

Peoplecare Health Limited

ABN 95 087 648 753

Annual Report - 30 June 2025

Peoplecare Health Limited
Contents
30 June 2025

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A Message from the Chair

After eight years on the Peoplecare board and now in my second year as Chairman, it's a privilege to serve this organisation and its members. Reflecting on the year that was, I'm proud to report that despite the economic challenges of the 2024/25 financial year, Peoplecare has not only weathered the storm — we've thrived.

Sustainable growth

A thriving Peoplecare means sustainable growth. We've expanded our membership to 36,109 — a record high and a net increase of 9.5%. Growth was strongest in New South Wales and Victoria, with the 30–39 age group leading the way.

Members first

This report outlines our financial performance, highlighting a strong result driven by disciplined financial stewardship, strategic investment decisions, and effective operational management.

We paid 430,637 claims in FY25 — each one tells a story and reflects our commitment to supporting our members' health and wellbeing journeys.

As a not-for-profit member-owned health fund that puts people before profits, our members come first. We work hard to keep premiums as low as possible and I'm proud to announce we had an average premium increase of 3.54% in FY25, in contrast to the health insurance industry average of 3.73%. We know that rising living costs are a concern for many, and we're committed to being part of the solution.

Hospital negotiations

This year, we continued to advocate strongly for our members in a challenging hospital contracting environment. With the support of the Members Health Fund Alliance (MHFA), representing 24 member-owned funds, we were able to leverage collective strength during negotiations with private hospital providers.

More dental benefits

Healthy teeth shouldn't be a luxury, and I'm pleased to share that from July 1, all Peoplecare members with Extras cover are eligible for up to two No Gap* check-up and cleans every year^ at smile.com.au dentists around Australia. No gap dental means more money in members pockets. Our Illawarra members can also opt for No Gap preventative dental at our recently renovated Peoplecare Optical and Dental clinic in the heart of Wollongong.

Expanded Extras benefit

We've enhanced our Extras cover to better support members' health and wellbeing. These updates include expanded eligibility for swimming lessons through our health management programs, improved benefits for psychology and dietetics services for eligible members, and increased support for physiotherapy, chiropractic, osteopathy, and a range of complementary therapies.

New Hospital and extras products

In other exciting news, Peoplecare has launched not one, but four new products. From July 1 members have even more flexibility when it comes to Extras, with the introduction of *Flex Essentials Extras* and *Flex Up Extras*.

We've also given members more choice and more value with the addition of *Basic Accident Hospital* cover and *Silver Plus Essentials Hospital* cover. Congratulations to the Peoplecare team for offering members even more options when it comes to protecting their health.

We're listening

In 2023, our members told us they wanted more value – and we listened. We've introduced these fantastic products and benefit enhancements to help members get more back, and there's even more on the way.

Our 2024 Member Satisfaction Survey shows a high level of satisfaction with Peoplecare, with a 92% overall satisfaction rate. Members highlighted our customer service, comprehensive cover, and friendly, knowledgeable team as key strengths. Our claims process (94%) and ease of dealing with us (94%) were standout areas.

But we're not stopping there. We're focused on making members feel more valued (77%), supporting their health and wellbeing (68%), and delivering better value for money (73%). We're expanding our tools and resources to better support members with their health and wellbeing, boosting our member perks, and helping members ensure they're on the right cover. Well done to everyone involved for turning member feedback into meaningful action.

Acknowledgements

That's a wrap on Financial Year 2025. Thank you to our growing member base for your loyalty and the trust you place in Peoplecare, we also appreciate the diligence and governance of our fellow Board members, as well as the dedication of the Peoplecare team to our strategic priorities and to serving our members. Lastly, special thanks go to our CEO Louise Leaver, who's leadership continues to inspire.

I look forward to what we achieve together in the year ahead.



Michael Oertel BEc, FCPA, GAICD

Chairman Peoplecare Board

24 September 2025

Wollongong

*'No gap' means there are no out-of-pocket costs on a selected range of dental treatments (as long as your annual dental limit hasn't been used). Preventative dental covers consultation, scale & clean, X-rays and fluoride as part of a check-up and clean package only. Excludes treatment-only appointments.

^This offer is only available to Peoplecare members with Extras cover who visit a [smile.com.au](https://www.smile.com.au) dentist. Simply show your Peoplecare membership card in store to receive your discount. Offer not available on OSHC extras product.

A message from the CEO

The 2024/2025 financial year has been a year of achievement and momentum for Peoplecare as we delivered on the first full year of our new strategy.

When we launched this strategy, we set ourselves an ambitious goal: to reverse the decline in our membership and return Peoplecare to sustainable growth. I am delighted to report that we have not only achieved this, but we have surpassed our previous historic high from 2018. This is an extraordinary milestone and a testament to the dedication of our Peoplecarers and the trust of our members.

Our growth has been driven by a holistic approach—launching new products, improving the benefits available to our members, and engaging customers through new channels. These initiatives have strengthened our value proposition and positioned Peoplecare as a trusted partner in health and well-being.

During the year, we also made provision for our final giveback to members following claims savings as a result of the COVID-19 pandemic. This marks the conclusion of a significant chapter in our history, as the regulatory framework for these givebacks has now closed following the end of the 2025 financial year. We are proud to have returned substantial value to our members during this period.

The past year also saw a strong focus on regulatory compliance with the introduction of two significant standards: the Financial Accountability Regime and the new Operational Risk Management Prudential Standard. These frameworks strengthen our governance and resilience, ensuring that Peoplecare remains a well-managed organisation for the long term.

Keeping pace with digital innovation has also been a priority. After much anticipation, we released the first phase of our digital membership card, which will continue to roll out to more members in the coming year.

We also completed a refurbishment of our Optical and Dental practice to deliver a contemporary experience for our Illawarra-based members. In June 2025, the practice achieved its most successful month in its history, delivering significant savings to members.

As we look ahead, our focus remains on delivering affordable and valuable health insurance with exceptional experiences for our members. I am incredibly proud of what we have achieved together this year. To our Peoplecarers, thank you for your passion and commitment. To our Board, thank you for your guidance and leadership. And most importantly, to our members, thank you for your trust and loyalty. Everything we do is for you, and we are excited about the future we are building together.



Louise Leaver LLB (HONS), BSC (PSYC), GAICD

Chief Executive Officer

24 September 2025

Wollongong

Peoplecare Health Limited
Directors' report
30 June 2025

The Directors present their report, together with the financial statements, on Peoplecare Health Limited (referred to as 'the Company' or 'Peoplecare') for the year ended 30 June 2025.

Directors

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

Michael Oertel
Peter Fitzgerald (Retired 20 November 2024)
Stephannie Jonovska
Sue Baker-Finch
Abhishek Verma
Amy Harper
Darren Hungerford
Belinda Hogan

Mission and Objectives

The Company is a mission based organisation with clear objectives and key results:

Mission 1: Customer Growth & Member Value

We achieve sustainable growth by offering products that deliver value, building a brand that people trust and providing personalised and exceptional member experiences.

Mission 2: Corporate Customers & Partnerships

Deliver benefit to Peoplecare by maintaining financially sustainable managed services and health-related businesses and by leveraging corporate partnerships to achieve value for members and Health Fund growth.

Mission 3: Organisation Enablement

Leverage our expertise to proactively enable our business and teams to achieve their mission.

Principal activities

During the year the principal continuing activities of the Company consisted of operating as a private health insurer under the *Private Health Insurance Act 2007*. The Company also manages two other Health Benefit funds and provides services for Allianz Partners (AzP). No significant changes to the principal activity have occurred during the financial year.

Information on Directors

Michael Oertel BEc, FCPA, GAICD

Michael was appointed as an Associate Director in 2017 and then as a Director in 2018. Michael became Chair from 22 November 2023.

Michael has over 40 years' experience in the private health insurance industry, engaging with boards, management and regulators.

He was the Chief Executive Officer of a registered private health insurer for 22 years and served as a Director on two of Peoplecare's strategic partner boards, HAMBS and Members Health Fund Alliance.

Michael is a passionate and committed strategic leader with highly developed governance, financial and risk acumen.

Michael's professional qualifications include a Bachelor of Economics majoring in Accounting and he is a Fellow of CPA Australia and Graduate of the Australian Institute of Company Directors.

Stephannie Jonovska BCom, FCPA, GAICD

Stephannie was appointed as Director in 2016 and is the Chair of the People and Culture Committee.

Stephannie is a commercial management professional with over 30 years' experience in the steel manufacturing industry. Currently Head of Commercial Services and Transformation for BlueScope Australian Steel Products, her diverse experience spans finance, procurement, business improvement, digital and transformation.

She brings a wealth of leadership experience in successfully disrupting the status quo and building a strong team culture.

Stephannie is an active member of our community, a previous Chair of WEA Illawarra and is currently Chair of the CPA Australia Digital Transformation Centre of Excellence.

Stephannie has a Bachelor of Commerce. She is also a Graduate of the Australian Institute of Company Directors and a Fellow of CPA Australia.

Sue Baker-Finch BSc (Hons), MBA, MBC, FAICD

Sue Baker-Finch was elected as a Director in November 2021 and appointed as Chair Risk Committee in January 2024. Previously, she was an Associate Director for three consecutive years from May 2018.

Sue has over 20 years of senior executive leadership and management consulting experience in commercial, government and not-for-profit businesses across a range of industry sectors, including government regulated sectors. Sue has substantial background in the health sector, having held leadership roles in a national general practice organisation, a medical research institute and as a Board member in the NSW public hospital system.

Sue's professional qualifications include a Bachelor of Science (Hons), Masters of Business Administration and Masters of Business Coaching. She is a Fellow of the Australian Institute of Company Directors.

Dr Abhishek Verma BSc (Med) MBBS MS FRACGP GAICD AICGG

Dr Abhi Verma was appointed as an Associate Director in April 2022 and became an Appointed Director in March 2023.

Abhi is an experienced clinician and non-executive director in the healthcare sector, with substantial experience in clinical governance and medical regulation. In addition to maintaining a number of board roles, Abhi remains active in clinical practice, and was awarded both the Victorian GP of the Year Award as well as the Australian GP of the Year Award in 2022.

In addition to working clinically, Abhi maintains a diverse portfolio career. Abhi is the current Chair of the Victorian Medical Board, working with AHPRA (Australian Health Practitioner Regulation Agency). Additionally, Abhi is currently a director of Alfred Health and Yea & District Health, as well as member of the RACGP Victoria Faculty Council. He previously served on the Board of Edenhope & District Memorial Hospital, where he was Chair of the Clinical Governance Committee. Abhi's other current portfolio roles include working as a Senior Medical Advisor at the Department of Defence, and as Quality and Compliance lead at Aspen Medical.

Abhi's professional qualifications include bachelor's degrees in Medicine and Surgery and a Master degree in Surgery. Abhi is also a Fellow of the Royal Australian College of General Practitioners, a Graduate of the Australian Institute of Company Directors, and a Graduate of the Australasian Institute of Clinical Governance.

Amy Harper B Comm, B Laws (Hons), MBA, GAICD

Amy Harper was appointed as a Director in November 2023, and was appointed the Chair of the Audit Committee in November 2024.

Amy has over 20 years' experience as a commercial lawyer and is a NSW Law Society Accredited Specialist in Business Law. She brings her broad business and corporate experience as both legal adviser to businesses and government authorities and as a business owner, having been a partner of a mid-sized law firm for over 10 years.

Amy sits on the Council of Business NSW and Business Illawarra. She has also held directorships in organisations in the financial services, performing arts, aged care and tourism industries.

Darren Hungerford BEComp

Darren Hungerford was appointed as an Associate Director in September 2023.

Darren is passionate about driving business outcomes through emerging and digital technology. Throughout his career, he has worked across numerous industries for many Australian and Global organisations delivering on digital and technology outcomes as a consulting partner, a technology leader, and a digital business builder. As a leader, Darren is known for his clear strategic leadership, focus on ongoing development, and drive for execution.

Currently the General Manager of xDNA (A Downer Company), Darren is responsible for the development and growth of Downer's Digital business, focussing on driving digital transformation outcomes for Downer and its customers within Australia and New Zealand's most critical industries.

Darren holds a Bachelor of Computer Engineering from Wollongong University and several Graduate Certificates and Diplomas in management and leadership. Darren is a member of the ACS and the IoTAA.

Belinda Hogan BA, BComm, CPA, MBA, GAICD

Belinda Hogan was appointed as an Associate Director on 30 July 2025.

As a CPA qualified CFO, Belinda has significant experience with APRA-regulated institutions and member-owned mutual organisations, with roles including CFO of Ubank, a brand of NAB, CFO of neobank 86 400, and CFO and Company Secretary for Illawarra Credit Union.

Belinda is currently CFO of Liveheats, an action adventure sports technology start-up, and also Deputy Chair and Chair of the Finance, Audit and Risk Management Committee for Grand Pacific Health, a for-purpose provider of high-quality, no or low-cost health and wellbeing services.

In addition to CPA, Belinda has also completed the GAICD program, a MBA and a residential executive leadership program at London Business School and received several workplace and volunteer awards, including AFR BOSS Young Executive of the Year.

As a lifelong Peoplecare member and Illawarra native, Belinda is passionate about bringing her skills and expertise to contribute towards a thriving future for the Peoplecare team and all its customers.

