

2025 Annual Report



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About HBF

Founded over 80 years ago in Perth, HBF has grown from a local health insurer into Australia's second largest not-for-profit health fund, now supporting approximately 1.2 million members nationwide.

While our roots remain firmly in Western Australia, our reach continues to expand, with one-quarter of our members now residing outside the state.

At HBF, members are at the heart of everything we do. Every decision we make is guided by our commitment to putting members first – whether it's improving access to care, enhancing digital services, or expanding our health offerings.

We're building more than just insurance. HBF is evolving into a connected, digitally enabled health ecosystem, supporting members at every stage of their health journey.

This includes our growing presence in health services through HBF Physio, Life Ready, and an expanding HBF Dental network, alongside strategic pharmacy partnerships.

As a trusted member-based organisation, HBF is deeply committed to the communities in which we operate. Our not-for-profit ethos drives us to reinvest in better outcomes for members – whether through innovative products, improved service experiences, or meaningful community engagement.



On the cover:

Cameron Richards, Managing Executive and Senior Physiotherapist, HBF Physio, Bull Creek, with patient.



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2025 at a glance



During the year, HBF kept its premium increases as low as possible, paid out more claims to members, expanded its health services offering, and continued to give back to the community.

2.80%

average premium increase
lowest of the five largest health funds

92.7%

in-hospital medical services with no gap
FY24: 91.3%

\$1.87b

total claims paid

▲ **1.4%** from FY24



\$2m

raised through HBF Run for a Reason



+2

new dental centres at Midland Gate
& Cockburn Gateway

30,000+

member 'no gap' appointments
at HBF Dental and HBF Physio

▲ **26.1%** from FY24



2025 Winner of Mozo People's Choice Awards
for Excellent Claims Experience and Highly
Trusted Hospital Cover



3

new products launched
to help meet the evolving needs of our members

Chair's report



HBF entered FY25 nearing the end of a multi-year Transformation Program – marking the end of HBF's five-year strategy – and finished the year with the launch of our new strategic roadmap, HBF30.

The Transformation Program, completed in August 2024, has modernised our core technology systems to enable our people to better serve our members across Australia. It has streamlined processes and unlocked new opportunities for the organisation, positioning us to leverage emerging technologies, including AI, to enhance member experiences and drive innovation.

With these foundations in place, we turned our attention to the future, starting with revisiting our vision and purpose to ensure they reflect the needs of our members and the world around us. We reaffirmed our purpose – *to deliver for our members in the moments that matter* – as we look to help members navigate a complex health system, cost of living pressures, and an increasing prevalence of chronic diseases. Our new vision – *to create a healthier tomorrow* – reflects the opportunity and responsibility HBF has to do more for the health of our members and the community.

The next five years is set to be a defining moment in HBF's evolution. By 2030, as HBF nears its 90th birthday, we want the organisation to have more members across Australia and be supporting members as a proactive partner in their health journey, enabled by a bold and member-first culture.

The key elements of HBF30 are shown in the diagram below and described in Dr Lachlan Henderson's CEO Report. The strategy was co-designed by the Board, CEO, and Executive team, with input from senior leaders, and seeks to build on HBF's legacy as a not-for-profit organisation that delivers value for its members.

We ended FY25 with nearly 1.2 million members across our HBF, see-u, and QCHF brands, broadly in line with 12 months ago. However, we did see a small decline in market share to 7.87% (30 June 2024: 8.05%), reflecting reduced marketing activity during the Transformation Program go-live period. Pleasingly, membership growth returned at the end of FY25 and we now have one-in-four members living outside Western Australia, a significant shift from just one-in-ten five years ago. This provides a strong platform to increase the reach and relevance of our organisation nationally.

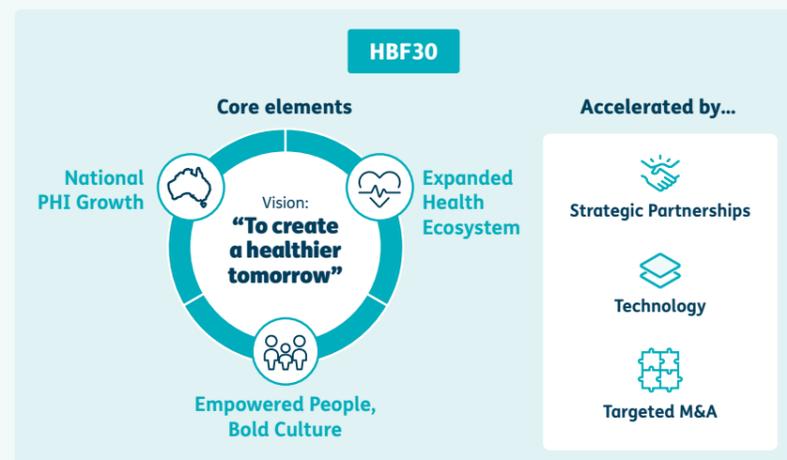
Financially, HBF reported a net profit after tax of \$131.2 million for FY25. This continues a period of ongoing volatility in HBF's earnings, as demonstrated with the group's consolidated five-year earnings being a \$35 million net loss after tax (FY21-FY25). Looking more closely at FY25, the uplift from FY24 (\$44.2 million NPAT) reflected strong underwriting performance, enhanced investment returns of \$99.9 million (FY24: \$75.7 million), as well as reduced operating expenses across the business and with our Transformation Program completing. Group revenue exceeded \$2.3 billion for the first time, including an 8.3% uplift in Health & Wellness revenue to \$41.6 million as appointment volumes across our physio and dental operations increased and we expanded capacity.

HBF retains a strong capital position, which ensures we are well placed to deliver on the strategic priorities under HBF30 while continuing to use members' funds prudently.

In FY25, the Board further refined HBF's remuneration framework to strengthen the link between performance, conduct, and reward. Our Corporate Incentive Scorecard balanced financial outcomes with member experience, people metrics, and strategic delivery. We also enhanced HBF's sustainability practices, with environmental responsibility now more clearly reflected in our strategy and operations. This has included the establishment of emission targets for HBF, with a target of net zero by 2040 and interim targets of net zero for Scope 1 and 2 emissions by 2030. These targets, described in more detail in the Our Community section of the Annual Report, are supported by a growing portfolio of initiatives aimed at reducing our environmental footprint and building long-term resilience.

HBF has entered FY26 with strong foundations, a clear purpose, and a bold vision. On behalf of the Board, I extend my sincere thanks to our people for their dedication, to our members for their trust, and to my fellow Directors for their support throughout the year. I believe HBF is well positioned to deliver greater value to our members, respond to the evolving healthcare landscape, and continue strengthening our role as a trusted health partner across Australia.

Diane Smith-Gander AO
Chair



CEO's report



In a year defined by economic uncertainty and ongoing pressures on household budgets, HBF remained firmly committed to delivering meaningful value to our members. As a not-for-profit health insurer, we continued to prioritise affordability, access to care, and member health and wellbeing.

In February, HBF announced an average premium increase of just 2.80% from 1 April – the lowest among the five largest health funds and below the industry average of 3.73%. This extended HBF's track record of keeping downward pressure on premium increases over the long term, with our average increase over the past decade below the major health funds and industry average.

In FY25, HBF paid \$1.87 billion in hospital and extras claims to our members, up 1.4% on FY24. This included a no-gap experience for 92.7% of in-hospital medical services. We also provided over 30,000 members with no-gap offers at our dental and physio clinics, up 26.1% on FY24. We continued to invest in our physio and dental businesses in FY25, expanding to add two new HBF Dental centres in Midland and Cockburn, bringing the total to 10 clinics, and opening our seventh HBF branded Physio centre in the Perth CBD. We also supported thousands of members through our preventive health programs, including mental health, weight management, and musculoskeletal programs for members.

