640	–	–	–	4,189,640
Payments for claims and other expenses	–	–	(4,164,178)	–	(4,164,178)
Total cash flow movements	4,189,640	–	(4,164,178)	–	25,462
INSURANCE CONTRACT LIABILITIES AS AT 30 JUNE	313,159	5,896	399,914	11,325	730,294

12. PROVISIONS

	NOTE	CONSOLIDATED		PARENT	
		2026 $000	2025 $000	2026 $000	2025 $000
Employee entitlements	13	**37,868**	35,621	**36,877**	34,701
Makegood on leased premises		**5,835**	5,656	**5,835**	5,656
Member giveback provision		**-**	560	**-**	560
Total provisions		**43,703**	41,837	**42,712**	40,917
Expected to be paid in the next 12 months		**24,387**	21,176	**23,912**	20,773
Reconciliation of provisions:					
Employee entitlements					
Balance at start of the year		**35,621**	30,948	**34,701**	30,212
Provision increase		**20,998**	17,977	**20,563**	17,450
Payments		**(18,751)**	(13,304)	**(18,387)**	(12,961)
Balance at end of the year		**37,868**	35,621	**36,877**	34,701
Makegood on leased premises					
Balance at start of the year		**5,656**	5,051	**5,656**	5,051
Provision increase		**186**	728	**186**	728
Payments		**(7)**	(123)	**(7)**	(123)
Balance at end of the year		**5,835**	5,656	**5,835**	5,656
Member giveback					
Balance at start of the year		**560**	635	**560**	635
Provision released		**(560)**	-	**(560)**	-
Payments		**-**	(75)	**-**	(75)
Balance at end of the year		**-**	560	**-**	560
TOTAL BALANCE AT END OF THE YEAR		**43,703**	41,837	**42,712**	40,917

Recognition and measurement

Provisions are recognised when:

- the Group has a present obligation (legal or constructive) as a result of a past event;
- it is probable that resources will be expended to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

Employee entitlements

Provisions for employee entitlements includes annual leave and long service leave which are not expected to be settled wholly within 12 months after the end of the period. The provisions are measured at the present value of expected future payments, taking into account 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 the reporting period using corporate bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

Makegood on leased premises

In accordance with certain lease agreements, the Group is obligated to restore leased premises to their original condition at the end of the lease term. Due to the long-term nature of the liability, there is uncertainty in estimating the ultimate amount of these costs.

The provision has been discounted to take into account the time value of money throughout the remaining term of the lease.

Member giveback provision

Member giveback provision relates to permanent claims savings due to the COVID-19 restrictions that HCF has committed to return to its members. The Group's estimated permanent savings not yet returned to members has been estimated as the difference between missing claims less catch-up claim less amounts already returned to members via premium rate deferrals, cash/giftcard giveback and involuntary unemployment assistance.

The provision has been recognised within the Statement of Comprehensive Income and has been fully utilised via a cash giveback payable within the next 12 months to eligible policyholders that have an active private health insurance policy (excluding Ambulance Only and Overseas Visitor Health Cover) at 30 June 2023 and have been a member for at least 6 months prior to this date.

As the COVID-19 pandemic evolved, HCF formally communicated to members that any permanent claim savings would be returned to members which created a present obligation as a result of a past event as required by AASB 137 *Provisions, Contingent Liabilities and Contingent Assets.*

13. EMPLOYEE ENTITLEMENTS AND SUPERANNUATION COMMITMENTS

	NOTE	CONSOLIDATED		PARENT	
		2026 $000	2025 $000	2026 $000	2025 $000
Aggregate employee entitlements are comprised of accrued wages, salaries and oncosts and provisions:					
Annual leave		**18,105**	18,141	**17,611**	17,658
Long service leave		**19,763**	17,480	**19,266**	17,043
TOTAL EMPLOYEE ENTITLEMENTS	12	**37,868**	35,621	**36,877**	34,701
Employee entitlements expected to be paid in the next 12 months		**22,170**	19,169	**21,696**	18,766

Recognition and measurement

Annual leave and long service leave

The liability for annual leave and long service leave is recognised in the provision for employee benefits. It is measured as the present value of expected future payments for the services provided by employees up to the reporting date. Expected future payments are discounted using market yields at the reporting date using corporate bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

Key estimate:

Management judgement is required in determining the following key assumptions used in the calculation of long service leave at balance date:

- future increases in salaries and wages;
- future on-cost rates; and
- experience of employee departures and period of service.

Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

The Group expects the liability for annual leave to be settled within 12 months of each reporting date.

Superannuation commitments

Contributions by companies in the Group are made at a rate sufficient to meet the entity's superannuation guarantee obligations (11.5% of salary for the period ended 30 June 2025 and increased to 12.0% from 1 July 2025) or at such higher rate as agreed between the employee, Directors and the Group.

The Group makes contributions to complying superannuation funds as requested by employees and Directors, to meet the requirements of the superannuation guarantee legislation. The Group has no further obligations relating to superannuation commitments.

14. ASSETS HELD FOR SALE

In accordance with AASB 5 *Non-Current Assets held for Sale and Discontinued Operations*, in 2024 the St Leonards property was transferred from property, plant and equipment and investment property to assets held for sale.

In 2024, the Board of Directors approved the disposal of the St Leonards property in NSW. The sale was finalised on 4 July 2025.

	2026 $000	2025 $000
Assets		
Commercial property [1]	-	42,314
Assets held for sale	-	42,314
NET ASSETS HELD FOR SALE	-	42,314

1 In 2025, commercial property includes $42.3 million investment property.

Recognition and measurement

Commercial property

This relates to the St Leonards property, which was revalued at 30 June 2025 at fair value less costs to sell. While independent valuations were previously conducted in 2024 by Colliers International Valuation and Advisory Services Pty Limited, the 2025 fair value was based on a purchase offer, as the sale of the property was in its final stages of completion as at 30 June 2025. Gains or losses arising from changes in the fair value of commercial properties are recognised in the Statement of Comprehensive Income in the year in which they arise.