Meetings of Directors

The number of meetings of the Company's Board of Directors ("the Board") and each Board committee held during the year ended 30 June 2025, and the number of meetings attended by each Director was:

	Full Board		People and Culture Committee (PCC)		Risk Committee		Audit Committee	
	Attended	Held	Attended	Held	Attended	Held	Attended	Held
Directors:								
M. Oertel ¹	11	11	4	4	8	8	4	4
S. Jonovska ²	11	11	4	4	3	3	2	2
P. Fitzgerald ³	3	3	-	-	2	2	2	2
S. Baker-Finch	11	11	-	-	8	8	4	4
A. Verma ⁴	11	11	4	4	4	4	1	1
A. Harper	11	11	-	-	8	8	4	4
D. Hungerford ⁵	11	11	4	4	7	8	1	1

Held: represents the number of meetings held during the time the Director held office or was a member of the relevant committee.

1. Michael Oertel is the Board Chair and an ex officio member of the People and Culture, Risk and Audit Committees.
2. Stephannie Jonovska attended the Risk Committee and Audit Committee by invitation.
3. Peter Fitzgerald was a member of the Audit Committee and Risk Committee until his retirement in November 2024.
4. Dr Abhi Verma attended the Risk Committee and Audit Committee by invitation.
5. Darren Hungerford attended the Audit Committee by invitation..

Contributions on winding up

The Company is limited by guarantee. Under the constitution of the Company, each member agrees that, if the Company is wound up during the time that they are a member, or within one year after ceasing to be a member, they will contribute to the assets of the Company, for the payment of the debts and liabilities of the Company (contracted before ceasing to be a member) and of the costs, charges, and expenses of winding up and for adjustment among the members of the rights of the members, such amount as may be required, but not exceeding \$10 (2024: \$10). The number of members at the end of the financial year was 36,109 (2024: 33,113).

Matters subsequent to the end of the financial year

No matter of circumstance has arisen since 30 June 2025 that has significantly affected, or may significantly affect:

- i. the operations of the Company;
- ii. the results of these operations; or
- iii. the state of affairs of the Company in the financial years subsequent to 30 June 2025.

Dividends

The Company is limited by guarantee and is prohibited by its constitution and law from paying dividends.

Non-audit services

During the year, the Company has not employed the auditor (Ernst & Young) on assignments additional to their statutory audit duties. Details of the amounts paid or payable to the auditor during the year are disclosed in Note 24 - Remuneration of Auditors.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 14.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

On behalf of the Directors



Michael Oertel BEc, FCPA, GAICD
Director



Amy Harper B Comm, B Laws (Hons), MBA, GAICD
Director

24 September 2025
Wollongong

Peoplecare Health Limited
Corporate Governance Statement - Summary
30 June 2025

The Peoplecare Board and management are committed to achieving and demonstrating the highest standards of corporate governance. The Board is dedicated to, and responsible for, actively promoting ethical and responsible decision making and practices at Peoplecare to ensure that practices are in place to maintain confidence in Peoplecare's integrity.

The Corporate Governance Statement is dated as at March 2025 and reflects the corporate governance practices in place throughout the 2025 financial year. The Corporate Governance Statement was approved by the Board on 19 March 2025. A description of Peoplecare's current corporate governance practices can be viewed at <https://www.peoplecare.com.au/siteassets/documents/policies/peoplecare-corporate-governance-statement.pdf>

Peoplecare Health Limited

Executive team

30 June 2025

Chief Executive Officer

Louise Leaver LLB (Hons), BSc (Psyc), GAICD

Louise joined Peoplecare's board in 2016 before stepping down from the board to become CEO in March 2023.

Louise is an experienced executive and corporate lawyer, with a diverse background in not-for-profit and commercial enterprises spanning private health insurance, aged care, education and steel manufacturing. Louise has particular expertise in corporate and commercial law, as well as quality, governance and risk management. As a former Senior Legal Counsel for a health fund, Louise has an in-depth understanding of private health insurance operations and regulation.

Louise's professional qualifications include a Bachelor of Laws (Hons), Bachelor of Science (Psyc), Graduate Diploma in Legal Practice and Graduate Diploma in Applied Corporate Governance. Louise is also a Graduate of the Australian Institute of Company Directors.

Louise is also a Director of the Australian Health Service Alliance (AHSA) and serves on the Risk Committee.

Chief Risk Officer

Brett Wright DipLM, GAICD

Brett is responsible for leading the governance, risk management, and compliance functions for Peoplecare and its customer insurers. Brett oversees the implementation of Peoplecare's risk management framework whilst also working to create an effective risk culture within the organisation.

Brett supports the CEO, Executive Team and the Board to ensure all regulatory and governance requirements are met.

Brett brings to the role 13 years of experience in risk management and compliance, 11 years of that in private health insurance.

In 2022 Brett was awarded Business Illawarra's Outstanding Young Business Leader of the year.

Chief Financial Officer and Company Secretary

Chris Stolk BCom, FCPA, GAICD, FGIA

Chris is responsible for the provision of all financial management and company secretariat functions and is responsible for both external and internal reporting activities for the organisation. Chris has more than 25 years' experience in the accounting and finance field, most of which was spent working with organisations in the financial services industry.

His specialist skills include management reporting, statutory reporting, taxation and business planning and compliance. He also has a keen interest in treasury operations.

Chris is an independent Director of Coordinare as well as Chair of the Finance, Audit and Risk Management (FARM) committee.

Chief Marketing and Customer Strategy Officer

Marie Heritage MMkt

Marie has more than 20 years of experience in business performance with a proven track record in commercial management, revenue optimisation, customer outreach, successful marketing strategies, and brand transformation.

Marie leads Peoplecare's sustainable growth objective. She is responsible for Peoplecare's marketing, brand, sales, product and pricing, communications, customer value and community relations.

She has a Master in Marketing from the SKEMA Business School and is graduated from the Australian Institute of Company Directors.

Peoplecare Health Limited

Executive team

30 June 2025

Chief People and Culture Officer

Maree Morgan-Monk BA, GDipHR (ceased employment August 2024)

Maree joined Peoplecare in 2011 and was Head of People and Culture. She has 25 years of HR management experience across various industries, including education, hospitality and general insurance.

As Chief People and Culture Officer, Maree was responsible for ensuring that our people, processes and practices retain Peoplecare's status as a true employer of choice with an exceptional level of employee satisfaction.

Maree supported our managers and Peoplecarers in the areas of talent management, well-being, human resource policy, and cultural development.

Maree was awarded Australia's HR Manager of the Year for 2013 at the Australian HR Awards. Her particular areas of expertise are leadership development, employee engagement, change management and collaboration.

Chief Commercial Officer

James Koutsoukos BComm, CAANZ

James is responsible for Peoplecare's commercial strategy, specifically the management of Peoplecare's strategic partnerships and the growth and performance of our managed services business. James also oversees the management of Peoplecare's Optical and Dental clinic.

James has 20 years' experience as a principal of a national accounting practice specialising in corporate advisory, restructuring, turnaround and insolvency. His experience covers a wide range of industries including property, construction, retail, hospitality, health services, manufacturing/engineering and professional services.

James is a Member of the Chartered Accountants Australia and New Zealand.

Chief Operating Officer

Scott Prosser BEC, GAICD (ceased employment March 2025)

Scott has 20 years' experience in financial services and technology across Europe, Asia and Australia. Scott's 10 years of executive experience includes Chief Operations Officer and Chief Information Officer roles in insurance, financial advice and superannuation.

Scott joined Peoplecare in 2022 and was responsible for running Peoplecare's operations. His leadership role involved bringing people, technology and service delivery strategies together.

Scott's skills include business transformation, operating model transformation, strategic planning, project portfolio management, vendor management and technology strategy.

Chief Information Officer

Pablo Neira BComm, MBA

Pablo began his career at Peoplecare working in various roles including Business, Technology and Innovation Manager, IT and Risk Manager, and Information Technology Manager. He has spent the last 20 years leading technology and enablement teams in private health insurance.

Pablo heads Peoplecare's IT transformation, technology and innovation.

Pablo's skills include information and technology strategy, risk management including cyber security, project management and technology transformation. He has a Bachelor of Commerce with a major in Information Systems and a Master in Business Administration.

Peoplecare Health Limited
Executive team
30 June 2025

Kate Pearson BEc(SocSc), MLLR (commenced October 2024)
Chief People and Culture Officer

Kate joined Peoplecare in 2024 as the Chief People & Culture Officer, bringing over 20 years of HR leadership experience across the financial and professional services, technology, and health sectors. In her role, she is responsible for driving people, talent, and culture strategies to ensure Peoplecare remains an employer of choice.

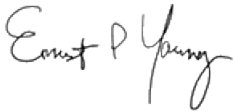
She has significant experience in culture change, transforming operating models, building capability, developing leaders and designing impactful talent strategies.

Kate also serves as Chair of the MHFA HR Committee. Her professional qualifications include a Masters of Labour Law and Relations, a Bachelor of Economics and Social Sciences, ICCP executive coaching accreditation, and various culture and leadership assessment accreditations.

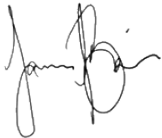
Auditor's independence declaration to the directors of Peoplecare Health Limited

As lead auditor for the audit of the financial report of Peoplecare Health Limited for the financial year ended 30 June 2025, 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.



Ernst & Young



Jason Bain
Partner
24 September 2025

Peoplecare Health Limited
Statement of surplus or deficit and other comprehensive income
For the year ended 30 June 2025

	Note	2025	2024
		\$	\$
Revenue			
Insurance revenue	3.1	481,422,898	448,709,777
Insurance service expense - incurred claims	3.1	(301,732,236)	(293,595,838)
Insurance service expense - other insurance service expenses	5	(25,655,554)	(19,547,075)
Insurance services result before reinsurance contracts held		154,035,108	135,566,864
Net income (expense) from reinsurance contracts held	3.1	(146,966,918)	(119,404,001)
Insurance service result		7,068,190	16,162,863
Interest income		7,272,677	6,684,804
Dividends received		1,035,925	832,049
Net gain / (loss) on fair value movements on financials assets at fair value		2,486,159	3,190,030
Investment expenses		(365,182)	(334,829)
Total investment income		10,429,579	10,372,054
Other income	3.2	16,654,903	15,612,239
Other expenses	5	(20,629,308)	(18,278,626)
Member giveback	18	(5,400,000)	-
Surplus before tax		8,123,364	23,868,530
Income tax expense		-	-
Surplus for the year		8,123,364	23,868,530
Other comprehensive income		350,000	-
Total comprehensive income for the year		8,473,364	23,868,530

The above statement of surplus or deficit and other comprehensive income should be read in conjunction with the accompanying notes

Peoplecare Health Limited
Statement of financial position
As at 30 June 2025

	Note	2025 \$	2024 \$
Assets			
Current assets			
Cash and cash equivalents	6	79,453,957	84,733,636
Trade and other receivables	7	7,815,177	5,721,750
Reinsurance contract assets	4	389,801,635	363,356,180
Inventories	8	145,449	165,687
Financial assets at fair value through surplus or deficit	9	29,632,996	26,817,332
Other assets	10	1,203,781	1,085,519
Total current assets		<u>508,052,995</u>	<u>481,880,104</u>
Non-current assets			
Financial assets at fair value through surplus or deficit	11	72,010,810	56,141,392
Property, plant and equipment	12	8,870,586	8,379,547
Right-of-use assets	13	456,498	536,199
Intangibles	14	163,821	599,994
Total non-current assets		<u>81,501,715</u>	<u>65,657,132</u>
Total assets		<u>589,554,710</u>	<u>547,537,236</u>
Liabilities			
Current liabilities			
Other payables and accruals	15	11,634,433	14,006,355
Insurance contract liabilities	4	416,953,972	386,539,221
Lease liabilities	16	67,538	124,491
Provisions	17	655,188	534,197
Members give back provision	18	5,558,014	154,534
Total current liabilities		<u>434,869,145</u>	<u>401,358,798</u>
Non-current liabilities			
Lease liabilities	19	392,638	411,017
Provisions	20	384,158	332,016
Total non-current liabilities		<u>776,796</u>	<u>743,033</u>
Total liabilities		<u>435,645,941</u>	<u>402,101,831</u>
Net assets		<u>153,908,769</u>	<u>145,435,405</u>
Equity			
Reserves	21	3,181,722	2,831,722
Retained surpluses		<u>150,727,047</u>	<u>142,603,683</u>
Total equity		<u>153,908,769</u>	<u>145,435,405</u>

The above statement of financial position should be read in conjunction with the accompanying notes

Peoplecare Health Limited
Statement of changes in equity
For the year ended 30 June 2025

	Reserves \$	Retained surpluses \$	Total equity \$
Balance at 1 July 2023	2,831,722	118,735,153	121,566,875
Surplus for the year	-	23,868,530	23,868,530
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	23,868,530	23,868,530
Balance at 30 June 2024	<u>2,831,722</u>	<u>142,603,683</u>	<u>145,435,405</u>
	Reserves \$	Retained surpluses \$	Total equity \$
Balance at 1 July 2024	2,831,722	142,603,683	145,435,405
Surplus for the year	-	8,123,364	8,123,364
Other comprehensive income for the year	350,000	-	350,000
Total comprehensive income for the year	350,000	8,123,364	8,473,364
Balance at 30 June 2025	<u>3,181,722</u>	<u>150,727,047</u>	<u>153,908,769</u>

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

Peoplecare Health Limited
Statement of cash flows
For the year ended 30 June 2025

	Note	2025 \$	2024 \$
Cash flows from operating activities			
Receipts from members and customers		283,180,967	278,978,665
Payments to members, suppliers and employees		(253,828,499)	(244,844,464)
Payments for outward reinsurance contracts (amounts ceded to reinsurer)		(113,622,009)	(121,582,680)
Receipts from outward reinsurance contracts (amounts recovered from reinsurer)		<u>73,733,654</u>	<u>66,132,320</u>
Dividends received		1,035,925	832,049
Interest received		6,495,972	6,720,138
Other revenue		<u>14,369,085</u>	<u>14,469,629</u>
Net cash from operating activities	28	<u>11,365,095</u>	<u>705,657</u>
Cash flows from investing activities			
Payments for financial assets at fair value through surplus or deficit		(144,050,907)	(175,549,842)
Payments for property, plant and equipment	12	(425,019)	(191,636)
Payments for intangibles	14	-	(53,842)
Proceeds from disposal of financial assets at fair value through surplus or deficit		127,847,652	175,047,316
Proceeds from disposal of property, plant and equipment		<u>78,548</u>	<u>115,682</u>
Net cash used in investing activities		<u>(16,549,726)</u>	<u>(632,322)</u>
Cash flows from financing activities			
Principal elements of lease payments		<u>(95,048)</u>	<u>(167,419)</u>
Net cash used in financing activities		<u>(95,048)</u>	<u>(167,419)</u>
Net decrease in cash and cash equivalents		(5,279,679)	(94,084)
Cash and cash equivalents at the beginning of the financial year		<u>84,733,636</u>	<u>84,827,720</u>
Cash and cash equivalents at the end of the financial year	6	<u><u>79,453,957</u></u>	<u><u>84,733,636</u></u>

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

Note 1. Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*.