Member service remains at the forefront of our business, with over 4.4 million service interactions in FY25, of which 81% took place via our website or app. Of note, our HBF app now supports 348,000 active users and was named WeMoney Mobile App of the Year 2025, reflecting its growing importance in how members connect with HBF.

The increasing popularity of digital channels highlights the significance of HBF completing our multi-year Transformation Program to meet the changing and future needs of our membership base.

After the Transformation Program went live in August 2024, we successfully transitioned to the new technology platforms and processes before finalising and launching our new strategy, HBF30. This five-year plan sets a clear direction for the business, centred on three strategic pillars – further growth in our membership base nationally, playing a more active role in our members' health, and empowering our people. To support these objectives, HBF is exploring investment opportunities in members' health platforms, considering additional acquisitions following the successful integration of the QCHF and see-u brands, and exploring how to best leverage and invest in new technology. HBF30 represents a meaningful shift toward doing more to support the health and wellbeing of our members, linked to our new vision – *to create a healthier tomorrow*.

Aligned to our new strategy, we were pleased to launch three new health insurance products late in FY25, developed through member insights and market testing to complement our existing offerings. We have also reviewed our existing products, leading to the difficult decision to cease the Gap Saver feature on all products, effective early December 2025. This is a significant change to facilitate streamlining of our operations while ensuring equity across our membership base. Members with remaining Gap Saver benefits after the feature is removed will receive a one-off payment from HBF equal to this amount into their bank accounts.

HBF continues to play an important role in the community, with our flagship event, HBF Run for a Reason, breaking records in its 13th year. More than 40,000 people registered for the event raising over \$2 million for 350 charities. \$25,000 was also donated to both the Vinnies QLD Flood Disaster Appeal and The Salvation Army's Cyclone Alfred Appeal. Funding to our two partnership grant recipients continued, supporting Harry Perkins Institute's research into melanoma treatments and a study into expectant fathers' health by the Telethon Institute and Joondalup Health Campus.

Over the last 12 months, there was one change to our executive team with the departure of Chief Risk Officer, William Brown. In the interim, Tracey Warren – a respected and longstanding member of our risk team – has stepped into the role in an acting capacity while the recruitment process takes place for a permanent replacement.

Looking ahead, we are closely watching hospital claims, particularly in our dominant market of Western Australia, which saw subdued claims activity in FY25. Hospital claims activity will be a major consideration as we enter the next premium round. As a not-for-profit health insurer our focus is on keeping member premiums and out-of-pocket costs as low as possible, while continuing to support the hospital providers and health practitioners who deliver these services. In this context, I was pleased to be appointed to the Federal Department of Health's CEO Forum, which has brought together Government, insurers, hospitals, and health practitioners to work through a range of short-term and long-term reform options to ensure a high-quality and sustainable private health system into the future.

Lastly, thanks to our members, employees, the Board, and industry partners for your continued support. As we move into FY26, our commitment to members is unwavering. With a new five-year strategy, HBF30, we're entering a new era of growth, innovation, and enhanced engagement in our members' health. Whether through new products, expanded wellness services, or smarter technology, our goal is simple: to be a trusted partner in every stage of our members' health journey. Together, we're building a healthier tomorrow.

Dr Lachlan Henderson
Chief Executive Officer

Our members



Guided by our HBF30 strategy and our vision to create a healthier tomorrow, HBF will expand its offerings and invest in new initiatives to empower our members to take charge of their health.

Member engagement

In FY25, HBF strengthened its commitment to the health and wellbeing of almost 1.2 million Australians by enhancing the member experience through personalised support, seamless digital services, and fast, reliable claims processing. These efforts reflect our promise to stand by our members in the moments that matter.

Our members increasingly chose to engage with HBF through digital channels in FY25, reflecting a strong shift toward fast, intuitive self-service offerings supported by HBF's investment in its digital offerings.

In FY25, 81% of all service interactions occurred via the HBF website or HBF app. Over the year, members completed 3.7 million digital transactions, marking a 7% increase on FY24.

Digital continues to be the preferred channel for new members joining HBF, reinforcing its role as a key driver of growth and convenience.

The HBF app now supports 348,000 active users across unique devices, a 19% year-on-year increase, and maintains top ratings among major health insurers on both Apple iOS and Android platforms. In recognition of its excellence, the app was awarded the WeMoney Mobile App of the Year 2025.

We continue to enhance security on our digital channels, including multi-factor authentication in myHBF and HBF app to add an extra layer of protection for members' personal health data.

We remain committed to delivering exceptional service across all channels, ensuring members can engage with HBF in the way that suits them best.

While digital engagement continues to grow, our frontline teams remain vital in supporting members through other channels. In FY25, our frontline teams handled:

- **491,111** phone calls via our member contact centres in Perth, Brisbane, and Melbourne
- **155,021** in-person interactions across our branch network
- **34,255** web chat enquiries
- **60,611** emails

Usage of our provider search tool – powered by Healthshare – rose steadily throughout FY25. This platform helps members and referrers make confident, informed choices when selecting participating specialists.

As we look ahead, the launch of our HBF30 strategy marks the beginning of a new chapter – one that will guide future investments and innovations designed to empower members to take greater control of their health and wellbeing.



30,000+ members

accessed HBF Dental and HBF Physio no gap offer



432,500 consults

across our dental and physio businesses



3.7 million

digital transactions by members



81%

of all member service interactions occurred via HBF app or HBF website

HBF Dental FY25 highlights



More than 26,000 members accessed the no-gap offer at HBF Dental

HBF Dental

In FY25, HBF Dental continued to grow, with improved performance across key metrics.

We were pleased to add two new dental centres to the network, with Midland Gate opening in December 2024 and Cockburn Gateway opening in February 2025. This has seen HBF Dental grow to ten centres across the Perth region in just over four years since the first centre at Joondalup opened its doors.

We experienced further revenue growth in FY25 off the back of a record 72,035 appointments, with a combination of a rise in practitioner hours, expanded utilisation of our dental centres, and the addition of the two new centres driving this growth. It was also pleasing to see an average rebooking rate of 95% in FY25, which is a positive indication of the value patients are seeing at HBF Dental.

In particular, our focus on attracting new talent and optimising practitioner hours yielded favourable results, with 21% growth in dentist hours. This resulted in patient fees increasing to \$21.8 million, up almost one-fifth on FY24.

Importantly, there was continued member interest in our annual no-gap check-up and clean treatment offer, with over 26,000 eligible members taking up the offer, a 20.9% increase on FY24.

Looking ahead, maximising utilisation and operational efficiency will be a key priority in the year ahead, with HBF Dental now having a solid footprint providing good coverage across the Perth metropolitan area.

We will continue to evaluate new location opportunities in the Perth area that present strong growth potential for HBF Dental.

We will also maintain our focus on attraction and development of new graduate practitioners, which has helped to maintain this important pipeline for growth in dentist numbers.

Outside of WA, our partnership with Pacific Smiles Dental Group continued to offer HBF members in Queensland, NSW, Victoria and SA access to Member Plus dental benefits at over 120 locations.



Physiotherapy FY25 highlights



More than 4,200 members accessed the no-gap offer at HBF Physio



HBF Physio and Life Ready

In FY25, HBF maintained a strong focus on expanding our physiotherapy services across the HBF Physio, Life Ready, and Life Ready Mobile businesses, resulting in 8.0% revenue growth, reaching \$33.6 million in FY25, driven by over 360,000 consultations across the network, up 7.3% on FY24.

In April 2025, we successfully transitioned the Life Ready Physio CBD clinic to HBF Physio Perth City, relocating to HBF's head office (Walburniny) at Kings Square.