15. FINANCIAL RISK MANAGEMENT

The Group's financial condition and operating activities are affected by a number of material financial risks including interest rate risk, currency risk, credit risk, market risk, liquidity risk, and other material risks including strategic risk, insurance risk, compliance risk, operational risk, cyber and systems risk. The consolidated entity has implemented a group-wide risk management framework, risk appetite statement and risk management strategy to manage and mitigate the material risks.

The Group's risk management framework is applied across the Group's operations including for financial and non-financial risks.

The Chief Financial Officer is assisted by the following functions and activities:

Investment Policies – which establish policies, tolerances, controls and processes in connection with financial risk, including investment risk, credit risk, currency risk, foreign exchange risk and capital management.

Actuarial – a separate dedicated technical department in the private health insurance business which analyses claims to monitor the appropriateness of the premium rates. Advice is further sought from the external Appointed Actuary.

Internal Audit – provides independent assurance to the Board Audit and Finance Committee over the design and operational effectiveness of the risk management framework (RMF), compliance and governance processes and key controls over HCF's material risks.

1. Board and Chief Risk Officer Risk Management Responsibilities

HCF's Board of Directors determines the Group's overall risk appetite and approves the risk management framework, strategies and policies that ensure risks are identified and managed within the context of the Board approved risk appetite.

The Board has established the following Committees which are an integral part of HCF's overall risk governance and support the Board's oversight of risk management:

- Audit & Finance Committee;
- Risk, Compliance & Sustainability Committee;
- People, Culture and Remuneration Committee;
- Nomination Committee; and
- Investment Committee.

These Board Committees comprise only Non-Executive Directors.

The Group has a Chief Risk Officer (CRO) who reports directly to the Chief Executive Officer and Managing Director (CEO & MD) and is part of the Executive Team as well as having unfettered access to the Board. The Risk, Legal & Compliance team reports to the CRO and oversees embedded risk processes that identify, measure, evaluate, monitor and report material risks across the Group and provides appropriate enterprise level reporting to the Board and relevant Committees.

The CRO is also responsible for assisting the Board, Board Committees and the Senior Leadership develop and maintain all aspects of the risk management and compliance frameworks. This includes responsibility for overseeing the performance of compliance activities and risk mitigation strategies. This enables the business to meet their regulatory and legal compliance obligations in accordance with HCF Group compliance policies.

2. Insurance risk – health insurance activities

The Group's health insurance activities primarily include prudent pricing, together with claims management and investment management. Because of the specific requirements of health insurance community rating, risks must be accepted at a standard premium rate that is not individually risk rated. The premium rates that are proposed are subject to approval by the Minister for Health and must ensure the financial viability of the health fund.

While the Group has the ability to determine rates and benefits payable within certain guidelines, there is limited ability to price risk. This includes the impact of the Risk Equalisation Scheme which is a government mandated policy which allocates a percentage of all payments to policyholders based upon age cohorts, to be paid or received by all health funds in proportion to their overall membership. The aim of the Scheme is to reduce the insurance risk associated with having older policyholders with potentially increasing health issues.

The key policies in place to mitigate risks in health insurance include:

- operation of the Risk Equalisation Special Account;
- the use of Actuarial models based on historical data to calculate premiums;
- monitoring of fund rules and changes as appropriate;
- industry policies and APRA requirements; and
- oversight of insurance risk by a Product & Pricing Management Committee.

Concentration of insurance risk

There is concentration of risks in the areas where the business has a higher than average membership, relative to the private health insurance industry. Due to the Community Rating Principle, the business is unable to set different prices based on an individual's age or to reflect their previous claims history. As such the business is unable to directly mitigate these concentrations of insurance risks.

Sensitivities

The liability for incurred claims is sensitive to the key assumptions in the table on the following page. It has not been possible to quantify the sensitivity of certain assumptions such as legislative changes. The following sensitivity analysis shows the impact on profit before tax and equity for reasonably possible movements in the key assumptions with all other assumptions held constant. The correlation of assumptions will have a significant effect in determining the ultimate impacts, but to demonstrate the impact due to changes in each assumption, assumptions have been changed on an individual basis. It should be noted that movements in these assumptions are non-linear. The method used for deriving sensitivity information and significant assumptions did not change from the previous period.

15. FINANCIAL RISK MANAGEMENT (CONTINUED)

		30 JUNE 2026		30 JUNE 2025	
CONSOLIDATED	CHANGE IN ASSUMPTIONS	IMPACT ON PRE TAX PROFIT	IMPACT ON EQUITY	IMPACT ON PRE TAX PROFIT	IMPACT ON EQUITY
		$000	$000	$000	$000
Expected loss	+10%	**(272,563)**	**(272,539)**	(248,964)	(248,940)
Expected loss	-10%	**216,233**	**216,208**	208,870	208,846

3. Capital risk

The Group and parent entity's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, in order to continue to provide benefits for stakeholders, and to maintain an optimal capital structure.

4. Solvency and capital standards

Each health benefits fund needs to satisfy APRA Prudential Standards HPS 110 (Capital Adequacy) under the Private Health Insurance (Prudential Supervision) Act 2015.

In brief, the intention of the capital standard is to ensure that each health benefits fund of a private health insurer has sufficient, appropriate assets available to be able to demonstrate that it will be able to meet future policyholder and creditor obligations under a range of adverse experience outcomes.

As part of liquidity management to manage its liquidity risk, the Parent holds cash amounts at levels defined in the HCF Liquidity Management Policy.

In compliance with APRA HPS 110 Capital Adequacy requirements that became effective on 1 July 2023, in order to improve the understanding of its capital adequacy position, HCF publishes the following information in regards to its health benefits fund. HCF does not have a general fund in relation to its private health insurance.