Compliance with IFRS

These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB).

Corporate information

The financial report covers Peoplecare Health Limited as an individual entity. The financial report is presented in Australian dollars, which is Peoplecare Health Limited's functional and presentation currency.

Controlled entities

Peoplecare Health Limited has incorporated two 100% owned subsidiaries. *Peoplecare Health Insurance Pty Limited* and *Peoplecare Professional Services Pty Limited* were both set up to register the names for potential future organisation group structure.

The financial statements of Peoplecare Health Limited (Company) have been prepared on the basis of the stand-alone entity. These financial statements do not include the consolidated results of either 100% owned subsidiary Peoplecare Health Insurance Pty Limited and Peoplecare Professional Services Pty Limited. This is on the basis that neither subsidiary has traded during the year and the consolidated financial statements would not differ to those of the stand-alone entity financial statements of the Company.

The financial report consists of the financial statements, notes to the financial statements and the directors' declaration.

Peoplecare Health Limited is a not-for-profit unlisted public company limited by guarantee, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office

Corner Victoria and Young Streets,
Wollongong, NSW, 2500

Principal place of business

Corner Victoria and Young Streets,
Wollongong, NSW, 2500

A description of the nature of the Company's operations and its principal activities are included in the directors' report, which is not part of the financial report.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 24 September 2025. The directors have the power to amend and reissue the financial statements.

Historical cost convention

The financial statements have also been prepared on an historical cost basis, except for the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value method of accounting has been adopted.

Comparative figures

Where required by Australian Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Critical accounting judgements and estimates

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from the estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both internally and externally to the Company.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in the following notes:

Note 1. Basis of preparation (continued)

- Note 4: Insurance contract liabilities
- Note 12: Property, plant and equipment
- Note 14: Intangibles
- Note 16: Lease liabilities
- Note 17: Provisions

Note 2. Summary of accounting policies

Income tax

No income tax expense was provided for as the Company is entitled to tax exempt status under the provisions of Section 50-30, Item 6.3 of the Income Tax Assessment Act 1997.

Goods and Services Tax (GST) and other similar taxes

Revenues and expenses are recognised net of GST, except where GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the expense item.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows.

Investment income and expenses

Investment income is recognised in the Statement of surplus or deficit, using the effective interest method. Changes in the value of financial assets at fair value through Statement of surplus or deficit are recognised within investment income as unrealised gains or losses while the assets are held. Upon derecognition of an asset, the cumulative unrealised gain or loss is reversed, and a realised gain or loss is recognised. Realised and unrealised gains and losses are presented as net gain /(loss) on fair value movements on financial assets.

Investment expenses includes investment management fees incurred on the financial assets held at fair value through surplus or deficit.

New accounting standards not yet effective

On 14th June 2024, the Australian Accounting Standards Board (AASB) issued AASB 18 Presentation and Disclosure in Financial Statements, a new financial statements presentation standard to replace AASB 101 Presentation of Financial Statements. The effective date of AASB 18 is for annual periods beginning on or after 1 January 2027.

In the first year, for the immediately preceding period, entities must also present a reconciliation for each line in the statement of profit or loss between amounts previously presented applying AASB 101 and restated amounts applying AASB 18. AASB 18 requires an entity to classify income and expenses within its statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations. These categories are complemented by the requirement to present subtotals and totals for 'operating profit or loss', 'profit or loss before financing and income taxes' and 'profit or loss'. Management is yet to assess the impact of AASB 18 on the financial report.

Other significant accounting policies adopted by the Company are detailed under each note to the financial statements.

Note 3.1 Insurance service result

Insurance service result

The insurance service result includes insurance revenue, offset by directly attributable insurance service expenses. Insurance revenue reflects the consideration the Company expects to be entitled to in exchange for providing insurance contract services. Insurance service expenses include expenses that are directly attributable to fulfilling a group of insurance contracts and include claims incurred, other directly attributable insurance service expenses and changes to past service. Other expenses not meeting the above categories are included in other operating expenses in the Statement of surplus or deficit.

The company underwrites a portfolio of overseas student health cover (OSHC) and overseas visitor health cover (OVHC), the former under a deed with the Commonwealth Government.

In managing this business, Peoplecare appoints AWP Australia Pty Ltd (Allianz Partners) as its sole and exclusive Agent to promote, market, sell, distribute, administer, and manage the OSHC and OVHC health insurance portfolios under Marketing and Management Agreements.

As the ultimate underwriter of the OSHC and OVHC business, Peoplecare mitigates its risks in relation to these insurance portfolios by entering into a 100% quota share reinsurance arrangement with AWP Health & Life S.A.

	2025	2025	Total
	CHIP*	OVHC and	
	\$	OSHC	\$
Insurance Revenue	<u>166,457,614</u>	<u>314,965,284</u>	<u>481,422,898</u>
Insurance services expense			
Incurred claims	(137,292,060)	(165,724,494)	(303,016,554)
Changes to past service	(555,480)	-	(555,480)
Movement in risk adjustment for non-financial risk	(76,024)	-	(76,024)
Net risk equalisation special account payments	3,915,638	-	3,915,638
State levies	(1,999,816)	-	(1,999,816)
	<u>(136,007,742)</u>	<u>(165,724,494)</u>	<u>(301,732,236)</u>
Other insurance services expenses	<u>(25,655,554)</u>	<u>(146,966,918)</u>	<u>(172,622,472)</u>
Insurance services result before reinsurance contracts held	<u><u>4,794,318</u></u>	<u><u>2,273,872</u></u>	<u><u>7,068,190</u></u>
Reinsurance contracts held			
Income from OSHC and OVHC		314,965,284	314,965,284
Insurance service expense - claims		(165,724,494)	(165,724,494)
Insurance result from OSHC and OVHC		<u>149,240,790</u>	<u>149,240,790</u>
Allocation of reinsurance premiums - ceded to reinsurers		(312,691,412)	(312,691,412)
Claims recovered from reinsurer		165,724,494	165,724,494
Net expense from reinsurance contracts held		<u>(146,966,918)</u>	<u>(146,966,918)</u>
Net surplus from reinsurance contracts held		<u><u>2,273,872</u></u>	<u><u>2,273,872</u></u>
Insurance services result	<u><u>4,794,318</u></u>	<u><u>2,273,872</u></u>	<u><u>7,068,190</u></u>

* Complying Health Insurance Policies (CHIP)

Note 3.1 Insurance service result (continued)

	2024 CHIP \$	2024 OVHC and OSHC \$	Total \$
Insurance Revenue	155,579,506	293,130,271	448,709,777
Insurance services expense			
Incurred claims	(127,100,020)	(171,551,475)	(298,651,495)
Changes to past service	1,658,950	-	1,658,950
Movement in risk adjustment for non-financial risk	121,417	-	121,417
Net risk equalisation special account payments	5,113,399	-	5,113,399
State levies	(1,838,109)	-	(1,838,109)
	<u>(122,044,363)</u>	<u>(171,551,475)</u>	<u>(293,595,838)</u>
Other insurance services expenses	(19,547,075)	(119,404,001)	(138,951,076)
Insurance services result before reinsurance contracts held	<u>13,988,068</u>	<u>2,174,795</u>	<u>16,162,863</u>
Reinsurance contracts held			
Income from OSHC and OVHC		293,130,271	293,130,271
Insurance service expense - claims		(171,551,476)	(171,551,476)
Insurance result from OSHC and OVHC		<u>121,578,795</u>	<u>121,578,795</u>
Allocation of reinsurance premiums - ceded to reinsurers		(290,955,476)	(290,955,476)
Claims recovered from reinsurer		171,551,476	171,551,476
Net expense from reinsurance contracts held		<u>(119,404,000)</u>	<u>(119,404,000)</u>
Net surplus from reinsurance contracts held		<u>2,174,795</u>	<u>2,174,795</u>
Insurance services result	<u>13,988,068</u>	<u>2,174,795</u>	<u>16,162,863</u>

Health insurance revenue recognition accounting policy

Insurance revenue is the amount of expected premium receipts allocated over the coverage period. For contracts of one year or less the allocation is based on the passage of time.

The Australian Government contributes a rebate towards eligible policyholder's premium and pays this directly to the Company. This rebate is recognised within insurance revenue in the consolidated statement of surplus or deficit and comprehensive income.

Insurance service expenses

Insurance service expenses comprise expenses directly attributable to fulfilling a group of insurance contracts and include claims incurred, other directly attributable insurance service expenses and changes to past service. Other expenses not meeting the above categories are included in other expenses in the statement of surplus or deficit and comprehensive income.

Judgement is exercised in determining which expenses are directly attributable to insurance contracts, and therefore, included within insurance service expenses. The company classifies the majority of expenses incurred within insurance service expenses, for expenses not directly attributable to insurance contracts, refer to note 5.

The Company 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 (LRC). In subsequent periods, the loss component is reassessed, and any movements are recognised within the statement of surplus or deficit and other comprehensive income.

Note 3.1 Insurance service result (continued)

Insurance claims are amounts payable under insurance contracts arising from the occurrence of an insured claims episode. A claims episode is an insured hospital, medical and ancillary service that the Company has an obligation to fund, which could be consultation fees, diagnostic investigations, hospitalisation or treatment costs.

Incurred claims comprise insurance claims paid during the year together with related handling costs, the movement in the gross provision for claims in the period and the Risk Equalisation Special Account levy.

Private health insurers provide private health insurance cover through a community rated scheme. Under legislation, all private health insurers must participate in the Risk Equalisation Special Account in which all private health insurers share the cost of the eligible claims of members aged 55 years and over, and claims meeting the high cost claim criteria.

The Australian Prudential Regulation Authority (APRA) determines the amount payable to or receivable from the Risk Equalisation Special Account after the end of each quarter. Estimates of amounts payable or receivable are provided in the LIC for periods where determinations have not yet been made. This includes an estimate of risk equalisation for unrepresented and outstanding claims.

Insurance acquisition cash flows arise from the costs of selling, underwriting and starting a group of insurance contracts that are directly attributable to the portfolio of insurance contracts to which the group belongs. For CHIP and OVHC contracts, the Company's policy is to expense acquisition costs as they are incurred.

Acquisition costs related to the OSHC contracts are paid by Allianz Partners Australia from reinsurance premiums.

Changes in the risk adjustment for non-financial risk are presented in the insurance service result and not disaggregated into an insurance service component and an insurance finance component.

Note 3.2 Revenue from services

	2025	2024
	\$	\$
Management services revenue	13,564,772	12,370,000
Dental revenue	1,929,920	2,041,728
Optical revenue	1,160,211	1,180,723
Other income	-	19,788
	<u>16,654,903</u>	<u>15,612,239</u>

Accounting policy

Revenue recognition

Revenue is recognised for the non-insurance business as follows:

Rendering of services

Revenue from contracts to provide management services is recognised over time, as the services are rendered based on either a fixed price or standard rate per full-time equivalent unit per month.

Dental Revenue

Dental revenue is recognised over the period the performance obligation is satisfied i.e. over the course of the specific treatment to which the fee relates. Revenue is recognised when a customer obtains control of the goods or services. The transfer of control is over time.

Optical revenue

Optical revenue is recognised at the time when the performance obligation i.e. at the time of delivery. Revenue is recognised when a customer obtains control of the goods or services. The transfer of control is at a point in time.

Note 3.2 Revenue from services (continued)

Other revenue

Other revenue is recognised when or as a performance obligation is satisfied by transferring a promised good or service to a customer. Transfer occurs when or as the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time.

Note 4. AASB 17 Insurance contracts and reinsurance contracts held

AASB 17 Insurance Contracts sets out the principles for the recognition, measurement and presentation of insurance contracts.