Heading into FY26, two more Life Ready clinics are set to rebrand to HBF Physio – Marangaroo and Bayswater clinics – taking the total number of HBF Physio clinics to nine.

Of note, more HBF members benefited from our no-gap initial consult offer at HBF Physio, with over 4,200 members accessing fully covered initial consultations (a 71% increase from FY24). This reflects our ongoing commitment to making high-quality physiotherapy more affordable and accessible.

HBF Physio and Life Ready continued to provide comprehensive treatment six days a week, supported by a user-friendly online booking system that enhances accessibility for our members. This was across a wide range of services, including clinical Pilates, paediatric physiotherapy, and women's and men's health, alongside injury management, gym rehabilitation, dry needling, exercise physiology, and remedial massage. In addition, our Life Ready Mobile team provides in-home care services, with the team expanding this year to meet increasing demand.

Looking ahead, we anticipate continued development and refinement of our physiotherapy network, with a focus on sustained revenue growth and enhanced member experience.

Health programs

HBF's health programs continued to deliver strong outcomes in FY25, empowering our members to take proactive steps in managing their health and wellbeing. Designed to address a range of chronic conditions and risk factors, these programs offer flexible in-person and virtual care options to suit individual needs.

Fully covered for eligible members, each program reflects HBF's ongoing commitment to accessible, evidence-based care. From weight management and mental health support to osteoarthritis and cardiovascular care, our programs are helping members build healthier habits and achieve better long-term health outcomes.

During the year our health programs continued to see strong participation, reflecting their growing value to members. While each program targets specific health conditions or risk factors, they all share a common goal: empowering eligible members to take control of their health. With a flexible mix of in-person and virtual support, these programs provide the tools and guidance needed to stay on track and make lasting progress.

HBF Mind Matters mental health recovery program

The HBF Mind Matters program was introduced in 2024 to offer a personalised approach to mental health recovery, tailored to the unique needs and well-being goals of eligible members nationally.

Delivered over six to nine months, the program is led by experienced mental health professionals from Mind Australia and is designed to build confidence and capability for achieving meaningful health outcomes. Support is flexible, with care provided via secure video, or phone call, or in-person at the member's home.

Looking ahead, in building on the support offered to members managing mental health conditions, in FY26 HBF intends to offer at-home support for members seeking to safely detoxify from alcohol.

COACH

The COACH Program is a key part of HBF's commitment to long-term member health, offering six months of personalised, phone-based coaching for people living with chronic conditions like cardiovascular disease and type 2 diabetes. HBF's health coaches work closely with members to identify treatment gaps, support healthier habits, and manage risk factors such as cholesterol, blood pressure, and lifestyle choices—all tailored to individual goals and delivered at the member's convenience, anywhere in Australia.

FY25 saw a 50% increase in member participation, reflecting the program's growing influence in helping individuals take control of their health and work toward improved outcomes.

In the year, a 10-year study was published in the American Journal of Medicine. This demonstrated that, on average, the COACH Program delivered a 34% reduction in mortality over 10 years, an 8% reduction in hospitalisation, modest out of pocket savings for participants and an increased likelihood of achieving target levels for LDL-cholesterol, triglycerides, blood pressure, waist circumference, alcohol consumption, and physical activity.

CSIRO weight management

Now in its third year, the CSIRO weight management program supported over 1,000 members during FY25, helping our members across Australia achieve sustainable weight loss through evidence-based guidance and personalised support. The program's continued popularity reflects its effectiveness in empowering members to make lasting lifestyle changes.

Delivered via telephone consultations with accredited dietitians, the program highlights the vital role of nutrition in improving health outcomes. Members receive expert advice tailored to their needs, helping them make informed choices and maintain progress well beyond the program's duration.

Good Life with OsteoArthritis: Denmark (GLA:D)

In FY25, the GLA:D program continued to play a pivotal role in supporting eligible HBF members in managing hip and knee osteoarthritis. Participation grew significantly, with over 1,000 members taking part, representing a 60% increase compared to FY24. This growth highlights the program's effectiveness and its rising recognition among members seeking proactive, evidence-based care.

Delivered across all states in partnership with HBF Physio, Life Ready, and a growing list of approved physiotherapy providers, the program is grounded in international research and focuses on reducing pain, improving joint function, and supporting long-term mobility.

Program outcomes remain strong, with 88% of participants reporting they were satisfied or very satisfied with their experience. Importantly, these members indicated they would apply what they learned at least once a week, reinforcing the program's lasting impact on daily health management.

Members participate in up to 12 supervised group exercise sessions, two education sessions, and receive ongoing support to reinforce healthy habits.

Osteoarthritis Healthy Weight for Life

The Osteoarthritis Healthy Weight for Life program is popular among members seeking to manage hip and knee osteoarthritis. This 18-week, at-home initiative is designed to support sustainable weight loss and improve joint symptoms through a combination of progressive dietary planning and targeted strength, balance, and mobility exercises.

Participating members across Australia receive all necessary resources by mail and are supported virtually by a dedicated Care Support Team of allied health professionals via phone, email, SMS, and an online platform, ensuring accessible, personalised care throughout the program.

5,787

members supported with an early intervention or chronic disease management program

2,565

new members joined a chronic disease management program to improve their health outcomes

1,000

members benefited from access to a hip and knee osteoarthritis program with results demonstrating reduced pain and improved quality of life

1,000

members accessed evidence-based weight management solutions and achieved clinically significant weight loss to assist in managing health risk



Provider network and programs

HBF provides member choice through access to thousands of Member Plus providers working out of close to 590 Member Plus Agreed Hospitals nationwide. We continue to strengthen healthcare delivery for our members by partnering with specialists to offer members personalised care in community-based settings, adding to those provided in traditional hospital environments.

Esus Centre

During FY25, the Esus Centre continued to welcome HBF members into its specialist eating disorder programs, offering both high and low intensity care in a non-hospital setting. The centre's approach provides accessible, tailored support for individuals navigating recovery or awaiting hospital admission, reinforcing our commitment to member wellbeing.

HBF was proud to be the first health insurer to partner with the Subiaco-based Esus Centre in December 2023. It has since expanded its operating licence during FY25 to include individuals aged 12 and over – an important development in broadening the reach of its services and ensuring our younger members have access to early intervention and specialised care in a supportive, non-hospital setting.

The centre's integrated, multidisciplinary model brings together psychiatrists, psychologists, dietitians, occupational therapists, social workers, physiotherapists, nurses, and people with lived experience. This collaborative team delivers holistic treatment that supports recovery and empowers individuals to manage their health with confidence.

Care Navigation

In FY25, QCHF's Care Navigation program provided tailored support to 423 eligible members through a range of specialised programs, including orthopaedic rehabilitation, Phase II cardiac rehabilitation, and chronic disease management. These services were designed to improve health outcomes and enhance the overall member experience.

The program achieved a hospital readmission rate of zero for all members under its care, maintaining a strong track record and demonstrating the effectiveness of its proactive and personalised approach. Member satisfaction remained exceptionally high, with an average Net Promoter Score (NPS) of 95 and 100% of participants reporting that Care Navigation added value to their membership.

This year, Care Navigation worked closely with Queensland Country Dental Practice to establish a referral pathway for patients presenting with chronic disease indicators. Eligible patients will be contacted and offered support through a dedicated chronic disease management program, further expanding the reach and impact of Care Navigation's services.



HBF Patient Pulse

In October 2024, we proudly launched HBF Patient Pulse, a new initiative designed to elevate the patient experience and achieve better patient outcomes by capturing valuable member insights following hospital admissions in Western Australia. This program empowers members to confidentially share feedback on their care, helping to inform and improve clinical practices across the health system.

Through the use of clinically validated questionnaires, HBF Patient Pulse facilitates the collection of members' feedback about their healthcare journey — from their experience with the hospital and specialist to their clinical outcomes.