HEALTH BENEFITS FUND	2026 $000	2025 $000
Amount of Common Equity Tier 1 Capital	**2,437,228**	2,336,195
Aggregate amount of regulatory adjustments applied in the calculation of Common Equity Tier 1 Capital	**105,873**	106,952
Amount of Additional Tier 1 Capital	**-**	-
Aggregate amount of regulatory adjustments applied in the calculation of Additional Tier 1 Capital	**-**	-
Amount of Tier 2 Capital	**-**	-
Aggregate amount of regulatory adjustments applied in the calculation of Tier 2 Capital	**-**	-
Total capital base	**2,437,228**	2,336,195
Prescribed capital amount	**1,005,055**	929,444
Capital adequacy multiple	**2.42**	2.51

15. FINANCIAL RISK MANAGEMENT (CONTINUED)

HEALTH BENEFITS FUND	2026 $000	2025 $000
Amount of net assets, after applying any regulatory adjustments	**2,437,228**	2,336,195
Aggregate amount of regulatory adjustments applied to the fund's net assets	**105,873**	106,952
Amount of Tier 2 Capital held by the fund	**-**	-
Aggregate amount of regulatory adjustments applied in the calculation of the fund's Tier 2 Capital	**-**	-
Total capital base of the fund	**2,437,228**	2,336,195
Fund's prescribed capital amount	**1,005,055**	929,444
Capital adequacy multiple of the fund	**2.42**	2.51

HEALTH BENEFITS FUND	2026 $000	2025 $000
COMPONENTS OF PRESCRIBED CAPITAL AMOUNT		
Insurance Risk Charge	**547,547**	491,665
Asset Risk Charge	**632,449**	597,976
Asset Concentration Risk Charge	**-**	-
Operational Risk Charge	**89,458**	82,738
Aggregation benefit	**(264,399)**	(242,935)
Tax benefits	**-**	-
Prescribed capital amount	**1,005,055**	929,444

The Parent fully met both its capital and solvency requirements at all times over the past 12 months.

For HCF Life, the capital requirement in each statutory fund is calculated in accordance with the capital standard LPS 110 Capital Adequacy, issued by the Australian Prudential Regulation Authority.

LPS 100 Solvency Standard requires HCF Life to satisfy the requirements of this Prudential Standard if the capital base of the fund exceeds 90 per cent of the fund's prescribed capital amount. Investments held in the life statutory funds can only be used in accordance with the relevant regulatory restrictions imposed under the Life Act and associated rules and regulations. The main restrictions are that the assets in a life statutory fund can only be used to meet the liabilities and expenses of that life statutory fund, to acquire investments to further the business of the life statutory fund or as distributions provided solvency, capital adequacy and other regulatory requirements are met.

15. FINANCIAL RISK MANAGEMENT (CONTINUED)

5. Financial risk

The Group's financial instruments consist mainly of investments in unit trusts, deposits with banks, short-term investments, accounts receivable and payable. The investment in the unit trusts include exposure to both international and domestic equity (both hedged and unhedged) markets.

As the Group issue insurance contracts in the normal course of business, insurance contracts can also transfer financial risks with exposure to the insurance contract liabilities, through exposure to various payment obligations as well as receivable amounts included within its insurance contract liabilities. The Group does not consider the financial risks for both its health insurance and life insurance contract liabilities to be material.

Senior executives and the Board meet on a regular basis and evaluate management strategies in the context of the most recent economic conditions.

The objective is to assist the Group in meeting its financial target while protecting future financial security. The Group is exposed to various forms of financial risks.

This section provides an explanation of where the Group is affected by financial risks.

(a) Liquidity risk

The Group is exposed to daily calls on its available cash resources for claims and maturing policies. Liquidity risk is the risk that payment of obligations may not be met in a timely manner at a reasonable cost. Investments are managed to ensure that sufficient funds are available to meet liabilities as and when they fall due.

The table below summarises the maturity profile of financial liabilities of the Group based on the remaining undiscounted contractual obligations, except for insurance and reinsurance contract liabilities when maturity profiles are determined on the discounted estimated timing of net cash outflows.

CONSOLIDATED	1 YEAR OR LESS $000	1 YEAR TO 5 YEARS $000	OVER 5 YEARS $000	TOTAL $000
As at 30 June 2026				
Trade creditors and other payables	**60,051**	**-**	**-**	**60,051**
Lease liabilities	**12,449**	**21,610**	**2,450**	**36,509**
Insurance contract liabilities [1]	**446,567**	**-**	**-**	**446,567**
Total undiscounted liabilities	**519,067**	**21,610**	**2,450**	**543,127**
As at 30 June 2025				
Trade creditors and other payables	69,531	-	-	69,531
Lease liabilities	13,475	24,882	2,561	40,918
Insurance contract liabilities	422,450	-	-	422,450
Reinsurance contract liabilities	305	-	-	305
Total undiscounted liabilities	505,761	24,882	2,561	533,204

1 Within Insurance Contract Liabilities, only Liabilities for Incurred Claims have exposure to liquidity risk.

PARENT	1 YEAR OR LESS $000	1 YEAR TO 5 YEARS $000	OVER 5 YEARS $000	TOTAL $000
As at 30 June 2026				
Trade creditors and other payables	**55,952**	**-**	**-**	**55,952**
Lease liabilities	**12,449**	**21,610**	**2,450**	**36,509**
Insurance contract liabilities	**435,017**	**-**	**-**	**435,017**
Total undiscounted liabilities	**503,418**	**21,610**	**2,450**	**527,478**
As at 30 June 2025				
Trade creditors and other payables	65,907	-	-	65,907
Lease liabilities	13,475	24,882	2,561	40,918
Insurance contract liabilities	411,239	-	-	411,239
Total undiscounted liabilities	490,621	24,882	2,561	518,064

15. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, trade and other receivables and investments backing insurance liabilities. The Group's exposure to credit risk arises from potential default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

The Group regularly monitors its premiums in arrears and trade and other receivables, and determined that its exposure to credit risk is not significant. The credit risk in respect to premiums in arrears will only persist during the grace period of 63 days as specified in the Fund Rules, after which the policy may be terminated. The Group is not exposed to claims while a membership is in arrears. Trade and other receivables are monitored regularly and escalated when they fall outside of the terms.

Credit risk exposures are calculated regularly and compared to authorised credit limits before further transactions are undertaken with each counterparty. This combined with the nature of the credit exposures to highly liquid assets (cash and cash equivalents) and investment grade instruments, means the Group does not require collateral or other security to support credit risk exposure.

Credit risk exposure

With regard to the Group's investment in the unlisted unit trusts, the controls imposed in managing the underlying credit risk exposures contained therein are set and controlled by our investment manager JANA Investment Advisers Pty Limited under its multi-manager platform. These controls include setting and monitoring minimum and average credit ratings and maximum exposures to individual counterparties and fund managers. There is no significant concentration of credit risk within the Group and financial instruments are spread amongst a number of financial institutions and fund managers to minimise the risk of default by counterparties.