Insurance contracts recognition and measurement model

AASB 17 requires the use of the General Measurement Model (GMM) for the recognition and measurement of insurance contracts, unless the criteria to use the Premium Allocation Approach (PAA) has been met. GMM involves estimating future cash flows and risks from existing policies and taking surplus (known as contractual service margin) to account over the policy period, adjusting the surplus over the life of the contract for any experience variances from expected outcomes.

AASB 17 allows the use of the PAA where:

- the contract boundary of each contract within the portfolio is one year or less; or
- the measurement of the liability for remaining coverage at inception of a contract is not materially different than if applying GMM.

For the Company's Complying Health Insurance Policies (CHIP), the majority of policies have a coverage period of one year or less. Those policies with a maturity greater than one year are not considered material to these financial statements and have therefore been accounted for using PAA. As a result, the Company has taken the policy choice to apply the PAA to these contracts. This approach leads to simplified measurement and presentation relative to the GMM. Similarly, the portfolio of OVHC policies has a coverage period of one year or less and PAA is applied to these contracts.

The Company's OSHC contracts has a coverage period of more than one year. For these contracts, the Company made an assessment whether the measurement of the liability for remaining coverage (LRC) under PAA will differ materially from the use of GMM for which the use of GMM will be required. Based on the Company's assessment, the LRC under PAA does not materially differ from that under the GMM for the OSHC Contracts.

Accounting Policy

Insurance contracts are contracts under which the Company accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. In making this assessment, all substantive rights and obligations, including those arising from law or regulation, are considered on a contract-by-contract basis. The Company uses judgement to assess whether a contract transfers insurance risk (i.e. if there is a scenario with commercial substance in which the Company has the possibility of a loss on a present value basis) and whether the accepted insurance risk is significant.

Based on the characteristics of the products offered to clients, the Company has determined that all health insurance contracts are insurance contracts and that there are no non-insurance contracts attached to them.

Unit of account

A portfolio of insurance contracts is defined as insurance contracts subject to similar risks and managed together. Peoplecare has identified the following portfolio: CHIP, OSHC and OVHC insurance contracts, and OSHC and OVHC reinsurance contracts held. Under the PAA, a portfolio is the level at which insurance and reinsurance contract assets and liabilities are presented in the statement of financial position. Further segmentation is required into groups of contracts for the identification of onerous contracts, including annual cohorts of contracts that are:

- (i) onerous at initial recognition
- (ii) that have no significant possibility of becoming onerous subsequently; and
- (iii) all remaining contracts.

Note 4. AASB 17 Insurance contracts and reinsurance contracts held (continued)

There is a presumption under the PAA that no contracts are onerous at initial recognition unless there are facts and circumstances that indicate otherwise.

In contemplating the facts and circumstances, the Company has considered information reviewed by senior management in monitoring financial performance. Peoplecare defines facts and circumstances to be results from the financial projections model by the level of granularity in the model (product level). Where facts and circumstances are identified that may indicate an onerous contract exists, detailed testing is performed, and any loss component is valued comparing the carrying amount of the LRC to the estimated fulfilment cash flows which include an assessment of the risk adjustment using a confidence level approach. An assessment is made whether contracts that are not onerous at initial recognition have no significant possibility of becoming onerous subsequently by assessing the likelihood of changes in applicable facts and circumstances. Insurance contracts remain within the same group from initial recognition until they are derecognised.

Contract boundary and fulfilment cash flows

Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period. For insurance contracts, the company has a substantive right when it can compel the policyholder to pay the premiums or a substantive obligation when it has to provide the policyholder with insurance contract services.

Cash flows within the contract boundary directly relate to the fulfilment of the contract and include cash flows relating to the collection of premiums and payments for claims, benefits and expenses. Cash flows are outside of the contract boundary of an insurance contract when Company's substantive rights and obligations end. This mainly occurs when the Company has the practical ability to reprice the risks of a particular product or change the level of benefits so that the price fully reflects those risks. Cash flows outside the contract boundary relate to future insurance contracts. These future insurance contracts are recognised only when they meet the recognition criteria.

Key judgement

Complying Health Insurance Products (CHIP)

Due to the nature of Australian Complying Health Insurance Products (CHIP), the contract boundary can be determined in several ways. In making such assessment, the Company considered two options: the maximum period policyholders can prepay premiums (12 months) and the next annual premium round implementation date (1st April). The Company has determined that the contract boundary will be the premium renewal date.

OVHC Contracts

Similar to CHIP, the contract bound for OVHC contracts is 12 months or less.

OSHC and Reinsurance Contracts

As there is no substantive obligation for OSHC contracts beyond the current contract end date, and the coverage period is clear, then OSHC contracts will not have a substantive obligation and the contract boundary will be the contract end date.

The reinsurance contract follows the OSHC covers boundaries as it is a 100% quota-share.

Level of aggregation

AASB 17 defines a portfolio of insurance contracts as 'Insurance contracts subject to similar risks and managed together.

Peoplecare have identified the following portfolio:

- Australian complying health insurance products.
- OVHC contracts
- OSHC contracts
- Reinsurance treaty

Under the PAA, a portfolio is the level at which policyholder assets and liabilities are presented in the statement of financial position. For insurance contracts written further segmentation is required into groups of contracts for the identification of onerous contracts, including annual cohorts of contracts that are either onerous, no significant possibility of being onerous and other contracts. There is a presumption under the PAA that no contracts are onerous unless there are facts and circumstances that indicate otherwise.

Peoplecare defines the annual cohort as contracts incepting within each financial year.

Note 4. AASB 17 Insurance contracts and reinsurance contracts held (continued)

Recognition and derecognition

Groups of insurance contracts are initially recognised from the earliest of:

- the beginning of the coverage period;
- the date when the first payment from a policyholder in the group becomes due; and
- when the group of contracts or the underlying insurance contract becomes onerous.

A group of insurance contracts are derecognised when all rights and obligations are extinguished or a contract modification occurs.

Discounting

Discounting is optional for the LRC carrying amount if the time between providing each part of the coverage and the related premium due date is one year or less and is also optional for the LIC if claims are expected to be paid in one year or less from the date the claims are incurred. Given the short-tailed nature of private health insurance claims, Peoplecare has not applied discounting to the LRC and LIC.

OSHC contracts are multi-year contracts paid up front. Therefore, a significant financing component can exist and would require that the LRC be adjusted for the implicit discount provided. However, AWP explicitly prices for the increase in premiums for future years, and therefore there is no financing component.

Measurement

As noted above, Peoplecare has taken the option to apply the Premium Application approach (PAA) to all insurance contracts on the basis that all its insurance contracts meet the eligibility requirements.

Liability for incurred claims (LIC)

The LIC represents the estimated liability arising from claims episodes in current and preceding financial years which have not yet given rise to claims paid including claims that have been incurred but not yet reported. A claims episode is an insured hospital, medical and ancillary service that the Company has an obligation to fund, which could be consultation fees, diagnostic investigations, hospitalisation or treatment costs. The LIC is measured as the present value of the estimated future payments arising from claims incurred at the end of each reporting period under insurance cover issued by the Company and other incurred insurance service expenses, including a risk adjustment for the cashflows at risk to the Company. The liability also allows for an estimate of claims handling costs (these include internal and external costs incurred from the negotiation and settlement of claims) and payments to and from the Risk Equalisation Special Account (RESA). The company does not adjust the future cash flows either for the time value of money or for the effect of financial risk for portfolios in which incurred claims are expected to be paid within one year of occurrence. The ultimate liability may vary as a result of subsequent information and events. Adjustments to claims estimates for prior years are included in the Statement of surplus or deficit in the financial year in which the change is made. The methods used and estimates made for the LIC are reviewed regularly.

Key estimate - LIC

The LIC includes the expected claims payments and expenses required to settle any insurance contract obligations. The LIC estimate with respect to claims is based on an actuarial assessment of the hospital, medical and ancillary claim categories, calculated using statistical methods adopted for all service months but with service levels for the most recent service month being based on the latest forecast adjusted for any observed changes in payment patterns.

The critical assumption is the extent to which claim incidence and development patterns are consistent with past experience. Adjustments are then applied to reflect any unusual or abnormal events that may affect the estimate of claims levels such as major variability to claims processing volumes.

The process for establishing the LIC involves consultation with the Appointed Actuary, claims managers and other senior management.

Risk adjustment (LIC)

The risk adjustment reflects the compensation the company requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Company fulfils insurance contracts. The Company has taken the decision to use a confidence level technique to estimate the risk adjustment for the LIC. The margin is set to achieve a probability of adequacy of 75% (2024: 75%) and any movements in the risk adjustment are recognised in full within the insurance service result.

Note 4. AASB 17 Insurance contracts and reinsurance contracts held (continued)

Key estimate - Risk adjustment (LIC)

The LIC risk adjustment is based on an analysis of past experience, including comparing the volatility of past payments to the adopted outstanding claims estimate. The risk adjustment has been estimated to equate to the Company's objective of achieving a probability of adequacy of at least 75% (2024: 75%). A risk adjustment of 5.5% is applied to claims paid to 31 July 2025 which relates to the period prior to 30 June 2025, whereas the 2024 risk adjustment of 7.0% was applied to claims paid to 30 June 2024 only.

OSHC and OVHC Contracts

The risk adjustment applied to the Company's outstanding claims estimate (i.e. the claims reserve within the LIC) at 30 June 2025 is 7% (2024: 0%).

Liability for remaining coverage (LRC)

On initial recognition of each group of insurance contracts, the carrying amount of the LRC is based on the premiums received less any directly attributable acquisition costs not expensed as incurred adjusted for any onerous contracts. In subsequent periods, the LRC is increased for any additional premiums received and release of any insurance acquisition cash flows and decreased for the recognition of insurance revenue that is released on a straight-line basis over the coverage period. The Company's default policy is not to adjust the LRC to reflect the time value of money and the effect of financial risk, as the Company 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 typically no more than one year.

Risk adjustment (LRC)

The LRC risk adjustment is only applied when performing the OCT, either to assess if general insurance contracts are onerous or to calculate the Loss Component.

The Company has taken the decision to use a confidence level technique to estimate the risk adjustment for the LRC. In FY 2024, the Company set the LRC risk adjustment equal to the bottom of the net underwriting margin target set out in the Pricing Policy, with a minimum level of 1.0% (which equated to a probability of adequacy of approximately 62%). The risk adjustment in FY 2025 is set to achieve a probability of adequacy of 75%, the same probability adopted for regulatory reporting to the Australian Prudential Regulation Authority (APRA).

Key estimate - Risk adjustment (LRC)

A risk adjustment of 2.2% (2024: 1.0%) has been applied to assess if a group of contracts are onerous, and if so, the risk adjustment is used to determine to loss component to recognise in the Statement of surplus or deficit.

Onerous contracts

If facts and circumstances indicate that a group of contracts is onerous, detailed testing is performed by comparing the carrying amount of the LRC to the estimated fulfilment cash flows, which include an assessment of the risk adjustment using a confidence level approach. If the carrying amount of the LRC is less than the estimated fulfilment cash flows, a loss component is recognised. The loss component increases the LRC and is recognised as an expense in the Statement of surplus or deficit. Subsequently, the loss component is reassessed, with any movements in the loss component adjusting the LRC and being recognised within the Statement of surplus or deficit.

Key estimate - onerous contracts

Key estimation uncertainty is driven by the future cash flows which are uncertain due to their timing, size and / or probability. The underlying cash flows are determined by forecasting future claims based on internal and external historical claims and other experience data and updated to reflect current expectations of future events and current conditions at the reporting date.

The onerous contracts loss component recognised in financial year 2025 was \$1,541,304 including the risk adjustment (2024: -\$757,070).

Health Insurance Risk Equalisation Special Account (RESA) levies accounting policy

Private health insurers provide private health insurance cover through a community rated scheme. Under legislation, all private health insurers must participate in the Risk Equalisation Special Account in which all private health insurers share the cost of the eligible claims of members aged 55 years and over, and claims meeting the high-cost claim criteria.

The Australian Prudential Regulation Authority (APRA) determines the amount payable to or receivable from the Risk Equalisation Special Account after the end of each quarter. Estimates of amounts payable or receivable are provided in the LIC for periods where determinations have not yet been made. This includes an estimate of risk equalisation for unrepresented and outstanding claims.

Note 4. AASB 17 Insurance contracts and reinsurance contracts held (continued)

If a private health insurer notifies APRA of a material variation in paid claims which can be quantified, the private health insurer can adjust the risk equalisation expense.

Reinsurance contract assets held

For reinsurance contracts held, the Company applies the PAA in respect to the OVHC contracts as the coverage period is one year or less. The Company assesses the remaining OSHC contracts and applies the PAA as the resulting measurement would not differ materially from the result of applying the requirements in the GMM for reinsurance contracts held.

The Company measures the asset for remaining coverage (ARC) on initial recognition of a group of reinsurance contracts held as the amount of ceded premiums paid. Subsequently the remaining coverage is increased for ceded premiums paid and decreased for amounts of ceded premiums recognised as reinsurance expenses for the services received in the period. The Company releases ceded reinsurance premiums on a passage of time basis over the coverage period. The Company does not adjust the ARC for the time value of money or for the effect of financial risk as the time between providing the coverage and the related underlying premium is one year or less.

The carrying amount of a group of reinsurance contracts held also includes the asset for incurred claims (AIC) comprising the fulfilment cash flows related to the past service allocated to the group. The Company does not adjust the AIC for the time value of money or effect of financial risk as recoveries are expected to be paid within one year of occurrence.