The questionnaires utilise the International Consortium for Health Outcomes Measurement datasets which are internationally recognised and include:

Patient Reported Experience Measures (PREMs): capturing members' perspectives on the care and services they received.

Patient Reported Outcome Measures (PROMs): capturing members' own assessment of their health, symptoms and quality of life.

Feedback is clinically specific, tailored to each member's individual condition. The surveys are administered across multiple stages of the treatment and recovery journey, ensuring a comprehensive view of the member's health over time providing insight into how members are feeling and functioning following treatments.

Responses are analysed and triangulated with other data — such as the treating hospital and medical professionals involved — to build a rich picture of care quality from the patient's perspective. The intent is to share deidentified high-level information with medical specialists and hospitals to highlight strengths and opportunities, supporting a continuous cycle of improvement.

As Australia's fifth-largest health fund and a not-for-profit organisation, HBF is uniquely positioned to advocate for members' voices in healthcare. HBF Patient Pulse reinforces our commitment as a proactive health partner, focused on improving clinical outcomes, enhancing value of care, and supporting the health and wellbeing of our members.

Provider network and programs FY25 highlights



\$1.32bn

Paid in claims for hospital services



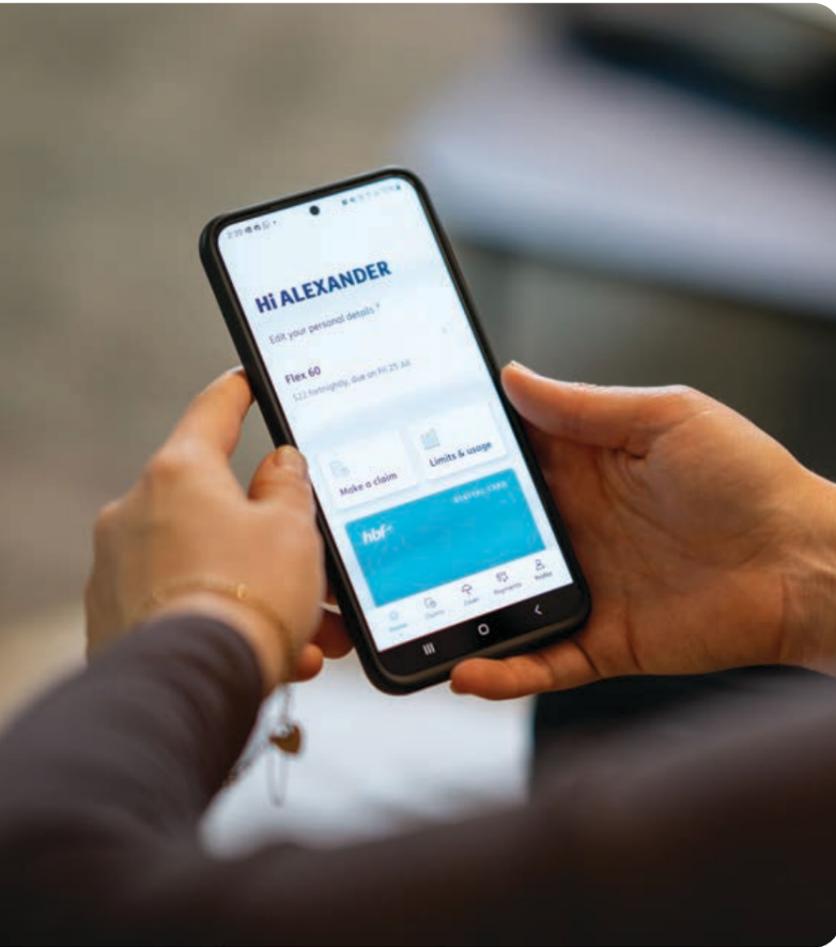
588

contracted hospitals across Australia



43,551

medical network providers across Australia

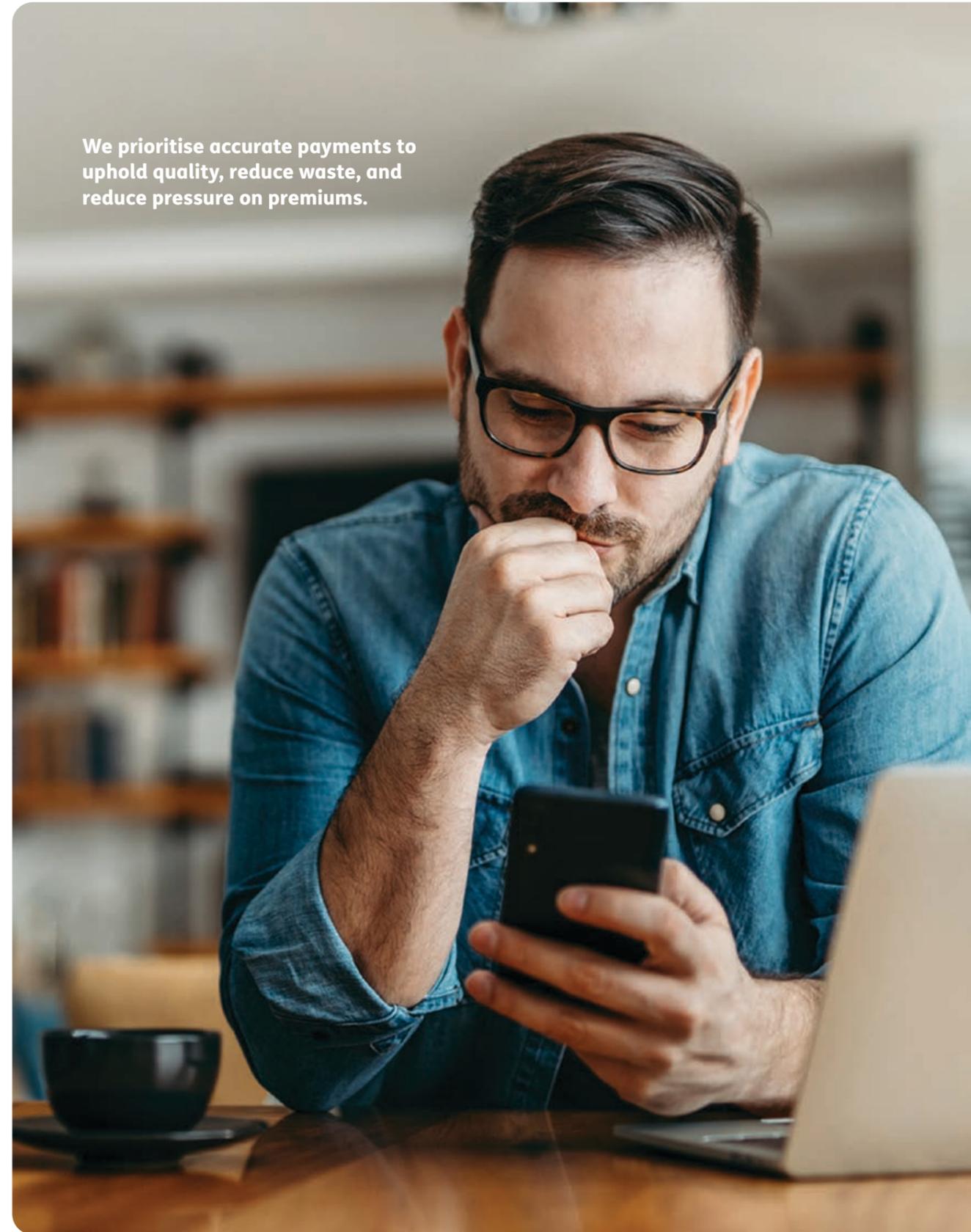


Protecting our members' funds

Safeguarding the integrity of provider and member payments remains a top priority to maintain quality control, minimise waste, and reduce pressure on premiums, ensuring that member benefits are distributed accurately and responsibly.