With regard to credit risk exposures by counterparties to underlying derivative contracts, the controls imposed are contained within the Risk Management Strategy.

For the remaining investments there are no significant concentrations of risk within the Group with the investments amongst a number of banks and financial institutions with independent ratings between AAA–BBB. Maximum holdings of investments within the ratings are stipulated in the investment strategy and are reviewed before renewing or placing additional investments.

(i) Credit exposure by type

	CONSOLIDATED		PARENT	
	2026 $000	2025 $000	2026 $000	2025 $000
Investments held at fair value through profit or loss	**1,767,461**	1,702,183	**1,767,461**	1,702,183
	1,767,461	1,702,183	**1,767,461**	1,702,183

This does not include equity investments as they do not have credit exposure.

There are no material amounts of collateral held as security for both years presented.

There are no amounts past due but not impaired.

(ii) Credit exposure by credit rating

	CONSOLIDATED		PARENT	
	2026 $000	2025 $000	2026 $000	2025 $000
Cash and cash equivalents				
A series rating	**77,336**	36,287	**66,482**	23,738
	77,336	36,287	**66,482**	23,738
Financial assets at fair value through profit or loss				
A series rating	**1,328,518**	1,427,647	**1,328,518**	1,427,647
B series rating	**251,761**	189,189	**251,761**	189,189
Unrated	**187,182**	85,347	**187,182**	85,347
	1,767,461	1,702,183	**1,767,461**	1,702,183
Trade receivables and other assets				
Unrated	**25,217**	29,116	**27,844**	31,877
	25,217	29,116	**27,844**	31,877

15. FINANCIAL RISK MANAGEMENT (CONTINUED)

6. Market risk

The Group takes on exposure to market risks including currency risk, fair value interest risk and price risk. Market risks arise from open positions in interest rates, currency and equity products, all of which are exposed to general and specific market movements. The market risks that the Group primarily faces are equity risk and interest rate risk, due to the nature of its investments.

With respect to insurance and investment contracts where the Group incurs market risk primarily in the form of interest rate risk, the risk is managed through asset/liability management strategies that seek to match the interest rate sensitivity of the assets to that of the underlying liabilities.

The overall objective in these strategies is to limit the net change in the value of assets and liabilities arising from interest rate movements. While it is more difficult to measure the interest sensitivity of insurance liabilities than that of the related assets, to the extent that it is possible to measure such sensitivities, the Group believes that interest rate movements will generate asset value changes that substantially offset changes in the value of the liabilities relating to the underlying insurance and investment contracts.

Equity price risk is the risk that the fair value of equities will decrease as a result of changes in levels of equity indices and the value of individual stocks. The Group holds the majority of its equities indirectly through its investment in unlisted unit trusts.

The investment policy stipulates the limit of any individual stock in the equity portfolio while asset concentration risks are managed according to the investment objective. For all the assets that are not sensitive to interest rate or market risk, the Group has developed investment guidelines to manage the Group's exposure to equity risk primarily by seeking to match the risk profile of equity investments against risk-adjusted equity market benchmarks.

The Group measures benchmark risk levels in terms of price volatility in relation to the market in general. For the assets, the key objective is to ensure that the returns are adequate and the returns are delivered maintaining a sufficient level of liquid assets to fund unexpected cash outflows arising from insurance claims payments. The liquidity risk section below deals with this aspect of the Group risk management in greater detail. Investment activity for the Group is undertaken in accordance with an investment mandate established by the Board of Directors. The mandate stipulates the investment allocation mix, the match of investment assets and liabilities and the use of derivatives.

(a) Interest rate risk

The Group is exposed to interest rate risk through its financial assets held. The Group has no exposure to interest rate risk in respect of assets or liabilities for incurred claims, as the cash flows are expected to be settled within a year from when claims are incurred.

The Group strikes a balance mitigating the most significant exposure to interest rate risk while maximising the return to participating policyholders by allowing some flexibility to those who manage the investment of the assets. A number of derivatives may be held to enable the matching of assets and liabilities to further mitigate exposure to interest rate movements.

Although this natural hedging is not reflected in the accounting policies adopted or in the presentation of the results and Statement of Financial Position included in these financial statements, it does mitigate the Group's exposure to such risk. These matching procedures are not 100% effective.

At the balance date, the Group's exposure to interest rate sensitivities are as follows:

	CONSOLIDATED		PARENT	
	2026 $000	2025 $000	2026 $000	2025 $000
Cash and cash equivalents	**77,336**	36,287	**66,482**	23,738
Financial assets at fair value through profit or loss - fixed income	**1,788,710**	1,722,072	**1,742,626**	1,677,211
	1,866,046	1,758,359	**1,809,108**	1,700,949

15. FINANCIAL RISK MANAGEMENT (CONTINUED)

Interest rate sensitivity analysis

The following table demonstrates the impact of a change in Australian and International interest rates, with all other variables held constant, on the Group's profit and equity. Management has estimated that a reasonable range this year is a 100 basis point change (2025: 100 basis points) that occurs at the reporting date (30 June 2026 and 2025) and there are concurrent movements in interest rates and parallel shifts in yield curves.

	30 JUNE 2026	30 JUNE 2025
	IMPACT ON POST TAX PROFIT	IMPACT ON POST TAX PROFIT
	$000	$000
Change in variable		
+100 basis points (2025: +100 basis points)	**19,270**	18,226
-100 basis points (2025: +100 basis points)	**(19,270)**	(18,226)

The impact of change in interest rates on the Group's equity is the same as the impact on its post-tax profit.

(b) Equity movement sensitivity analysis

At the balance date, the Group had the following financial assets exposed to equity risk:

	CONSOLIDATED	
	2026 $000	2025 $000
Financial assets at fair value through profit or loss - Australian equities	**365,758**	397,371
Financial assets at fair value through profit or loss - International equities	**879,755**	750,626
	1,245,513	1,147,997

The analysis below demonstrates the impact of a 10% movement in Australian and International equities. A 10% movement (2025: 10% movement) in Australian and International equities that occurs at the reporting date (30 June 2026 and 2025) has continued to have been applied as it still reflects a reasonable measurement given the current level of volatility observed. This analysis was performed to assess the risk of holding investments linked to equity instruments. It is assumed any change occurs as at the reporting date.