The estimates for future cash flows of a group of reinsurance contracts held should allow for the risk of non-performance by reinsurers, which is the probability weighted expected value of the effect of reinsurance counterparty failure to fulfil the contractual obligations.

The counterparty credit risk is considered immaterial due to the strong credit rating of the reinsurer (AM Best 'A+' Superior) and the indemnities provided by Allianz Partners.

(a) Reconciliation of movement in insurance liabilities

Insurance contracts balance sheet composition

	2025	2024
	\$	\$
Liability for remaining coverage - CHIP	11,200,206	8,831,430
Liability for incurred claims - CHIP	15,952,131	14,351,611
	<u>27,152,337</u>	<u>23,183,041</u>

Insurance contracts liabilities subject to reinsurance

Liability for remaining coverage - OSHC and OVHC	339,784,353	308,351,827
Liability for incurred claims - OSHC and OVHC	50,017,282	55,004,353
	<u>389,801,635</u>	<u>363,356,180</u>

Total insurance contract liabilities

<u>416,953,972</u>	<u>386,539,221</u>
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2025	2024
\$	\$

Reinsurance contract assets

Reinsurance contracts held that are assets - OSHC and OVHC	389,801,635	363,356,180
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Total reinsurance contract assets

<u>389,801,635</u>	<u>363,356,180</u>
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2025	2024
\$	\$

Net insurance contract liabilities

<u>27,152,337</u>	<u>23,183,041</u>
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Note 4. AASB 17 Insurance contracts and reinsurance contracts held (continued)

Insurance contract liability roll forward

	Liability for remaining coverage \$	Onerous contracts loss component \$	Liability for incurred claims \$	Risk adjustment for non-financial risk \$	Total \$
June 2025					
Contract liabilities CHIP					
Opening insurance contract liabilities	8,339,928	491,502	13,695,120	656,491	23,183,041
Insurance service result					
Insurance revenue	(166,457,614)	-	-	-	(166,457,614)
Insurance services expense - incurred claims	-	-	134,542,462	(76,024)	134,466,438
Insurance services expense - other insurance services expenses	-	-	25,655,554	-	25,655,554
Losses on onerous contracts and reversals of those losses	-	1,541,304	-	-	1,541,304
	(166,457,614)	1,541,304	160,198,016	(76,024)	(4,794,318)
Cashflows					
Premiums received	167,285,086	-	-	-	167,285,086
Claims and other directly attributable expenses paid	-	-	(158,521,472)	-	(158,521,472)
	167,285,086	-	(158,521,472)	-	8,763,614
Closing insurance contract liabilities - CHIP	<u>9,167,400</u>	<u>2,032,806</u>	<u>15,371,664</u>	<u>580,467</u>	<u>27,152,337</u>
	Liability for remaining coverage \$	Onerous contracts loss component \$	Liability for incurred claims \$	Risk adjustment for non-financial risk \$	Total \$
June 2025					
Contract liabilities subject to reinsurance - OSHC and OVHC					
Opening balance as at 1 July 2024	308,351,827	-	55,004,353	-	363,356,180
Insurance service result					
Insurance revenue from OSHC and OVHC	(314,965,284)	-	-	-	(314,965,284)
Insurance service expense - claims incurred	-	-	162,197,252	3,527,242	165,724,494
	(314,965,284)	-	162,197,252	3,527,242	(149,240,790)
Cashflows					
Insurance revenue received	115,895,881	-	-	-	115,895,881
Insurance revenue received by agent	230,501,929	-	-	-	230,501,929
Claims paid	-	-	(73,733,654)	-	(73,733,654)
Claims paid by agent	-	-	(96,977,911)	-	(96,977,911)
	346,397,810	-	(170,711,565)	-	175,686,245
Closing contract liabilities subject to reinsurance - OSHC and OVHC	<u>339,784,353</u>	<u>-</u>	<u>46,490,040</u>	<u>3,527,242</u>	<u>389,801,635</u>
Total insurance contract liabilities	<u>348,951,753</u>	<u>2,032,806</u>	<u>61,861,704</u>	<u>4,107,709</u>	<u>416,953,972</u>

Note 4. AASB 17 Insurance contracts and reinsurance contracts held (continued)

	Asset for remaining coverage \$	Amounts recovered on incurred claims \$	Total \$
Reinsurance contracts roll forward			
Reinsurance contract assets held			
Opening balance as at 1 July 2024	308,351,827	55,004,353	363,356,180
Allocation of reinsurance premium ceded, net of fronting fees	(312,691,412)	-	(312,691,412)
Amounts recoverable from reinsurance for incurred claims	-	165,724,494	165,724,494
	<u>(312,691,412)</u>	<u>165,724,494</u>	<u>(146,966,918)</u>
Cashflows			
Reinsurance premiums paid	113,622,009	-	113,622,009
Reinsurance premiums paid by agent	230,501,929	-	230,501,929
Recoveries from reinsurance	-	(73,733,654)	(73,733,654)
Recoveries from reinsurance received by agent	-	(96,977,911)	(96,977,911)
	<u>344,123,938</u>	<u>(170,711,565)</u>	<u>173,412,373</u>
Closing balance as at 30 June 2025	<u>339,784,353</u>	<u>50,017,282</u>	<u>389,801,635</u>

Insurance contract liability roll forward

	Liability for remaining coverage \$	Onerous contracts loss component \$	Liability for incurred claims \$	Risk adjustment for non-financial risk \$	Total \$
June 2024					
Contract liabilities CHIP					
Opening insurance contract liabilities	8,698,244	1,248,572	15,232,653	777,909	25,957,378
Insurance service result					
Insurance revenue	(155,579,506)	-	-	-	(155,579,506)
Insurance services expense - incurred claims	-	-	122,922,851	(121,418)	122,801,433
Insurance services expense - other insurance services expenses	-	-	19,547,075	-	19,547,075
Losses on onerous contracts and reversals of those losses	-	(757,070)	-	-	(757,070)
	<u>(155,579,506)</u>	<u>(757,070)</u>	<u>142,469,926</u>	<u>(121,418)</u>	<u>(13,988,068)</u>
Cashflows					
Premiums received	155,221,190	-	-	-	155,221,190
Claims and other directly attributable expenses paid	-	-	(144,007,459)	-	(144,007,459)
	<u>155,221,190</u>	<u>-</u>	<u>(144,007,459)</u>	<u>-</u>	<u>11,213,731</u>
Closing insurance contract liabilities - CHIP	<u>8,339,928</u>	<u>491,502</u>	<u>13,695,120</u>	<u>656,491</u>	<u>23,183,041</u>

Note 4. AASB 17 Insurance contracts and reinsurance contracts held (continued)

June 2024	Liability for remaining coverage \$	Onerous contracts loss component \$	Liability for incurred claims \$	Risk adjustment for non-financial risk \$	Total \$
Contract liabilities subject to reinsurance - OSHC and OVHC					
Opening balance as at 1 July 2023	276,741,026	-	37,275,033	-	314,016,059
Insurance service result					
Insurance revenue from OSHC and OVHC	(293,130,271)	-	-	-	(293,130,271)
Insurance service expense - claims incurred	-	-	171,551,476	-	171,551,476
	<u>(293,130,271)</u>	<u>-</u>	<u>171,551,476</u>	<u>-</u>	<u>(121,578,795)</u>
Cashflows					
Insurance revenue received	123,757,475	-	-	-	123,757,475
Insurance revenue received by agent	200,983,597	-	-	-	200,983,597
Claims paid	-	-	(66,132,320)	-	(66,132,320)
Claims paid by agent	-	-	(87,689,836)	-	(87,689,836)
	<u>324,741,072</u>	<u>-</u>	<u>(153,822,156)</u>	<u>-</u>	<u>170,918,916</u>
Closing contract liabilities subject to reinsurance - OSHC and OVHC	<u>308,351,827</u>	<u>-</u>	<u>55,004,353</u>	<u>-</u>	<u>363,356,180</u>
Total insurance contract liabilities	<u>316,691,755</u>	<u>491,502</u>	<u>68,699,473</u>	<u>656,491</u>	<u>386,539,221</u>
Reinsurance contracts roll forward					
			Asset for remaining coverage \$	Amounts recovered on incurred claims \$	Total \$
Reinsurance contract assets held					
Opening balance as at 1 July 2023			276,741,026	37,275,034	314,016,060
Allocation of reinsurance premium ceded, net of fronting fees			(290,955,476)	-	(290,955,476)
Amounts recoverable from reinsurance for incurred claims			-	171,551,476	171,551,476
			<u>(290,955,476)</u>	<u>171,551,476</u>	<u>(119,404,000)</u>
Cashflows					
Reinsurance premiums paid			121,582,680	-	121,582,680
Reinsurance premiums paid by agent			200,983,597	-	200,983,597
Recoveries from reinsurance			-	(66,132,320)	(66,132,320)
Recoveries from reinsurance received by agent			-	(87,689,837)	(87,689,837)
			<u>322,566,277</u>	<u>(153,822,157)</u>	<u>168,744,120</u>
Closing balance as at 30 June 2024			<u>308,351,827</u>	<u>55,004,353</u>	<u>363,356,180</u>

Key judgement

Whilst the cash flow transactions for the OSHC insurance contracts are settled directly by Allianz Partners for which the Company receives a fronting fee, the Company bears the underwriting of those contracts.

Note 4. AASB 17 Insurance contracts and reinsurance contracts held (continued)

Impact of changes in key variables on the LIC

Complying Health Insurance Products (CHIP)

The key variables in the measurement of the CHIP LIC include the best estimate liability, risk adjustment and weighted average term to settlement. A 10% increase/decrease in the claims best estimate would result in a \$1.05m decrease/increase to surplus and equity (2024: \$956,292). A 1% movement in other key variables, including risk adjustment and weighted average term to settlement, would result in an insignificant decrease/increase to surplus and equity.

OSHC and OVHC contracts

Changes in the key variables in the measurement of the LIC for OSHC and OVHC contracts will not result in a change to surplus and equity due to the 100% reinsurance arrangements that are in place.

Assumptions for private health insurance contracts

The process of recognising liabilities arising from private health insurance entails the estimation of future payments to settle incurred claims and associated claims handling expenses, as well as assessing the extent to which any groups of contracts have become onerous.

The principal assumptions in the estimation of the LIC relate to the expected frequency, severity and settlement patterns of insurance claims, which are expected to be consistent with recently observed experience and trends.

The aim of claims reserving is to select assumptions and reserving methods that will produce the best estimate of the future cash outflows for the subject claims; it is an uncertain process which also requires judgements to be made.

Claims development patterns are analysed. Various established reserving methods for private health insurance are considered, typically basic chain ladder. Additional consideration is given to the treatment of large claims, claims seasonality and claims inflation for which appropriate adjustments to assumptions and methods are made.

While there is some diversity in the development profile of health insurance claims, such claims are generally highly predictable in both frequency and average amount, and claims are settled quickly following the medical event for which benefit is claimed. Medical expense claims are, typically, substantially fully settled within just a few months.

Estimation uncertainty exists in determining a loss component, where facts and circumstances are identified that may indicate that a group of onerous contracts exists. As described above, a loss component is measured by comparing the current estimates of the fulfilment cash flows that relate to the remaining coverage to the carrying amount of the LRC. Uncertainty is driven by the future cash flows which are uncertain due to their timing, size and, or probability. The underlying cash flows are determined by forecasting future claims and any other expenses, based on internal and external historical claims and other experience data and updated to reflect current expectations of future events and current conditions at the reporting date.

Note 5. Expenses

The table below provides an analysis of other operating expenses incurred by the Company. Other operating expenses excludes incurred claims.

Other operating expense

Other operating expenses include staff costs, overheads, depreciation, amortisation of intangible assets, incurred as a consequence of operating the business. Expenses attributed to insurance acquisition cash flows and other directly attributable insurance expenses are included within insurance service expenses. Operating expenses exclude insurance / direct claims costs.

Expenses by function	2025 \$	2024 \$
Insurance service expense - other insurance service expense	25,655,554	19,547,075
Other expenses	20,629,308	18,278,626
Finance expenses	365,182	334,829
	<u>46,650,044</u>	<u>38,160,530</u>

Note 5. Expenses (continued)

	2025	2024
	\$	\$
Salaries & wages	23,898,574	22,482,677
Technology & communication	4,375,529	3,299,566
Depreciation & amortisation	678,256	1,241,003
Marketing expenses	7,685,416	3,437,150
Third party expenses	3,823,555	2,821,353
Professional fees	3,008,399	1,455,713
Other office expenses	1,109,122	1,248,666
Cost of Sales - Dental and Optical	1,706,011	1,839,573
Finance expenses	365,182	334,829
	<u>46,650,044</u>	<u>38,160,530</u>

Note 6. Current assets - cash and cash equivalents

	2025	2024
	\$	\$
Cash on hand	1,750	1,750
Cash at bank	17,978,976	16,705,290
Term deposits maturing within 3 months after the end of the reporting period	58,500,000	60,500,000
Cash at bank restricted access	2,973,231	7,526,596
	<u>79,453,957</u>	<u>84,733,636</u>

Restricted cash refers to cash at bank that is not available for general business use and is held by the Company as part of the contractual agreement with AWP to service OSHC and OVHC insurance contracts.

Cash at bank bears floating interest rates between 3.95% and 4.45% (2024: 4.20% and 4.38%). Term deposits bear fixed interest rates between 3.50% and 5.10% (2024: 1.55% and 5.10%).