Our Claims Integrity team conducts comprehensive desktop analysis and on-site audits to identify and address potential vulnerabilities in the claims process, helping to detect errors, prevent fraud, and recover improper claims in order to reinforce the trust our members place in our systems and services. In FY25, this resulted in \$28.9 million in claims leakage savings being identified.

Through continuously refining our payment oversight processes, we ensure that every dollar spent delivers genuine value to our members. This proactive approach supports the long-term sustainability of our fund and upholds the high standards our members expect from HBF.



We prioritise accurate payments to uphold quality, reduce waste, and reduce pressure on premiums.

Protecting our members funds FY25 highlights



23,093

individual hospital claims reviewed by HBF



220

ancillary provider, practices, and member policy investigations



113

providers subject to financial recovery

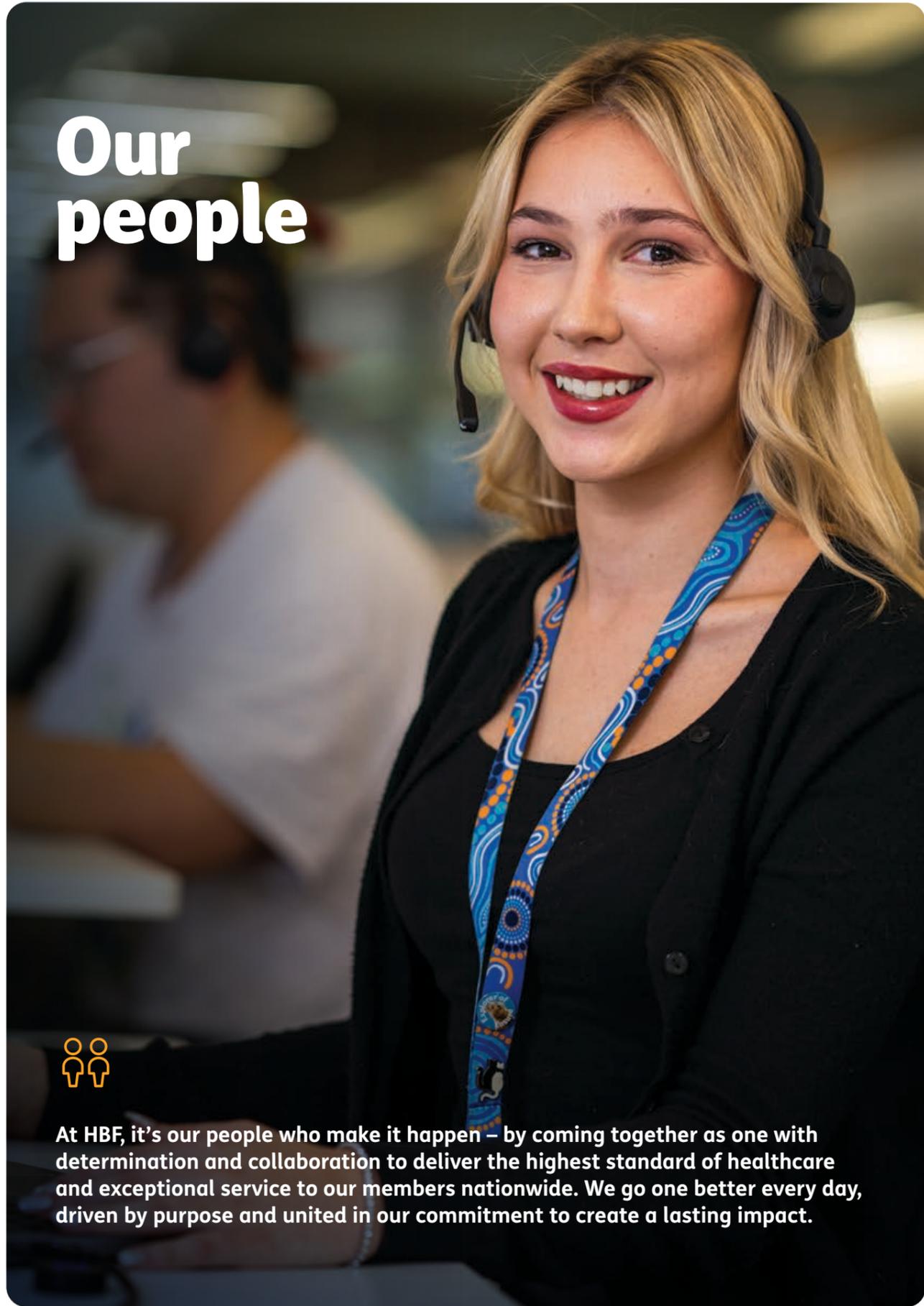


39

compliance notices issued

13 practices were deregistered due to inappropriate and/or fraudulent claims

Our people



At HBF, it's our people who make it happen – by coming together as one with determination and collaboration to deliver the highest standard of healthcare and exceptional service to our members nationwide. We go one better every day, driven by purpose and united in our commitment to create a lasting impact.



1,377 employees

(as at June 2025)



235 employees

celebrated 10-50 years of service



2,500+ hours

volunteered by our people to various causes



59 employees

took part in a new program for emerging leaders

For more than 80 years, HBF has stood by our members in the moments that matter, delivering trusted healthcare and compassionate support. This enduring purpose continues to shape everything we do, keeping our members at the heart of our organisation and our people at the centre of our success.

At HBF, the connection between our purpose and our people is deeply felt. It's what inspires us to go one better, to be bold, and to continuously evolve how we support our members for a healthier tomorrow. Whether through innovation, care, or community, our teams are united by a shared commitment to improving health outcomes and building lasting trust.

We believe in showing up as our whole selves, bringing authenticity, empathy, and passion to everything we do, and it's this culture of inclusion and integrity that empowers us to create a lasting impact together.

Benefits

We believe that when our people thrive, so does our purpose. That's why we're committed to creating a workplace where everyone feels a genuine sense of belonging, connection, and care. Our benefits are more than just perks; they are a reflection of our values and our promise to support our people through every stage of life.

From physical and mental wellbeing to financial empowerment, our offerings are designed to meet the diverse needs of our team. Whether it's access to top-tier healthcare, proactive wellness initiatives, or flexible support during life's challenges, we're proud to provide benefits that make a meaningful difference at work and beyond.

- Fully subsidised Gold hospital cover for our employees and their immediate family
- 18 weeks' paid parental leave (in addition to the legislated parental leave scheme) plus superannuation payments (including for periods of up to 34 weeks of unpaid parental leave)
- 20 days of domestic violence leave, with five days available to employees supporting a loved one
- Three paid 'wellness' days each year to encourage proactive health and wellbeing management
- Two volunteering days each year to participate in social impact causes in the community
- Flexible working arrangements through our Hybrid Work @ HBF model
- Fully covered skin checks
- One free gym pass per week with a national provider
- Quarterly blood donation leave
- Complimentary access to Wellbeing Gateway app, a comprehensive health and wellbeing app
- Salary packaging options
- Social club
- Dollar-for-dollar matching of employee charity donations through HBF workplace giving
- Opportunity to join the HBF Angels, a group of employees organising fundraising events and charity donation drives

Be you, Be bold, Be HBF

In FY25, we embarked on a bold new chapter by unveiling our inaugural Cultural Aspiration Statement—an inspiring step toward shaping an even more exceptional workplace.

“We deliver in the moments that matter, for our members and for a healthier tomorrow. We do it by showing up as our whole selves, supporting each other and being bold. We go one better, to create a lasting impact together.”