	30 JUNE 2026	30 JUNE 2025
	IMPACT ON POST TAX PROFIT AND EQUITY	IMPACT ON POST TAX PROFIT AND EQUITY
	$000	$000
Change in variable		
10% increase in Australian equities	**35,886**	39,082
10% increase in International equities	**87,228**	74,402
10% decrease in Australian equities	**(35,886)**	(39,082)
10% decrease in International equities	**(87,228)**	(74,402)

15. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Currency risk

The Group has direct exposure to foreign currencies via its investment in an unlisted foreign trust.

The Group also has indirect exposure to foreign currencies via its investment in unlisted unit trusts as a result of the unit trust's holding international equities. The currency movement in underlying international equities is dealt with in price risk.

In certain instances, the unit trusts choose to hedge these exposures using spot foreign exchange contracts to hedge the value of the underlying assets. The objective is to eliminate currency movements on the underlying assets from the performance of the fund. The associated costs and marked to market effect of the spot foreign exchange contracts are reflected in the unit price adopted valuation of assets and measurement of profit or loss.

The investment is carried at fair value with gains and losses through profit or loss.

At the balance date, the Group had the following financial assets exposed to currency risk:

	CONSOLIDATED	
	2026 $000	2025 $000
Holdings in unlisted foreign trust	**9,945**	28,822
Short-term deposits	**868**	843
	10,813	29,665

A 10% movement in foreign currencies (2025: 10% movement) that occurs at the reporting date (30 June 2026 and 2025) has continued to have been applied as it still reflects a reasonable measurement given the current level of volatility observed. At 30 June 2026, had the Australian dollar moved, as illustrated in the table below, with all other variables held constant, post tax profit and other comprehensive income would have been affected as follows:

	30 JUNE 2026	30 JUNE 2025
	IMPACT ON POST TAX PROFIT	IMPACT ON POST TAX PROFIT
	$000	$000
AUD to US Dollar +10%	**(983)**	(2,697)
AUD to US Dollar -10%	**1,201**	3,296

15. FINANCIAL RISK MANAGEMENT (CONTINUED)

7. Derivatives and hedging activities

The Group via its investment in the unit trusts, can have exposure to derivatives if authorised by investment guidelines of underlying investment manager agreements, information memorandums or product disclosure statements.

There are guidelines regarding the use of derivatives in the unit trusts in which the Group invests, which are monitored by the Responsible Entity of the unit trusts, Channel Investment Management Limited. Generally, these guidelines cover among other things, liquidity requirements, limits on investment managers' gross exposure and counterparty risk. The unit trusts can invest in derivatives to:

- reduce risk;
- reduce transaction costs;
- take advantage of opportunities to increase returns; and
- create leverage or to create short exposures.

While the use of derivatives is allowed, it is the Group's policy that, unless indicated otherwise, derivatives will not be used to:

- increase the level of market risk beyond that required to meet the unit trusts' objectives;
- create net leverage. Net leverage is where a unit trust's exposure to the return on a market is greater than that which could be achieved by investing in that market without using derivatives or borrowed funds; and
- create an uncovered short exposure to an asset or market, that is, a short exposure without an offsetting long exposure considered a reasonable hedge for that asset or market.

Derivatives will not be used in a way that is contrary to regulatory requirements.

Fair values

a) Fair value hierarchy

The table below separates financial assets, financial liabilities and property on a hierarchy that reflects the significance of the inputs used in the determination of fair value. The fair value hierarchy has the following levels:

Level 1 – quoted prices

Quoted prices (unadjusted) in active markets for identical assets and liabilities are used.

Level 2 – other observable inputs

Inputs that are observable (other than Level 1 quoted prices) for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) are used.

Level 3 – unobservable inputs

Inputs for the asset or liability that are not based on observable market data (unobservable inputs are used).

There were no transfers between the levels during the reporting period.

Fair value measurement

Level 3 investments mainly consist of non-listed investments in the health and medical industry both in Australia and overseas.

15. FINANCIAL RISK MANAGEMENT (CONTINUED)

The following table provides the fair value measurement hierarchy of the Group's financial assets, financial liabilities and property, other than those with carrying amounts that are reasonable approximations of fair values:

CONSOLIDATED	2026			2025		
	LEVEL 1 $000	LEVEL 2 $000	LEVEL 3 $000	LEVEL 1 $000	LEVEL 2 $000	LEVEL 3 $000
Financial assets at fair value through profit or loss						
• Short-term deposits	**868**	**–**	**–**	843	–	–
• Holdings in unlisted unit trust						
JANA Tailored Trust No.3	**–**	**2,940,188**	**–**	–	2,781,341	–
• Holdings in unlisted foreign trust	**–**	**–**	**9,945**	–	–	28,822
• Holdings in other direct investments	**–**	**–**	**23,967**	–	–	24,129
Total financial assets at fair value through profit or loss	**868**	**2,940,188**	**33,912**	843	2,781,341	52,951
Investments relating to life insurance business						
Holdings in unlisted unit trust — at fair value	**–**	**94,035**	**–**	–	88,728	–
Total investments relating to life insurance business	**–**	**94,035**	**–**	**–**	**88,728**	**–**
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	**868**	**3,034,223**	**33,912**	843	2,870,069	52,951
Owner-occupied properties						
• Commercial properties	**–**	**–**	**169,287**	–	–	163,597
Assets held for sale						
• Commercial property	**–**	**–**	**–**	–	42,314	–
Total owner-occupied properties, investment property and assets held for sale	**–**	**–**	**169,287**	–	42,314	163,597
TOTAL ASSETS AT FAIR VALUE	**868**	**3,034,223**	**203,199**	843	2,912,383	216,548