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position.

Accounting Policy

Cash and cash equivalents

Cash and cash equivalents, and bank overdrafts are carried at face value of the amounts deposited or drawn. The carrying amounts of cash assets and bank overdrafts approximate their fair value. For the purposes of the statement of cash flows, cash includes cash on hand, deposits held at call with financial institutions net of bank overdrafts, and other short-term highly liquid investments maturing within 3 months of the end of the reporting period.

Note 7. Current assets - trade and other receivables

	2025	2024
	\$	\$
Investment income receivable	776,704	690,317
Other debtors	7,038,473	5,031,433
	<u>7,815,177</u>	<u>5,721,750</u>

Note 7. Current assets - trade and other receivables (continued)

Accounting policy

Trade and other receivables are carried at amortised cost, net of provisions for ECLs. The carrying value of trade and other receivables is a reasonable approximation of fair value.

Investment income receivable

Investment income receivable represents an accrual calculation of interest from investments outstanding as at the end of the reporting period.

Other debtors

Other debtors are recorded at amounts due less any provision for ECLs. Other debtors are normally settled in 30 days.

Note 8. Current assets - inventories

	2025 \$	2024 \$
Optical stock on hand - at cost	<u>145,449</u>	<u>165,687</u>

Note 9. Current assets - financial assets at fair value through surplus or deficit

	2025 \$	2024 \$
Financial assets at fair value through surplus or deficit: Shares in listed corporations	<u>29,632,996</u>	<u>26,817,332</u>

Accounting policy

Investment management

The Company has adopted an investment strategy that utilises both short term and longer term financial instruments. Liquidity of the portfolio is matched to the expected pattern of future cash flows arising from the private health insurance liabilities.

The Company generates cash from its underwriting, trading and financing activities and invests the surplus cash in financial investments.

Financial assets at fair value through surplus or deficit:

Financial assets are designated at fair value through surplus or deficit. Initial recognition is at fair value, being acquisition cost, in the statement of financial position and subsequent measurement is at fair value with any resultant fair value gains or losses recognised in surplus or deficit.

Regular purchases and sales of financial assets are recognised on trade date – the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive the cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Shares and fixed interest securities are initially recognised at fair value, being the acquisition cost and the subsequent fair value is taken as the quoted bid price of the instrument at the end of the reporting period. If quoted market values are not available then fair values are estimated based on mid-market price valuation models.

Other financial assets

Initial recognition is at fair value, being acquisition cost, in the statement of financial position with transaction costs expensed in surplus or deficit. Subsequent measurement is at fair value with any resultant fair value gains or losses recognised in surplus or deficit.

Note 9. Current assets - financial assets at fair value through surplus or deficit (continued)

Impairment of assets

Financial assets

A financial asset, other than those classified as fair value through surplus or deficit, is assessed at the end of each reporting period to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in surplus or deficit.

Note 10. Current assets - other assets

	2025 \$	2024 \$
Prepayments	<u>1,203,781</u>	<u>1,085,519</u>

Note 11. Non-current assets - financial assets at fair value through surplus or deficit

	2025 \$	2024 \$
Unlisted shares - Horizon Bank	2	2
Unlisted shares - Peoplecare Health Insurance Pty Ltd	100	100
Unlisted shares - Peoplecare Professional Services Pty Ltd	2	2
Financial assets at fair value through surplus or deficit: Bonds	<u>72,010,706</u>	<u>56,141,288</u>
	<u><u>72,010,810</u></u>	<u><u>56,141,392</u></u>

Accounting policy

See Note 9 for details of the accounting policy treatment of financial assets.

Note 12. Non-current assets - property, plant and equipment

	2025	2024
	\$	\$
Land and buildings - at fair value	8,000,000	7,650,000
Less: Accumulated depreciation	(155)	(105,812)
	<u>7,999,845</u>	<u>7,544,188</u>
Leasehold improvements - at cost	840,963	942,199
Less: Accumulated depreciation	(704,762)	(897,552)
	<u>136,201</u>	<u>44,647</u>
Plant and equipment - at cost	2,391,993	2,231,632
Less: Accumulated depreciation	(1,925,762)	(1,835,007)
	<u>466,231</u>	<u>396,625</u>
Motor vehicles - at cost	126,341	248,513
Less: Accumulated depreciation	(112,102)	(149,379)
	<u>14,239</u>	<u>99,134</u>
Computer equipment - at cost	2,343,239	2,194,479
Less: Accumulated depreciation	(2,089,169)	(1,899,526)
	<u>254,070</u>	<u>294,953</u>
	<u><u>8,870,586</u></u>	<u><u>8,379,547</u></u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Land and Buildings	Leasehold Improve.	Plant and Equipment	Motor Vehicles	Computer Equipment	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2023	7,650,000	69,934	390,591	222,488	402,015	8,735,028
Additions	-	-	131,127	-	60,509	191,636
Disposals	-	-	(39,118)	(75,194)	(1,369)	(115,681)
Depreciation expense	(105,812)	(25,287)	(85,975)	(48,160)	(166,202)	(431,436)
Balance at 30 June 2024	7,544,188	44,647	396,625	99,134	294,953	8,379,547
Additions	-	114,232	161,016	-	149,771	425,019
Disposals	-	(12,539)	-	(66,009)	-	(78,548)
Revaluation of assets	350,000	-	-	-	-	350,000
Depreciation expense	105,657	(10,139)	(91,410)	(18,886)	(190,654)	(205,432)
Balance at 30 June 2025	<u><u>7,999,845</u></u>	<u><u>136,201</u></u>	<u><u>466,231</u></u>	<u><u>14,239</u></u>	<u><u>254,070</u></u>	<u><u>8,870,586</u></u>

Note 12. Non-current assets - property, plant and equipment (continued)

Accounting policy

Property, plant and equipment

Land and buildings

Land and buildings are shown at fair value, based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings. Independent valuations are performed regularly to ensure that the carrying amounts of land and buildings does not differ materially from the fair value at the end of the reporting period. A director's valuation will be carried out in each year that the property is not valued by an external independent valuer.

Where an adjustment is made to the valuation, any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Where there is no adjustment, accumulated depreciation remains as is and the building continues to be depreciated as per the depreciation policy.

Increases in the carrying amounts arising on the revaluation of land and buildings are credited to the revaluation surplus reserve in equity. To the extent that the increase reverses a decrease previously recognised in surplus or deficit, the increase is first recognised in surplus or deficit. Decreases that reverse previous increases of the same asset are first charged against the Revaluation surplus reserve directly in equity to the extent of the remaining reserve attributable to the asset; all other decreases are charged to surplus or deficit.

The fair value of Land and Buildings recognised in the Statement of Financial Position at 30 June 2025 has been determined by an external independent valuer taking into consideration all available information and inputs at the time of valuation.

Plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

In the event that settlement of all or part of the cash consideration given in the acquisition of an asset is deferred, the fair value of the purchase consideration is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation of property, plant and equipment

Depreciation is recognised in surplus or deficit on a straight-line basis over the estimated useful lives of each item of property, plant and equipment. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

Buildings	50 years
Leasehold improvements	2 to 10 years
Plant and equipment	2 to 40 years
Motor vehicles	5 years
Computer equipment	2 to 5 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Company. Gains and losses between the carrying amount and the disposal proceeds are taken to surplus or deficit. When revalued assets are sold, it is the Company's policy to transfer the amounts included in other reserves in respect of those assets to retained surpluses.

Valuations of land and buildings

The fair value of land and buildings located at 2-12 Victoria Street, Wollongong NSW, at the end of the reporting period was assessed by Opteon Property Group, an independent external valuer, taking into consideration all available information and inputs at the time of valuation. The fair value of the Company's land and buildings at 30 June 2025 is \$8,000,000 (2024: \$7,650,000).

Note 12. Non-current assets - property, plant and equipment (continued)

The Company classifies its assets into the three levels prescribed under the accounting standards. All resulting fair value estimates for land and buildings are classified as Level 3. The Level 3 fair value of land and buildings has been derived using the market value approach. The key inputs under this approach are the current observable prices in an active market for similar properties in the same location and condition, and the net market rental income as at the valuation date, capitalised at an appropriate market yield.

Note 13. Non-current assets - right-of-use assets

	2025 \$	2024 \$
Land and buildings - right-of-use	476,346	700,703
Less: Accumulated depreciation	(19,848)	(164,504)
	<u>456,498</u>	<u>536,199</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Land and Buildings \$	Total \$
Balance at 1 July 2023	819,581	819,581
Recognition of ROU	486,578	486,578
Derecognition of ROU	(638,674)	(638,674)
Depreciation expense	(131,286)	(131,286)
Balance at 30 June 2024	536,199	536,199
Recognition of ROU	232,665	232,665
Derecognition of ROU	(224,357)	(224,357)
Depreciation expense	(88,009)	(88,009)
Balance at 30 June 2025	<u>456,498</u>	<u>456,498</u>

Accounting policy

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Company has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to surplus or deficit as incurred.

Note 14. Non-current assets - intangibles

	2025	2024
	\$	\$
Computer software - at cost	2,919,353	2,919,353
Less: Accumulated amortisation	<u>(2,758,016)</u>	<u>(2,373,201)</u>
	161,337	546,152
Computer software under development - at cost	<u>2,484</u>	<u>53,842</u>
	<u><u>163,821</u></u>	<u><u>599,994</u></u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Software	Software development	Total
	\$	\$	\$
Balance at 1 July 2023	1,278,538	143,284	1,421,822
Additions	-	53,842	53,842
Write off of assets	(197,389)	-	(197,389)
Transfers in/(out)	143,284	(143,284)	-
Amortisation expense	<u>(678,281)</u>	<u>-</u>	<u>(678,281)</u>
Balance at 30 June 2024	546,152	53,842	599,994
Write off of assets	-	(51,358)	(51,358)
Amortisation expense	<u>(384,815)</u>	<u>-</u>	<u>(384,815)</u>
Balance at 30 June 2025	<u><u>161,337</u></u>	<u><u>2,484</u></u>	<u><u>163,821</u></u>

Accounting policy

Intangible assets

Computer software and software development

Costs incurred in acquiring software licences and the development of both software and a website that will contribute to future period financial benefits through reserve generation and/or cost reduction are capitalised to computer software.

Software licences and capitalised development costs have a finite useful life and are carried at cost, less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the costs over their useful lives being 1 to 5 years.

Note 15. Current liabilities - other payables and accruals

	2025	2024
	\$	\$
Annual leave	1,638,619	1,420,272
Other payables and accruals	<u>9,995,814</u>	<u>12,586,083</u>
	<u><u>11,634,433</u></u>	<u><u>14,006,355</u></u>

Refer to Note 22 for further information on financial instruments.

Note 15. Current liabilities - other payables and accruals (continued)

Accounting policy

Other payables and accruals

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Note 16. Current liabilities - lease liabilities

	2025 \$	2024 \$
Lease liability	67,538	124,491

Refer to Note 22 for further information on financial instruments.

Lease commitments includes contracted amounts for office facilities and a retail outlet under non-cancellable leases expiring within 10 years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

Accounting policy

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to surplus or deficit if the carrying amount of the right-of-use asset is fully written down.

Note 17. Current liabilities - provisions

	2025 \$	2024 \$
Long service leave	655,188	534,197

Long service leave obligations:

The current portion of this liability represents the unconditional entitlement to long service leave where employees have completed the required period of service. This amount is presented as a current liability as the Company does not have an unconditional right to defer settlement for these obligations.

The following amounts reflect leave that is not expected to be taken within the next 12 months:

	2025 \$	2024 \$
Employee benefits obligation expected to be settled after 12 months	589,601	479,629

Note 17. Current liabilities - provisions (continued)

Accounting policy:

Long Service Leave

The liability for long service leave is recognised in current and non-current liabilities, depending on the unconditional right to defer settlement of the liability for at least 12 months after the reporting date. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Note 18. Current liabilities - Members give back provision

	2025 \$	2024 \$
Members give back provision	5,400,000	-
Residual provision remaining	<u>158,014</u>	<u>154,534</u>
	<u>5,558,014</u>	<u>154,534</u>

A members give back liability of \$5.56 million has been recognised at 30 June 2025 (2024: \$0.1 million). This liability relates to the return of permanent COVID-19 claims savings to members. The balance at 30 June 2024 relates to funds returned due to incorrect member details.

Note 19. Non-current liabilities - lease liabilities

	2025 \$	2024 \$
Lease liability	<u>392,638</u>	<u>411,017</u>

Refer to Note 16 for the Lease Accounting Policy adopted by the Company and Note 22 for further information on financial instruments.

Lease commitments includes contracted amounts for office facilities and a retail outlet under non-cancellable leases expiring within 10 years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

Note 20. Non-current liabilities - provisions

	2025 \$	2024 \$
Long service leave	<u>384,158</u>	<u>332,016</u>

Provision for long-term employee benefits

A provision has been recognised for employee benefits relating to long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data.

Refer to Note 17 for the long service leave Accounting Policy adopted by the Company.

Note 21. Equity - reserves

	2025	2024
	\$	\$
Revaluation surplus reserve	<u>3,181,722</u>	<u>2,831,722</u>

Revaluation surplus reserve

The reserve is used to recognise increments and decrements in the fair value of land and buildings, excluding investment properties. In the event of a sale of an asset, any balance in the reserve in relation to that asset is transferred to retained surpluses.