Developed through extensive consultation and shaped by the voices of our people, the statement underscores the pivotal role our people play in delivering our new HBF30 strategy. It is anchored in three core pillars:

- **Be you** – encouraging our people to show up as their true, authentic selves every day and celebrating what this brings to our culture.
- **Be bold** – embracing bold ideas and innovative thinking to elevate how we deliver and make a meaningful impact, aligned with our HBF30 strategy.
- **Be HBF** – fostering a workplace culture that we’re proud to be a part of, one where our people feel valued and empowered to deliver their best for our members.

We introduced five new leadership behaviours to support our Cultural Aspiration Statement and to guide our behaviour. The leadership behaviours bring our aspirations to life and set the tone for how we work, how we lead, and how we support one another, regardless of our role title.



Leadership behaviours:



Impactful

Delivering high-quality, purposeful outcomes while embracing innovation and continuous improvement.



Accountable

Taking ownership to achieve shared goals and foster a culture of trust.



Inclusive

Valuing diverse perspectives, empowering others, and creating a culture where everyone belongs.



Authentic

Acting with empathy and integrity to build trusted, meaningful relationships.



Self-aware

Embracing feedback and growth, with a focus on learning and personal development.

This marks a new beginning for HBF, a co-created commitment that will continue to evolve, demonstrating impact through action and redefining how we support one another to better serve our members.

Learning, growth and leadership succession

We place the professional growth and fulfilment of our people at the heart of our culture, fostering continuous learning through meaningful development opportunities.

In FY25, we deepened our investment in the development of our people, embedding learning and leadership into the rhythm of our organisation. Our refreshed learning platform provided team members with access to a wide range of resources, from foundational training to advanced leadership development, supporting capability uplift across all levels.

Leadership development was a key focus in FY25, with new programs and forums designed to help leaders build the capabilities needed in a modern workplace. These initiatives supported leaders in understanding what it takes to guide teams through periods of change, with an emphasis on adaptability, empathy, and clarity in decision-making.

Through targeted learning experiences, leaders explored how to foster psychological safety, build resilience, and lead with purpose. The programs also encouraged reflection on leadership behaviours and equipped participants with practical tools to support their teams in dynamic and evolving environments.

These initiatives brought together leaders from across the organisation to share insights, reflect on performance, and set meaningful development goals aligned with career aspirations.

We also enhanced feedback and coaching mechanisms, enabling our people to take ownership of their growth journey and navigate challenges with confidence. These efforts reflect our commitment to cultivating a workforce that is equipped, empowered, and ready to lead HBF into the future.

- **HBF Leadership Conference:** Two-day event for 80 senior leaders to build capability, connect, and explore thought leadership.
- **360 Feedback:** 27 Senior Managers received multi-rater feedback to support development.
- **Growth Faculty:** Access to this leadership development resource provided to 110 employees resulting in 174 live (virtual) event registrations, 12,667 minutes of on demand usage.
- **Emerging Leadership Program:** Nearly 60 employees completed the program designed to strengthen key leadership capabilities.
- **Leadership Forums:** Executive and Senior Management gatherings to foster connection and build on key leadership capabilities.
- **Talent Reviews:** We enhanced the process of our mid and end-of-year reviews.

- **WeLearn:** Refreshed learning platform with 100+ courses for skill and knowledge growth.
- **Leading with Persistence:** Mental health and resilience training for leaders and frontline teams.
- **Coaching Panel:** Ongoing support for career growth and leadership development.

Health and wellbeing

In FY25, we continued to champion a “whole person” approach to employee wellbeing, recognising that physical, mental and psychosocial health are deeply interconnected and essential to thriving at work and beyond. Our commitment is reflected in a range of initiatives designed to support resilience, connection and proactive health management.

- **Proactive health support:** Free skin checks.
- **Mental wellbeing resources:** Workshops and tools focused on sleep, personal growth and goal setting.
- **Resilience and leadership development:** Mental health training for leaders and resilience programs for frontline teams.
- **Physical wellbeing:** Team-based fitness challenges.
- **Confidential support services:** Our Employee Assistance Program remained a trusted resource for personal and professional guidance.



Reward and recognition

Our Shine rewards platform remained a driving force behind recognition at HBF in FY25, bringing everyday appreciation to life and strengthening the values that define how we work. Through Shine, employees celebrated each other with over 3,000 recognition e-cards and 2,155 awards. This culture of recognition has become deeply embedded in our workplace, helping foster connection, boost morale, and highlight the behaviours that make HBF a great place to grow and contribute.

We also recognised 100 employees in the 2025 CEO Excellence Awards for their exceptional contributions and 235 employees for their tenure of between 10 and 50 years. Looking ahead, FY26 will see the launch of a refreshed awards program, designed to make recognition more timely, inclusive, and meaningful across every part of HBF and will include new categories aligned with our new leadership behaviours.

Diversity and inclusion

In FY25, HBF continued to foster a workplace where everyone feels a genuine sense of belonging. Belonging and inclusion are deeply embedded in our culture, and we've taken meaningful steps to advance gender equality and support diverse identities.

We made strong progress on our Gender Equality Action Plan, including:

- Enhanced recruitment and talent processes to support women's success.
- Unconscious bias training for people leaders.
- Promotion of flexible work policies.
- Increased paid parental leave (from 14 to 18 weeks) and removal of primary caregiver distinctions.
- Updated remuneration policies for fairness and transparency.
- 20 days paid domestic violence leave, plus 5 additional support days.

- New DEIB (Diversity, Equity, Inclusion and Belonging) and Anti-Discrimination policies.
- All employees completed Respect@Work training.
- Strengthened gender balance in member-facing and technical roles.
- Hosted three Women in Technology Listening Sessions.
- Launched the inaugural Women in Technology Networking Event.
- Launched the EmpowerHER Mentoring Program supporting 80 women.

As part of DEIB we strive to create a workplace where every individual feels respected, valued, and empowered to thrive.

Key initiatives undertaken in FY25 included:

- Launching our new Pride shirts.
- Hosting LGBTQIA+ speakers such as CEO Lucy Thomas (Project Rockit) and Katherine Wolfgramme, who led Trans awareness training.
- Maintained our Pride in Diversity membership.
- Celebrating International Women's Day hearing from our senior female leaders including Chair, Diane Smith-Gander AO, CFO, Sarah Graf, and General Manager, Data & Analytics, Kathryn Gulifa.
- Installed free female hygiene products in our Perth head office.
- Became members of Menopause Friendly Workplaces and hosted our first Menopause awareness sessions.

We also continued to recognise 16 Days of Activism, spotlighting domestic violence and supporting women refugees through employee donations of toiletries and baby products.

These efforts reflect our ongoing commitment to diversity, equity, inclusion, and celebrating the diverse identities of our people and our communities.

Workplace gender equality indicators

As reported to the Workplace Gender Equality Agency Australia in FY25, females accounted for (excluding our dental and physio businesses):



69%

of our workforce¹

37.5%

of executives¹

67%

of Board members¹

38%

of our senior managers¹

51%

of all manager promotions²

65%

of all non-manager promotions²

In FY25, HBF continued to foster a workplace where everyone feels a genuine sense of belonging.

¹ As at 31 March 2025.

² In the 12 months ended 31 March 2025.

Reconciliation

In September 2024, HBF reaffirmed its commitment to reconciliation by launching its second Reflect Reconciliation Action Plan (RAP). This plan was shaped in partnership with Jason Timor from Stone Crab, our Executive and Senior Leaders, and the RAP Governance Group.

Building on the foundations of our initial Reflect RAP, this renewed plan strengthens our focus on cultural safety, education, and awareness across the organisation.

As part of our actions:

- We recognised and celebrated key cultural events such as National Reconciliation Week and NAIDOC Week, recognising and uplifting First Nations voices and stories.
- In collaboration with Stone Crab, we conducted a policy review and enhanced our First Nations Cultural Leave guidelines.
- In FY25, continued to increase our procurement spend with First Nations businesses.
- Maintained our Supply Nation membership and continued to build out our First Nations supplier directory.