PARENT	2026			2025		
	LEVEL 1 $000	LEVEL 2 $000	LEVEL 3 $000	LEVEL 1 $000	LEVEL 2 $000	LEVEL 3 $000
Assets						
Financial assets at fair value through profit or loss						
• Short-term deposits	**868**	**–**	**–**	843	–	–
• Holdings in unlisted unit trust						
JANA Tailored Trust No.3	**–**	**2,940,188**	**–**	–	2,781,341	–
• Holdings in unlisted foreign trust	**–**	**–**	**9,945**	–	–	28,822
• Holdings in other direct investments	**–**	**–**	**23,967**	–	–	24,129
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	**868**	**2,940,188**	**33,912**	843	2,781,341	52,951
Owner-occupied properties						
• Commercial properties	**–**	**–**	**169,287**	–	–	163,597
Assets held for sale						
• Commercial property	**–**	**–**	**–**	–	34,035	–
Total owner-occupied properties, investment property and assets held for sale	**–**	**–**	**169,287**	–	34,035	163,597
TOTAL ASSETS AT FAIR VALUE	**868**	**2,940,188**	**203,199**	843	2,815,376	216,548

15. FINANCIAL RISK MANAGEMENT (CONTINUED)

	CONSOLIDATED		PARENT	
	2026 $000	2025 $000	2026 $000	2025 $000
Reconciliation of Level 3 fair value movements				
Financial assets				
Balance at start of the year	**52,951**	59,888	**52,951**	59,888
Purchases	**622**	2,110	**622**	2,110
Redemptions	**(800)**	(5,741)	**(800)**	(5,741)
Net amount of revaluation increments	**(18,861)**	(3,306)	**(18,861)**	(3,306)
Balance at end of the year	**33,912**	52,951	**33,912**	52,951
Commercial properties				
Balance at start of the year	**163,597**	202,026	**163,597**	193,836
Transfer	**-**	(42,718)	**-**	(34,528)
Depreciation expense	**(2,514)**	(2,426)	**(2,514)**	(2,426)
Net amount of revaluation increments	**8,204**	6,715	**8,204**	6,715
Balance at end of the year	**169,287**	163,597	**169,287**	163,597
TOTAL LEVEL 3 ASSETS AT FAIR VALUE	**203,199**	216,548	**203,199**	216,548

The table below provides the observable and unobservable inputs in determining fair value for property:

CLASS OF PROPERTY	VALUATION TECHNIQUE	SIGNIFICANT UNOBSERVABLE INPUTS	2026 RANGE (WEIGHTED AVERAGE) $000 OR %	2025 RANGE (WEIGHTED AVERAGE) $000 OR %	INTER-RELATIONSHIP BETWEEN KEY UNOBSERVABLE INPUTS AND FAIR VALUE MEASUREMENT – THE ESTIMATED FAIR VALUE WOULD INCREASE/(DECREASE) IF:	OTHER KEY INFORMATION
COMMERCIAL BUILDINGS (BRANCHES)	Income capitalisation	Estimated rental value (per sqm)	$1.1–$5.1 (3.10)	$0.7–$5.0 ($2.9)	* the price per square metre was higher /(lower)	
		Capitalisation rate	4.63%–7.13% (5.88%)	4.50%–7.50% (5.75%)	* the estimated fair value would increase if the capitalisation rate was lower/ (higher).	
COMMERCIAL (HCF HOUSE)	DCF	Discount rate	7.00%	7.00%	* the discount rate was lower/ (higher)	Lettable area 11,777.7 sqm Occupancy 51.30%
		Expected market rental growth	Office: 3.79% Retail: 3.48%	Office: 3.65% Retail: 3.45%	* expected market rental growth was higher/(lower)	Lease duration 6.61 years
		Terminal yield	6.75%	6.88%	* terminal yield was lower/(higher)	Term of cash flow 10.0 years

15. FINANCIAL RISK MANAGEMENT (CONTINUED)

The table below includes descriptions and definitions relating to valuation techniques, unobservable inputs and other assumptions made in determining the fair values:

Discounted cash flow method ('DCF')	Involves the discounting of the net cash flow on a monthly basis over an assumed cash flow period (i.e. 10 years) at an appropriate cash rate to reflect risk to derive a market value. The net cash flow comprises the cash inflows less the cash outflows over the cash flow period, with the addition of the terminal value in the final cash flow period. Cash flows comprise income from the property adjusted to reflect actual rental income, speculative rental income and rental growth, while cash outflows comprise outgoings adjusted to reflect anticipated inflation, lease incentives and leasing and marketing fees. The terminal value is determined by the capitalisation of the imputed net market income in the month after the final cash flow period with allowances for any relevant capital adjustments.
Estimated rental value ('ERV')	The estimated rental value per square metre at which space could be let in the market conditions prevailing at the date of valuation.
Discount rate	A rate of return used to convert a monetary sum, payable or receivable in the future, into present value. Theoretically, it should reflect the opportunity cost of capital (i.e. the rate of return the capital can earn if put to other uses having similar risk). Determined with reference to a 10-year bond and risk margin - also referred to as the required rate of return.
Initial yield (Fully leased)	The initial net income at the date of transaction or valuation expressed as a percentage of the sale price or valuation.
Reversionary yield	The assessed net market income divided by the sum of the sale price or the adopted value plus any capital adjustments to the core value such as letting up allowances, capital expenditure and present value of reversions (to obtain this net market income).
Terminal yield	The capitalisation rate used to convert income into an indication of the anticipated value of the property at the end of the holding period or property resale value.

Property fair value measurement – valuation process

Valuations are performed on an annual basis by an approved external valuer who is appointed based upon market knowledge, reputation, independence and whether professional standards are maintained. For the current and previous four years, this has been Colliers.

Following consultation with the Company's external valuers, management reviews and accepts whether a property's fair value has been reliably determined and the assumptions and methodologies applied.

The valuations are presented to the Board of Directors for adoption.

Holdings in unlisted foreign trust fair value measurement – valuation process

The fair value of financial assets traded in active markets are based on quoted market prices at the close of trading on the reporting date, with the fair value of the unit trust being based on its unit price.

The fair value of financial assets that are not traded in an active market are estimated using valuation methodologies that consider a range of assumptions a market participant would use, including but not limited to the price at which the investment was acquired, the nature of the investment, local market conditions, trading values on public exchanges for comparable securities, current and projected performance, financial condition and financing transactions subsequent to the acquisition of the investments. The inputs into the determination of fair value require significant judgement. Due to the inherent uncertainty of these estimates, these values may differ from the values that would have been used had a ready market for these investments existed.