	Revaluation Surplus \$	Total \$
Balance at 1 July 2023	<u>2,831,722</u>	<u>2,831,722</u>
Balance at 30 June 2024	2,831,722	2,831,722
Revaluation	<u>350,000</u>	<u>350,000</u>
Balance at 30 June 2025	<u><u>3,181,722</u></u>	<u><u>3,181,722</u></u>

Note 22. Financial risk and capital management

The Company has exposure to the following risks from investing in various financial instruments:

- (a) Credit risk
- (b) Liquidity risk
- (c) Market risk

This note presents information about the Company's exposure to each of the above risks, the objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board of Directors established the Risk Committee, which is responsible for developing and monitoring risk management policies. The Risk Committee consists entirely of non-executive directors and reports regularly to the full Board of Directors on its activities.

Risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from policyholders (insurance contracts), other customers and investment securities.

Receivables from insurance contracts:

The Company actively manages its product mix to ensure that there is no significant concentration of credit risk.

Credit risk in relation to insurance contracts is discussed in Note 31.

Note 22. Financial risk and capital management (continued)

Credit exposure to Services Australia (Private Health Premium Reduction Scheme):

The risk of financial loss to the Company from customers other than fund members arises principally from receivables due from Services Australia in relation to the Australian Government Private Health Insurance Rebate. The probability of financial loss to the Company from this arrangement is assessed as low, the reason being that the premium reductions scheme is legislated under the Private Health Insurance Act 2007 and is an integral part of the private health insurance industry affecting all private health insurers.

There has been no history of default in relation to this receivable.

Cash and cash equivalents and financial assets with financial institutions:

The Board has addressed the issue of credit risk from investment securities through the development and regular review of the Company's investment strategy. The strategy requires the Company to hold a diversified investment portfolio, heavily weighted to defensive assets.

The portfolio of defensive assets consists of cash and cash equivalents, highly liquid fixed interest securities, longer term fixed income securities (up to 10 years), short term receivables and assets used in the operations of the business. With the exception of term deposits, defensive investment assets are managed by an independent investment advisor.

The Company limits its exposure to counterparty credit risk through the following policies which are detailed in the investment strategy and summarised as follows:

Cash and cash equivalents and highly liquid fixed interest securities (short-term investments):

- (i) Investing only with authorised deposit-taking institutions (ADIs) regulated by the Australian Prudential Regulation Authority (APRA):
- (a) Short term investments are required to be placed with ADIs with a minimum issuer credit rating of A1 or higher (as defined by Standard and Poors rating agency). This is to ensure that investment funds are placed with highly secure, low risk rated entities; and
- (b) Notwithstanding (a), the Board has a tolerance for up to 20% of the defensive investment asset portfolio to be invested with ADIs who meet the following criteria:
 - Net Assets > \$50 million;
 - Return on Equity > 5% for each of the last two financial years; and
 - Total regulatory capital as a % of total risk weighted assets > 12% for each of the last two financial years; and
 - The maximum amount invested with any individual ADI or related banking group in this category is \$1,000,000.

Long-term fixed income securities held by the Company may include:

- Bank endorsed bills of exchange;
 - Term Deposits;
 - Securities Issued by Federal or State Government bodies or securities issued by a semi-government authority with security guaranteed by the Federal or State Government; and
 - Corporate bonds.
- (i) All long-term defensive investments are required to have a minimum issuer rating of AA- (as defined by Standard and Poors rating agency) except for corporate bond investments which must have a minimum issuer credit rating of A-; and
 - (ii) Exposure to any single issuer, financial institution or related banking group, is limited to a maximum of 35% of the defensive asset investment portfolio.

In addition to the above, the Company holds a portfolio of growth assets which includes shares in listed corporations. The Company manages credit risk in respect to this portfolio by:

Note 22. Financial risk and capital management (continued)

- (i) The share portfolio will be actively managed by an independent investment advisor;
- (ii) Only stocks from the ASX200 Accumulation Index will be included in the portfolio and will include shares from a range of diverse industry sectors with sector limits of +/- 15%;
- (iii) No more than 17% of the Australian equity portfolio is to be held in any one company;
- (iv) The total combined holding of Australian and International equities cannot exceed the Board endorsed maximum of 18% of the total investment assets of the Fund;
- (v) The value of international equities cannot exceed 35% of the total equity portfolio value;
- (vi) An equities investment via an Exchange Traded Fund (ETF) will only be through the purchase of a physical ETF, that is, the Fund will not invest in synthetic ETF's;
- (vii) Any ethical or conflict of interest investment considerations/decisions are not to be applicable when investing via a passive approach (index fund or ETF) due to the individual investment decisions being deemed "arms-length" in nature; and
- (viii) The investment advisor will seek approval from the management investment committee before changing or adding any direct holdings, managed funds or ETF's into the portfolio.

At the end of the reporting period, the maximum exposure of the Company to any one financial institution measured at fair value was \$32,829,790 (2024: \$53,219,224).

Exposure to credit risk:

The carrying amount of the Company's financial assets represents the maximum credit exposure. The Company's maximum exposure to credit risk at the end of the reporting period was as follows:

	2025 \$	2024 \$
Financial Assets		
Cash and cash equivalents	79,453,957	84,733,636
Receivables	7,815,177	5,721,750
Financial assets at fair value through surplus or deficit: Bonds	72,010,810	56,141,288
	<u>159,279,944</u>	<u>146,596,674</u>

Fair value

The fair values of financial assets and liabilities, together with their carrying amounts in the statement of financial position, for the Company are as follows:

	2025		2024	
	Carrying amount \$	Fair value \$	Carrying amount \$	Fair value \$
Assets				
Financial assets fair valued through surplus or deficit	72,010,706	72,010,706	56,141,288	56,141,288
Shares in listed corporations	29,632,996	29,632,996	26,817,332	26,817,332
	<u>101,643,702</u>	<u>101,643,702</u>	<u>82,958,620</u>	<u>82,958,620</u>

Financial assets measured at fair value in the statement of financial position are grouped into three levels of fair value hierarchy. This grouping is determined based on the lowest level of significant inputs used in fair value measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

All financial assets and liabilities above are classified as Level 1 due to either their short-term nature or their values being derived by quoted prices (unadjusted) in active markets for identical assets. The net carrying amounts for these financial assets and liabilities are deemed to approximate their fair values.

Note 22. Financial risk and capital management (continued)

(b) Liquidity Risk

Liquidity risk is the risk that the Company might encounter difficulties in settling debts or otherwise meeting its obligations related to financial liabilities. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities as and when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

In order to maintain appropriate levels of liquidity, the investment portfolio's target asset allocation is to hold cash and short-term deposits at least equal to the value of the prudential capital amount reporting in the quarterly regulatory returns.

Management also manages liquidity risk through the preparation of daily cash flow forecasts for the following six months. This forecast provides for the major types of cash inflows and outflows, as well as the projected net cash position each day and cumulatively over the forecast period.

The forecasts are assessed and updated on a regular basis as new information comes to hand. Cash flow projections are updated daily with actual cash flow outcomes to assess accuracy and assist in improving future cash flow forecasting.

Peoplecare has a Board endorsed Liquidity Management Plan to ensure sufficient liquidity is available to fund all payments as and when they fall due.

Remaining contractual maturities

The following tables detail the Company's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

	1 month or less \$	Between 2 and 4 months \$	Between 4 and 6 months \$	More than 6 months \$	Remaining contractual maturities \$
2025					
Non-derivatives					
<i>Non-interest bearing</i>					
Trade payables	10,213,174	-	-	-	10,213,174
Member giveback	-	-	5,558,014	-	5,558,014
<i>Interest-bearing - fixed rate</i>					
Lease liability	8,098	24,295	24,295	502,099	558,787
Total non-derivatives	10,221,272	24,295	5,582,309	502,099	16,329,975
	1 month or less \$	Between 2 and 4 months \$	Between 4 and 6 months \$	More than 6 months \$	Remaining contractual maturities \$
2024					
Non-derivatives					
<i>Non-interest bearing</i>					
Trade payables	12,783,190	-	-	-	12,783,190
Member giveback	-	-	-	154,534	154,534
<i>Interest-bearing - fixed rate</i>					
Lease liability	17,920	32,534	32,534	905,657	988,645
Total non-derivatives	12,801,110	32,534	32,534	1,060,191	13,926,369

The carrying value of the Company's contractual maturities are \$16,329,975 (2024: \$13,926,369). The Company is not significantly exposed to this risk as it has \$79,453,957 of cash and cash equivalents to meet these obligations as they fall due.

Note 22. Financial risk and capital management (continued)

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the fair value or future cash flows of a financial instrument. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Market risk in relation to insurance contracts:

Market risk in relation to insurance contracts is discussed in Note 31.

Market risk in relation to investment securities:

Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company has minimal currency risk exposure at 30 June 2025. The Company held \$10.51m of international equities however \$4.90m of these equities is not effected by currency risk because this proportion is fully hedged. The role of hedging for international equity investments is to neutralise foreign exchange risk within the portfolio.

Sensitivity analysis for currency risk

The Company holds an unhedged international portfolio of equity investments valued at current foreign exchange prices of \$5,611,604 (2024: \$5,096,154). For equity investments classified as fair value through surplus or deficit, a 5% change of the Australian Dollar against all other currencies at reporting date would have resulted in an increase or decrease to the Company's surplus or deficit of \$280,580 (2024: \$254,808). Equity would increase or decrease by the same amount.

The above example assumes a constant and equal 5% change of the Australian Dollar against all other currencies. However, in practice a basket of currencies does not move in this constant fashion because invariably macroeconomic factors will impact each currency differently.

Interest rate risk

The Company is subject to interest rate risk through volatility in cash flows generated by interest bearing financial instruments. To minimise this volatility, the Company diversifies its holdings of financial instruments between various financial institutions and through investing in a range of differing financial products. The Company has adopted an investment strategy that delivers a diversified portfolio with a heavier weighting to defensive assets versus growth assets. Defensive assets consist of fixed interest securities and cash and cash equivalents.

At the end of the reporting period the interest rate profile of the Company's interest-bearing financial instruments was:

	2025		2024	
	Weighted average interest rate %	Balance \$	Weighted average interest rate %	Balance \$
Fixed rate instruments (maturing within one year): Financial assets	4.08%	60,518,628	4.71%	66,807,094
Fixed rate instruments (maturing after one year): Financial assets	5.60%	69,992,078	6.11%	49,834,175
Variable rate instruments: Financial assets	3.86%	18,230,910	4.22%	18,720,941
Net exposure to cash flow interest rate risk		<u>148,741,616</u>		<u>135,362,210</u>

Note 22. Financial risk and capital management (continued)

Sensitivity Analysis:

	Basis points increase			Basis points decrease		
	Basis points change	Effect on surplus	Effect on equity	Basis points change	Effect on surplus	Effect on equity
2025						
Fixed rate instruments	100	1,305,107	1,305,107	100	(1,305,107)	(1,305,107)
Variable rate instruments	100	182,309	182,309	100	(182,309)	(182,309)
		<u>1,487,416</u>	<u>1,487,416</u>		<u>(1,487,416)</u>	<u>(1,487,416)</u>
	Basis points increase			Basis points decrease		
	Basis points change	Effect on surplus	Effect on equity	Basis points change	Effect on surplus	Effect on equity
2024						
Fixed rate instruments	100	1,166,413	1,166,413	100	(1,166,413)	(116,413)
Variable rate instruments	100	187,209	187,209	100	(187,209)	(187,209)
		<u>1,353,622</u>	<u>1,353,622</u>		<u>(1,353,622)</u>	<u>(303,622)</u>

The above results are based on the change in interest rates being maintained for the past year and with all other variables remaining constant.

Other market price risk

The Company is exposed to securities price risk in relation to both the long-term fixed income and the equities investment portfolios. This arises from investments held by the Company and classified on the statement of financial position as at fair value through surplus or deficit. This risk is managed by the following investment strategy requirements:

Equities Portfolio

- (i) The share portfolio will be actively managed by an independent investment advisor;
- (ii) Only stocks from the ASX200 Accumulation Index will be included in the portfolio and will include shares from a range of diverse industry sectors with sector limits of +/- 15%;
- (iii) No more than 17% of the Australian equity portfolio is to be held in any one company;
- (iv) The total combined holding of Australian and International equities cannot exceed the Board endorsed maximum of 18% of the total investment assets of the Fund;
- (v) The value of international equities cannot exceed 35% of the total equity portfolio value;
- (vi) An equities Investment via an ETF will only be through the purchase of a physical ETF, that is, the Fund will not invest in synthetic ETF's.
- (vii) Any ethical or conflict of interest investment considerations/decisions are not to be applicable when investing via a passive approach (index fund or ETF) due to the individual investment decisions being deemed "arms-length" in nature.
- (viii) The investment advisor will seek approval from the management investment committee before changing or adding any direct holdings, managed funds or ETF's into the portfolio.

Sensitivity analysis for price risk

The Company's Australian equity investments are listed on the Australian Securities Exchange. For equity investments classified as fair value through surplus or deficit, a 10% change in the bid price at reporting date would have resulted in an increase or decrease to the Company's surplus or deficit of \$1,912,017 (2024: \$1,791,198). Equity would increase or decrease by the same amount.

Fixed Income Portfolio

- (i) No more than 35% of the defensive asset portfolio can be invested in any single issuer; and
- (ii) Fixed interest securities will be acquired under the advice of a Board approved independent investment adviser.