We also partnered with Beverley Egan, a Yamatji artist from the Murchison region of Western Australia, to create two inspiring artworks. During NAIDOC Week, Beverley led an art class with our people, resulting in a collaborative piece titled Women Digging with Bush Potatoes.

In addition, Beverley was commissioned to create a bespoke artwork for HBF that honours the strength and resilience of women and their deep connection to Country. This piece is proudly displayed in our Perth office.

Through these initiatives, we continue to honour and elevate First Nations cultures, voices, and contributions. Reflecting our ongoing dedication to reconciliation and respectful relationships with First Nations communities.

We continue to honour and elevate First Nations cultures, voices, and contributions.



Our community



HBF's approach to sustainability is focused on giving back to the community by finding ways to better the health of our members and all Australians, as we strive to create a healthier tomorrow.

Sustainability at HBF

HBF's approach to sustainability centres on four focus areas, each aligned with achieving our vision—to create a healthier tomorrow.

 Healthy Communities	 Healthy Planet	 Healthy People	 Healthy Practices
We believe healthy communities are the foundation of a thriving society, and HBF's key commitment in sustainability is in providing and supporting initiatives that support the delivery of affordable and accessible healthcare, helping individuals to lead happy, healthy, and active lives.	The health of our planet is inseparable from human wellbeing, and at HBF we want to play our part in reducing our environmental footprint – from reducing carbon emissions through to reducing waste and incorporating climate into our business processes.	We are committed to having an inclusive, impactful, and purpose-driven culture that empowers our people to thrive and make a lasting impact by delivering for our members in the moments that matter.	We work to embed ethical and responsible business practices across all our operations, underpinned by strong governance, data privacy, and security to manage risk and protect our members, employees, and stakeholders.

Healthy communities

HBF Run for a Reason

In its 13th year, HBF Run for a Reason continues to inspire West Australians of all ages and abilities, offering a unique opportunity to pursue personal fitness goals while raising funds for causes close to their hearts.

Held in Perth on 25 May, the event set new fundraising and participation records with more than \$2 million raised as well as a sell-out crowd of 40,000 registrations, surpassing last year's record by 3,000 and establishing HBF Run for a Reason as Australia's fourth-largest mass participation running event.

All three race distances – the Brooks Half Marathon, Specsavers 12km, and CommBank 3km – sold out, reflecting the event's growing popularity and community impact. Behind the scenes, 600 volunteers – including over 250 HBF staff – ensured a seamless experience for all.

It was inspiring to see this year's fundraising efforts go from strength-to-strength, with 350 charities – 70 more than last year – receiving a total of \$2,007,196 in donations, up 54%. Since its inception, the HBF Run for a Reason has now raised \$14.5 million for health and community organisations across WA.

This year's event carried special significance following the passing of former West Coast Eagle Adam Selwood on 17 May. Adam had registered to run the half marathon in honour of his twin brother, Troy, who passed away in February. The tragic loss of Adam and Troy reminds us of the humanity behind every bib number – each participant is driven by a reason, a memory, or a cause that matters deeply to them.



\$2 million

raised through the 2025 HBF Run for a Reason



600 volunteers

including over 250 HBF staff



\$14.5 million

raised for charities since 2010



350 charities

were supported through this years event

Helping communities recover from natural disasters

North Queensland Floods

With floods devastating large parts of North Queensland in early 2025, HBF contributed \$25,000 to St Vincent de Paul Society's Queensland Flood Disaster Appeal to assist impacted communities.

The appeal, which raised over \$350,000, enabled Vinnies Queensland to support more than 90 families, primarily through the replacement of essential household items. Support continues into FY26, as families begin rebuilding their homes and navigating insurance claims, regulatory requirements, and government support.

HBF is proud to have played a role in supporting Vinnies QLD's efforts to meet the evolving needs of flood-affected communities.

Cyclone Alfred

Cyclone Alfred caused widespread damage to South East Queensland and the Northern Rivers region of New South Wales in March 2025. To support the recovery efforts, HBF contributed \$25,000 to The Salvation Army's Cyclone Alfred Appeal. This helped deliver urgent support to communities, supporting the establishment of 13 evacuation centres, where 95 volunteers provided over 8,900 meals and refreshments to first responders and displaced residents.

As recovery progressed, support efforts evolved – The Salvation Army has now provided over 5,600 grants and more than \$1.77 million in financial assistance to support thousands of adults and children – and we are proud to have supported communities as they rebuild and recover from the cyclone.



Standing with communities through natural disaster recovery



\$25,000

to St Vincent de Paul Society's Queensland Flood Disaster Appeal



\$25,000

to The Salvation Army's Cyclone Alfred Appeal

We are proud to have supported communities as they rebuild and recover

Partnering with organisations to improve health outcomes

In addition to the benefits and programs we provide our members – as described in the Our Members section of this Annual Report – HBF also seeks to work with and support organisations working to improve health outcomes for the community, through our community program.

Partnership agreements

In FY25, HBF provided its final year of funding to two partnership grant recipients working on two important research projects.

Harry Perkins Institute of Medical Research: Driving Breakthroughs in Melanoma Treatment

HBF entered into a partnership grant agreement with the Harry Perkins Institute of Medical Research in FY23, funding research aimed at transforming the future of melanoma treatment through support of the Melanoma Discovery Lab.

HBF's funding of \$300,000 across three years, including \$100,000 in FY25, has enabled the creation of a critical biobank of melanoma tumour samples, a foundation for cutting-edge translational research and the development of tumour-infiltrating lymphocyte (TIL) therapy, a promising new approach for patients with limited treatment options.

TIL therapy harnesses the body's own immune system by growing a patient's cancer-fighting cells in a meticulously controlled clean room – the only one of its kind in WA – then reinfusing them to attack and destroy cancer cells. With current treatments only helping around half of melanoma patients, this therapy represents a significant new hope for people who don't respond to available treatments.

Thanks to HBF's investment, the team has:

1. Established the melanoma biobank and developed a TIL manufacturing protocol
2. Advanced preparations for a human clinical trial, expected to begin in 2025, initially in Perth and then nationwide
3. Attracted co-funding from the Cancer Research Trust to accelerate this therapy for Australian patients

HBF's support has played a pivotal role in bringing life-changing cancer therapies to Australia, offering hope to patients and their families.

Telethon Institute and Joondalup Health Campus: The ORIGINS Project

Our partnership grant agreement was provided to the ORIGINS Project – a collaboration between the Telethon Institute and Joondalup Health Campus – to support a study into the physical and mental health of expectant fathers and the impact of a father's health on their child's development. HBF has provided \$300,000 across three years, including \$100,000 in FY25.

In this time, 311 appointments have been conducted to assess participants' physiological and psychological health. This has provided insights into cardiovascular and metabolic risks among new and expectant fathers, capturing physical and mental health, lifestyle behaviours, and psychosocial factors. Of those, 58 participants were referred for hypertension treatment and 38 for mental health follow-ups, with many reporting improved wellbeing, reduced alcohol intake, and increased exercise. Focus groups have also been conducted with fathers and healthcare providers to inform policy and practice recommendations aimed at strengthening father engagement in perinatal healthcare.



Dr Peter Lau and Professor Jonas Nilsson, Harry Perkins Institute of Medical Research.

Providing dental care to the community

In May, QCHF's Queensland Country Dental practice in Townsville opened its doors to provide free dental care to those in need.

A team of seven dentists, one oral health therapist, and fourteen support staff volunteered their time for a 'Dental Rescue Day'. Building on the success of the event in 2023, the team came together to provide a morning of free oral health treatment to vulnerable members of the community—people who may otherwise struggle to access the dental care they need due to chronic or complex health conditions, or financial hardship.