16. INVESTMENT IN CONTROLLED ENTITIES

	COUNTRY OF INCORPORATION	NOTE	2026 %	2025 %	2026 $000	2025 $000
JANA Tailored Trust No.3	Australia	6	**100.0**	100.0	**2,940,188**	2,781,341
Other controlled entities						
HCF Life Insurance Company Pty Ltd	Australia		**100.0**	100.0	**26,000**	26,000
Manchester Unity Australia Pty Ltd	Australia		**100.0**	100.0	**-**	10,234
Railway and Transport Health Fund Pty Ltd	Australia		**100.0**	100.0	**-**	-
					26,000	36,234

Recognition and measurement

Investment in controlled entity – JANA Tailored Trust No.3

HCF's investment portfolios are managed by the appointed investment advisor JANA. The investment assets held in JANA Tailored Trust No.3 ('the Trust') is subject to an investment mandate set by HCF. JANA Tailored Trust No.3 is considered a controlled entity of HCF, as HCF owns 100% of the issued units.

The investment assets held by the Trust is classified as financial assets at fair value through profit or loss, with the fair value of the investment assets reflecting the fund manager's valuation. HCF has valued its investment in JANA at fair value through profit or loss.

Interests in wholly-owned subsidiaries

The parent entity has valued its investment in wholly-owned subsidiaries at cost. Investments in controlled entities are carried at cost less impairment in the Company's accounts. Dividends received from subsidiaries are recognised in the Statement of Comprehensive Income when the right to receive the dividend is established.

The investment in controlled entities will be assessed at each reporting date to determine whether there is any objective evidence that they are impaired. It is considered impaired if objective evidence indicates that one or more events that have occurred since the initial recognition of the asset have had a negative impact on the estimated future cash flows of that asset. All impairment losses are recognised in the Statement of Comprehensive Income.

Following the sale of the St Leonards property on 4 July 2025, Manchester Unity distributed a final dividend to the Parent entity in October 2025. As a result, the carrying amount of the Parent's investment in Manchester Unity was reduced to nil at 30 June 2026 based on its recoverable amount.

17. COMMITMENTS

	CONSOLIDATED		PARENT	
	2026 $000	2025 $000	2026 $000	2025 $000
Estimated capital expenditure contracted but not provided for at balance date:				
• payable not later than one year after the end of the financial year	**11,390**	12,377	**11,390**	12,377
• payable after one year but not more than five years after the end of the financial year	**19,581**	23,186	**19,581**	23,186
• more than five years after the end of the financial year	**2,312**	2,493	**2,312**	2,493
TOTAL CAPITAL EXPENDITURE COMMITMENTS	**33,283**	38,056	**33,283**	38,056

HCF has a commitment to increase the level of investment in one of its investment trusts by $6.9 million (2025: $8.3 million).

18. FUTURE LEASE COMMITMENTS

Leases as lessor

The Group leases out its investment property consisting of its owned commercial properties as well as leased property. All leases are classified as operating leases from a lessor perspective.

The following tables set out a maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date.

OPERATING LEASE	CONSOLIDATED		PARENT	
	2026 $000	2025 $000	2026 $000	2025 $000
Future minimum rentals receivable under non-cancellable operating leases				
No later than one year	**6,080**	3,747	**6,080**	3,743
Later than one year and not later than five years	**13,180**	15,673	**13,180**	15,673
Later than five years	**-**	15	**-**	15
GROSS OPERATING LEASE RECEIVABLES	**19,260**	19,435	**19,260**	19,431

Notes:

Rental receipts for receivable leases are determined on a lease by lease basis depending on lease terms.

Commitments represent future minimum lease payment expected to be received at the reporting date.

19. CONTINGENT ASSETS AND LIABILITIES

There are no contingent assets or liabilities to report at balance sheet date.

20. EVENTS AFTER THE REPORTING PERIOD

No matters have occurred, other than those disclosed, after balance sheet date which have significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group.

21. AUDITOR'S REMUNERATION

	CONSOLIDATED		PARENT	
	2026 $	2025 $	2026 $	2025 $
Fees to Ernst & Young (Australia):				
• Fees for auditing the statutory financial report of the Parent covering the Group and auditing the statutory financial reports of any controlled entities	**764,557**	649,033	**527,476**	426,989
• Fees for assurance services that are required by legislation to be provided by the auditor	**440,964**	412,860	**369,509**	344,021
• Fees for other assurance and agreed-upon-procedures services under other legislation or contractual arrangements where there is discretion as to whether the service is provided by the auditor or another firm	**59,450**	147,458	**46,000**	134,500
• Fees for other services - Tax compliance	**49,850**	30,250	**-**	-
TOTAL AUDITOR'S REMUNERATION	**1,314,821**	1,239,601	**942,985**	905,510

The auditor does not receive any other benefit.

22. RELATED PARTY DISCLOSURES

- Details of Key Management Personnel's retirement benefits and remuneration are set out in Note 23.
- During the past year the Company collected insurance revenue, supplied office space and supporting services and other administrative functions to HCF Life on a cost recovery basis. During the financial year the Company received commissions under normal terms and conditions totalling $3,289,522 (2025: $3,735,532) from HCF Life for sales of life insurance policies. The amount receivable by the Company at 30 June 2026 is $2,575,659 (2025: receivable of $3,134,095).
- The Company collected rental receipts on behalf of Manchester Unity and supplied supporting services and administrative functions to Manchester Unity on a cost recovery basis totalling $14,389 (2025: $259,645). Following the sale of the St Leonards property, Manchester Unity distributed a final dividend to the Parent entity in October 2025. The amount payable by the Company at 30 June 2026 is $38,565 (2025: $78,355).
- The Company supplied supporting services and administrative functions to HCF Research Foundation totalling $919,135 (2025: $668,776). This amount was charged to the HCF Research Foundation on a cost recovery basis. The amount receivable by the Company at 30 June 2026 is $102,628 (2025: $58,265).