Note 22. Financial risk and capital management (continued)

Sensitivity analysis for price risk

The Company's bonds are listed on the secondary market. For bonds classified as fair value through surplus or deficit, a 10% change in the bid price at reporting date would have resulted in an increase or decrease to the Company's surplus or deficit of \$7,201,071 (2024: \$5,614,129). Equity would increase or decrease by the same amount.

Capital Management

Peoplecare operates in the private health insurance industry and is subject to prudential capital regulations determined in accordance with the capital adequacy standard which is set out by APRA.

APRA Prudential Standard HPS 110 'Capital Adequacy'

Each health benefits fund needs to satisfy APRA Prudential Standards HPS110 (Capital Adequacy) under the Private Health Insurance (Prudential Supervision) Act 2015, and in the interests of policyholders of the Fund. Peoplecare's compliance with the capital adequacy standard is an indication of its future strength as a going concern.

Each private health insurer must have, and comply with, a written, Board-endorsed, ICAAP (Internal Capital Adequacy Assessment Process) summary statement, which as a key component must include an ICAAP plan. Peoplecare's ICAAP contains:

- a description of the Board's risk appetite as it relates to capital needs and the process used to determine that appetite
- target capital levels which have regard to access to capital and the impact on premiums of holding more or less capital than the amount determined.
- details of how the capital target is calculated; and
- clearly defined capital trigger points and corrective actions for each of the trigger points which specify the actions and timeframes for those actions that Peoplecare may utilise to return capital to the target levels.

The Board's policy is to maintain a strong capital base and to hold capital in accordance with the Peoplecare's ICAAP summary statement. At the end of the reporting period, Peoplecare had capital in excess of the minimum statutory requirements and slightly above the target capital range endorsed by the Board in the ICAAP. The Board reviews the ICAAP summary statement on an annual basis.

The table below sets out the Company's annual disclosure of its APRA regulatory capital position as at 30 June 2025 and the prior period.

Capital base	2025	2024
	\$	\$
Accounting net assets	153,334,135	145,337,728
Regulatory adjustments applied in the calculation of Common Equity Tier 1 capital	620,320	599,994
Total capital base	153,954,455	145,937,722
Prescribed Capital Amount	2025	2024
	\$	\$
Insurance risk charge	41,177,637	30,007,808
Asset risk charge	31,391,806	26,764,511
Asset concentration risk charge	-	-
Operational risk charge	9,628,458	8,974,196
less: Aggregation benefit	(16,010,153)	(12,740,833)
Total prescribed capital amount	66,187,748	53,005,682
Total prescribed capital amount (Prudential standard minimum)	66,187,748	53,005,682
Capital surplus (Total capital base minus total prescribed capital amount - prudential standard minimum)	87,766,707	92,932,040

Capital Adequacy Multiple (CAM)

(Total capital base divided by total prescribed capital amount - prudential standards minimum) 2.33 2.75

Note 23. Key management personnel disclosures

Directors

The following persons were directors of Peoplecare Health Limited during the financial year:

Michael Oertel
Peter Fitzgerald (Retired in 20 November 2024)
Stephannie Jonovska
Sue Baker-Finch
Dr Abhishek Verma
Darren Hungerford
Amy Harper

Other key management personnel

The following persons also had the authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly, during the financial year:

Louise Leaver	Chief Executive Officer
Brett Wright	Chief Risk Officer
Christopher Stolk	Chief Financial Officer
Maree Morgan-Monk (Ceased employment 30 August 2024)	Chief People and Culture Officer
James Koutsoukos	Chief Commercial Officer
Marie Heritage	Chief Marketing and Customer Strategy Officer
Scott Prosser (Ceased employment 24 March 2025)	Chief Operations Officer
Pablo Neira	Chief Information Officer
Kate Pearson (Commenced 7 October 2024)	Chief People and Culture Officer

Compensation

The aggregate compensation made to directors and other members of key management personnel of the Company is set out below:

	2025	2024
	\$	\$
Short-term employee benefits	<u>3,014,615</u>	<u>2,695,498</u>

Total Directors' remuneration of up to a maximum of \$615,000 per annum was approved by members at the Annual General Meeting on 20 November 2024. For the year ended 30 June 2025 total directors' remuneration paid was \$493,925.

Other transactions with key management personnel

During the period the Company provided discounted health insurance to employees, which includes key management personnel.

Note 24. Remuneration of auditors

After undertaken a tender evaluation process overseen by the Board, Peoplecare changed External Auditors from Grant Thornton to Ernst and Young commencing the year ended 30 June 2025.

During the financial year the following fees were paid or payable for services provided by Ernst & Young, the Company's current auditors and Grant Thornton Audit Pty Ltd, the previous auditors of the Company:

Note 24. Remuneration of auditors (continued)

	2025 \$	2024 \$
<i>Audit services - Ernst & Young</i>		
Audit of the financial statements and regulatory returns	137,500	-
	<u>137,500</u>	<u>-</u>
<i>Audit services - Grant Thornton</i>		
Audit of the financial statements	-	153,100
	<u>-</u>	<u>153,100</u>
<i>Other services - Grant Thornton</i>		
CPS 234 Tripartite Audit	-	35,741
ASRS 4400 Agreed Upon Engagements to Report Factual Findings	-	2,610
	<u>-</u>	<u>38,351</u>
	<u>-</u>	<u>191,451</u>

Note 25. Contingent assets and liabilities

At 30 June 2025 the Company had no contingent assets and liabilities.

Other contingencies

The Company operates in a highly regulated industry where guidance is issued from a number of stakeholders including, ASIC, APRA and the Department of Health, Disability and Ageing. From time to time the Company will be required to modify practices and health fund rules as a result of new or clarified guidance, which exposes the Company to risks and potential liabilities.

Management are not aware of any material financial consequences as a result of updated guidance or changes made to practices and fund rules during the year.

Note 26. Related party transactions

Key management personnel

Disclosures relating to key management personnel are set out in Note 23.

Transactions with other parties

The following transactions occurred with other related parties:

	2025 \$	2024 \$
Payment for goods and services:		
Payment for services from Australian Health Service Alliance Limited	680,094	679,098

During the year, fees were paid to Australian Health Services Alliance (AHSA), a not-for-profit company which the CEO of Peoplecare, Louise Leaver is a director. She received no remuneration from AHSA. Services provided by AHSA are also on normal commercial terms and conditions include management or provider relationship, collection, dissemination, and analysis of medical and hospital data, management of access gap cover arrangements, as well as prostheses, educational services and training.

Receivable from and payable to other parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from other parties

There were no loans to or from other parties at the current and previous reporting date.

Peoplecare Health Limited
Notes to the financial statements
30 June 2025

Note 26. Related party transactions (continued)

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

Note 27. Events after the reporting period

No matter or circumstance has arisen since 30 June 2025 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Note 28. Reconciliation of surplus to net cash from operating activities

	2025	2024
	\$	\$
Surplus for the year	8,123,364	23,868,530
Adjustments for:		
Depreciation and amortisation	678,256	1,241,003
Write off of assets	51,358	197,389
(Increase)/decrease in fair value of financial assets	(2,356,375)	(3,308,028)
Net loss/(gain) on disposal of financial assets	(114,044)	117,998
Change in operating assets and liabilities:		
Increase in trade and other receivables	(2,093,427)	(1,116,852)
Increase in reinsurance contracts held that are assets	(26,445,455)	(49,340,120)
Decrease/(increase) in inventories	20,238	(40,000)
(Increase)/decrease in prepayments	(117,981)	(335,364)
Increase/(decrease) in other payables and accruals	(2,371,922)	4,888,661
Increase in insurance contract liabilities	30,414,470	46,565,783
Increase/(decrease) in employee benefits	173,133	(79,967)
Increase/(decrease) in other provisions	5,403,480	(21,953,376)
Net cash from operating activities	<u>11,365,095</u>	<u>705,657</u>

Note 29. Non-cash investing and financing activities

During the financial year the entity did not undertake any non-cash activities.

Note 30. Nature and extent of risks arising from insurance contracts

The purpose of insurance is risk distribution, that is, to spread risks across a large pool of individuals. Insurance provides a mechanism by which individuals who pay an agreed sum, known as a 'premium' can be indemnified against future events that may cause loss.

An insurance contract is a product under which an insurer accepts significant risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder.

A health insurance contract is a type of insurance whereby the company (the insurer) agrees to reimburse the policyholder for health care costs in exchange for a premium. The contract (policy) stipulates the type of health care benefits covered as well as costs to be reimbursed.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its life, even if the insurance risk reduces significantly during the period.

The Company has determined that all current contracts with policyholders (members) are insurance contracts.

Sensitivity of insurance risk to macro-economic factors

Health insurance claims tend to be short-tailed in nature, in that the period of time between a claim event occurring and the date of payment of that claim are typically less than one year, and in most cases less than six months. Historical claim lag patterns demonstrate that greater than 90% of claims are settled within three months of the claim event occurring.

The health insurance claims are therefore generally not sensitive to factors such as inflation, changes in interest rates, or other time-value of money issues, and as such a sensitivity analysis has not been provided in the financial statements.

Selection, pricing and concentration risk

Community rating is the basis of Australia's private health insurance system. Under the *Private Health Insurance Act 2007*, private health insurance contracts are required to be community rated, that is, in setting premiums, or paying benefits, funds cannot discriminate on the basis of health status, age, race, sex, and sexuality, use of hospital or medical services or general claiming history. Although this risk is shared collectively across the entire pool of policyholders, actuaries and underwriters still collect health information to determine the overall premium that insurers must charge to sustain the pool.

Community rating mandates that one price must apply to all member groups within each product, meaning that the pricing applied to the member groups within a product applies to all current and future potential members.

The Company manages concentration risk by pricing each product with regard to the risk profile of each policyholder group.

Another regulatory factor is Risk Equalisation which supports the principle of community rating. The Risk Equalisation scheme transfers money from private health insurers with younger healthier members with lower average claims payments to those insurers with an older and less healthy membership and which have higher average claims payments.

The Private Health Insurance Act 2007, also limits the types of treatment that private health insurers are able to offer as part of their health insurance business. Premiums for health insurance can only be changed with the approval of the Minister for Health.

Credit risk in relation to insurance contracts

Credit risk is the risk that one party to an insurance contract will cause a financial loss for the other party by failing to discharge an obligation.

The maximum exposure to credit risk for insurance contract related assets, at the end of the reporting period, is the carrying amount net of any provision for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

Note 30. Nature and extent of risks arising from insurance contracts (continued)

This risk is minimised through a process of arrears management whereby benefit payments are with-held from non-financial members. Where payment of contributions is not received for a continual period of 60 days, the policy is terminated.

The Company does not have any material credit risk exposure to any single receivable or group of receivables under insurance contracts entered into by the Company.

The reinsurance arrangement does not give rise to a material counter party default credit risk exposure for the Company. The credit worthiness of the counterparty is very strong with an AM Best 'A+' Superior rating which is monitored regularly by the Company.

Liquidity risk in relation to insurance contracts

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with insurance contracts.

The Company manages liquidity risk in relation to insurance contracts by continuously monitoring forecast and actual cash flows and claims provisioning risk as well as holding a high percentage of highly liquid investments to meet the obligations of the Company.

Market risk in relation to insurance contracts

Market risk is the risk that the fair value or future cash flows associated with insurance contracts will fluctuate because of changes in market prices. Factors affecting market prices faced by the Company include inflation risk.

The Company is exposed to inflationary risk in relation to hospital and medical services that may materially impact on the future value of claims payments. Controls in place to mitigate this risk include contracts with hospital and medical service providers, and limits applied to some benefits provided under general treatment products. The Company also monitors growth in the utilisation and charges for medical services on an ongoing basis to ensure they are within forecast ranges.

Peoplecare Health Insurance Ltd
Consolidated entity disclosure statement
30 June 2025

The consolidated entity disclosure statement provides information about the subsidiaries included in the consolidated financial statements of Peoplecare Health Limited as at 30 June 2025.

Entity Name	Entity Type	% of share capital	Country of incorporation	Countries of tax residence
Peoplecare Health Limited	Body Corporate	-	Australia	Australia
Peoplecare Health Insurance Pty Ltd	Body Corporate	100	Australia	Australia
Peoplecare Professional Services Pty Ltd	Body Corporate	100	Australia	Australia

Peoplecare Health Limited
Directors' declaration
30 June 2025

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Company's financial position as at 30 June 2025 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- the consolidated entity disclosure statement required by section 295(3A) of the Corporations Act is true and correct

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



Michael Oertel BEc, FCPA, GAICD
Director



Amy Harper B Comm, B Laws (Hons), MBA, GAICD
Director

24 September 2025
Wollongong

Independent auditor's report to the members of Peoplecare Health Limited

Opinion

We have audited the financial report of Peoplecare Health Limited (the 'Company'), which comprises:

- ▶ The statement of financial position as at 30 June 2025;
- ▶ The statement of comprehensive income, statement of changes in equity and statement 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 of the Company is in accordance with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the Company's financial position as at 30 June 2025 and of its 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 Company 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 our audit of the financial report 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.

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 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.

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 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 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 internal control.



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with confidence**

- ▶ 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 events or conditions that may cast significant doubt on the Company'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 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.

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.

A handwritten signature in black ink, appearing to read 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink, appearing to read 'Jason Bain'.

Jason Bain
Partner
Sydney
24 September 2025