23. REMUNERATION OF KEY MANAGEMENT PERSONNEL

The key management personnel include:

For The Hospitals Contribution Fund of Australia Ltd

- 9 Non-Executive Directors (2025: 9 Non-Executive Directors)
- 1 Managing Director and 9 Chief Officers (2025: 1 Managing Director and 9 Chief Officers)

	CONSOLIDATED		PARENT	
	2026 $	2025 $	2026 $	2025 $
Short-term employee benefits	**14,655,985**	14,412,497	**14,493,945**	14,195,578
Post-employment benefits	**523,384**	788,990	**503,917**	763,578
Termination benefits	**1,346,056***	74,320	**1,346,056**	74,320
	16,525,425	15,275,807	**16,343,918**	15,033,476

HCF, Manchester Unity and RT Health have a common management team. The amount is paid/payable at the Group level and allocated based on services rendered.

* Long Term Incentive and retention for former CEO and Managing Director.

24. NEW ACCOUNTING STANDARDS

(a) New and amended accounting standards and interpretations adopted from 1 July 2025

All new and amended Australian Accounting Standards and interpretations mandatory as at 1 July 2025 to the Group have been adopted, and unless otherwise specified, have had no material impact to the financial statements of the Group.

(b) Accounting standards and interpretations issued but not yet effective

A number of new accounting standards and amendments have been issued but are not yet effective, none of which have been early adopted by the Group in this financial report. Among these is AASB 18 *Presentation and Disclosure in Financial Statements* ('AASB 18'), with the effective date of annual reporting periods beginning on or after 1 January 2027. Management is still assessing the impact of AASB 18 on the financial report. Other than AASB 18, the new standards and amendments, when applied in future periods, are not expected to have a material impact on the financial statements of the Group.

In May 2024, the IASB issued Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7 (the Amendments). The Amendments include:

- A clarification that a financial liability is derecognised on the 'settlement date' and the introduction of an accounting policy choice (if specific conditions are met) to derecognise financial liabilities settled using an electronic payment system before the settlement date
- Additional guidance on how the contractual cash flows for financial assets with environmental, social and corporate governance (ESG) and similar features should be assessed
- Clarifications on what constitute 'non-recourse features' and what are the characteristics of contractually linked instruments
- The introduction of disclosures for financial instruments with contingent features and additional disclosure requirements for equity instruments classified at fair value through other comprehensive income (OCI).

The Amendments are effective for annual periods starting on or after 1 January 2026 with early adoption permitted for classification of financial assets and related disclosures only. The Group does not anticipate that the amendments will have a material effect on the Group's financial statements.

CONSOLIDATED ENTITY DISCLOSURE STATEMENT

AS AT 30 JUNE 2026

ENTITY NAME	ENTITY TYPE	BODY CORPORATE COUNTRY OF IN-CORPORATION	BODY CORPORATE % OF SHARE CAPITAL HELD	COUNTRY OF TAX RESIDENCE
The Hospitals Contribution Fund of Australia Ltd	Body corporate	Australia	–	Australia
JANA Tailored Trust No.3	Trust	n/a	n/a	Australia
HCF Life Insurance Company Pty Ltd	Body corporate	Australia	100.0	Australia
Flip Insurance Pty Ltd	Body corporate	Australia	100.0	Australia
Manchester Unity Australia Pty Ltd	Body corporate	Australia	100.0	Australia
Railway and Transport Health Fund Pty Ltd	Body corporate	Australia	100.0	Australia

On 14 January 2026, Transport Health Pty Ltd was deregistered with ASIC.

DIRECTORS' DECLARATION

The Hospitals Contribution Fund of Australia Ltd and its controlled entities

In accordance with a resolution of the Directors of The Hospitals Contribution Fund of Australia Ltd, I state that:

In the opinion of the Directors:

(a) the Financial Statements and notes of The Hospitals Contribution Fund of Australia Ltd for the financial year ended 30 June 2026 are in accordance with the *Corporations Act 2001*, including:

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

  (ii) complying with Accounting Standards and the *Corporations Regulations 2001*;

(b) the consolidated entity disclosure statement required by section 295(3A) of the Corporations Act is true and correct;

(c) the Financial Statements and notes also comply with International Financial Reporting Standards; and

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

On behalf of the Board



Annette King

Chair
Sydney
3 September 2026



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Independent auditor's report to the members of The Hospitals Contribution Fund of Australia Ltd

Opinion

We have audited the financial report of The Hospitals Contribution Fund of Australia Ltd (the Company) and its subsidiaries (collectively the Group), which comprises:

- The Group consolidated and Company statements of financial position as at 30 June 2026;
- The Group consolidated and Company statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended;
- Notes to the financial statements, including material accounting policy information;
- The consolidated entity disclosure statement; and
- The directors' declaration.

In our opinion, the accompanying financial report is in accordance with the *Corporations Act 2001*, including:

a. Giving a true and fair view of the Company's and the Group's financial position as at 30 June 2026 and of their financial performance for the year ended on that date; and

b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to audits of the financial report of public interest entities in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information is the Directors' Report accompanying the financial report and the Sustainability Report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon in this auditor's report. We have issued a separate auditor's report on selective sustainability information and subject matter included in the Sustainability Report.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, 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.

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If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of:

- The financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and
- The consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001;* and

for such internal control as the directors determine is necessary to enable the preparation of:

- The financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- The consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's and Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or 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 objectives are 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 the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and 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 this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to

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events or conditions that may cast significant doubt on the Company's or Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company or the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group financial report. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the Group audit. We remain solely responsible for our audit opinion.

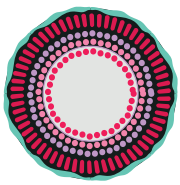
We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young

Kieren Cummings
Partner
Sydney
3 September 2026

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HCF



ACKNOWLEDGEMENT OF COUNTRY

HCF acknowledges the traditional custodians of the lands and water upon which we work and live.

We acknowledge Aboriginal and Torres Strait Islander peoples' rich history as traditional healers and scientists, who have taken care of the health of the land and its people for thousands of years.

We give thanks to Elders past and present, who we have much to learn from on our reconciliation journey.

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The Hospitals Contribution Fund of Australia Ltd
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