Organised in conjunction with the ADA Dental Health Foundation, eight community organisations nominated over a dozen people to receive free treatment.

“This wasn't just about a dental check-up or clean. It was about offering relief from pain, restoring confidence, and improving quality of life. We're proud to support initiatives like this that align with our mission of helping people live better lives through quality healthcare.”
Dr Brendan Mudge,
Queensland Country Dental
Principal Dentist

Building on this, HBF is also launching a HBF Dental Community Care program, starting with an agreement with the ADA Dental Health Foundation. Under this pilot program, set to launch in FY26, dentists across our 10 HBF Dental centres in Perth would provide pro bono dental care on a volunteer basis to people in need under a referral process between community organisations and the ADA Dental Health Foundation. HBF would directly support the program by covering costs associated with support staff, dental consumables and laboratory costs for these treatments. HBF has also been exploring opportunities to work with other community organisations to provide free dental care to vulnerable members of the WA community at HBF Dental.

Giving our time to the community

Team volunteering

In addition to the 1,300+ hours our employees volunteered at the 2025 HBF Run for a Reason, our people also volunteered over 1,200 hours throughout the year to support a wide range of charities and community initiatives, giving back to the communities we serve. This included teams volunteering at:

- Dressed for Success
- Foodbank WA
- The Salvation Army's Community Garden of Hope
- Perth Wildlife Hospital
- Telethon

HBF Angels

The HBF Angels – a group of dedicated HBF employees – continued to embody HBF's spirit of community and compassion throughout FY25, engaging people in meaningful charitable initiatives. Their efforts supported a range of causes, with a strong focus on bringing joy and relief to vulnerable groups.

A key highlight was the eighth consecutive year of support for the WANSLEA Gift Appeal, where over 200 gifts were delivered to children in foster care. HBF volunteers also played an active role at the WANSLEA Children's Christmas Party, helping with logistics and creating a warm, festive atmosphere.

The Angels also raised funds and collected essential items for several community organisations. These included a summer raffle for HOPE Inc., a fundraiser for Happy Pantry Baldivis, and a winter appeal for the Perth Homeless Support Group—each initiative reinforcing HBF's commitment to supporting those in need.



Brand partnerships

HBF Park: A Hub for Community Connection and Celebration

In FY25, our partnership with VenuesWest continued to thrive, with HBF Park playing a central role in enriching Western Australia's cultural and sporting landscape. The venue hosted 33 events, welcoming over 257,000 attendees to a diverse program that included Super Rugby, A-League, NRL, HSBC SVNS Perth Rugby Sevens, and the World Supercross Australian GP.

HBF Park's ability to bring people together - fans, families, and the broader community - has earned national recognition for its versatility and vibrancy. As a proud naming rights partner through to 2027, HBF remains committed to supporting this award-winning venue as a place where Western Australians connect, celebrate, and engage.

HBF Park FY25 highlights


257,000
 attendees


33
 sporting events

At HBF, we recognise that the health of our planet is fundamental to our vision of creating a healthier tomorrow for our members, our people, and our communities.

Net Zero targets for the HBF Group



2030

Net Zero for Scope 1 and 2 emissions (direct emissions and energy use).

25% reduction in Scope 3 emissions.



2040

Net Zero for Scope 3 emissions (indirect emissions across our supply chain).

Healthy planet

Committed to reducing our carbon footprint

At HBF, we recognise that the health of our planet is fundamental to our vision of creating a healthier tomorrow for our members, our people, and our communities. Climate change is increasingly impacting human health, and we are committed to reducing our environmental footprint and building climate resilience. By embedding sustainability into our operations and supply chain, we aim to deliver in the moments that matter—today and into the future.

Net Zero targets

In FY25, we mapped HBF’s carbon footprint across our operations and suppliers to identify reduction opportunities. Entering FY26, we are proud to announce Net Zero targets for the HBF Group:

- Net Zero for Scope 1 and 2 emissions (direct emissions and energy use) by 2030
- Net Zero for Scope 3 emissions (indirect emissions across our supply chain) by 2040
- 25% reduction in Scope 3 emissions by 2030

These targets, which use FY24 as our baseline, exclude the indirect (Scope 3) emissions from HBF’s investment portfolio.

Actions underway

In conjunction with setting our Net Zero targets, in FY25 we took direct action to reduce our emissions through the installation of solar panels at our Head Office (Walburniny) in Perth. This is expected to reduce emissions by 86 tonnes annually, equivalent to planting 1,290 trees.

Entering FY26, HBF has also committed to 100% NaturalPower at Walburniny, supplementing the output from our solar panels and further reducing our reliance on fossil fuels. We are also commencing a transitioning of our fleet of 53 vehicles away from petrol combustion, used in our mobile physiotherapy service to a fully hybrid fleet by 2030, with five vehicles already EVs or hybrid. Additional opportunities in travel and procurement are also being considered.

We are conscious that achieving Net Zero requires collaboration – and with over 90% of HBF’s emissions outside our direct control, we will look to work closely with suppliers, partners, and employees to drive decarbonisation. We will also review our roadmap and progress annually to identify opportunities and risks, as well as stay aligned with evolving climate science and regulatory standards.

Reducing waste

Landfill diversion

HBF has implemented a bin tracker system at Walburniny, with a target of 75% diversion of waste at our head office. This initiative will enable us to monitor and manage waste more effectively, ensuring that recyclable materials are properly sorted and processed. We have also started implementing bin tracking systems at our Brisbane and Melbourne offices, as well as across our branch network. We will continue to enhance recycling and waste management practices across our national property portfolio to further reduce our environmental impact.

HBF Run for a Reason

As part of our commitment to reducing environmental impact, HBF continued to embed sustainability into the HBF Run for a Reason event. In 2025, we partnered with Loop Upcycling to repurpose surplus event shirts into 1,500 tote bags and 700 lanyards, not only reducing textile waste but also creating employment and skills opportunities for Loop participants, many of whom are experiencing vulnerability in the community.

We also continued to partner with Vinnies WA under the ‘Flick Your Kit’ initiative, which allows participants to leave a jumper or jacket they no longer need at the start line and donate it to Vinnies. At the 2025 event, Vinnies collected 3,325kg of donated clothing, helping provide warm clothes for people in need or resale through Vinnies’ network of 50 shops.

Additional measures included:

- Using compostable paper alternatives at drink stations and removing packaged drinks from the finish line (saving approximately 36,000 plastic bottles)
- Producing the 2025 Run for a Reason T-shirts with recycled plastic bottles (between nine and ten bottles in every shirt)
- Encouraging thousands of participants to use public transport, with free public transport to and from the event included in the ticket
- Partnering with a medal supplier that is committed to environmentally responsible practices

Healthy people

Our employees are central to HBF's success in delivering for our members and striving towards our vision to create a healthier tomorrow.

The Healthy People pillar of our Sustainability strategy reflects this belief – at HBF, when our people thrive, so does our purpose. We focus on cultivating an inclusive, values-led culture where individuals feel supported, empowered, and equipped to deliver.

While detailed progress is outlined in the Our People section of this Annual Report, key FY25 achievements included launching new leadership development programs, embedding learning into the rhythm of our organisation, and advancing wellbeing and diversity initiatives – including in gender equality, cultural inclusion, and psychosocial safety. We were also pleased to launch HBF's inaugural Cultural Aspiration Statement – Be Bold, Be You, Be HBF – alongside our new leadership behaviours to guide how we work and support one another.



Healthy practices

Modern slavery

HBF remains committed to rejecting all forms of modern slavery, including slavery, servitude, human trafficking, forced labour, and deceptive recruitment. We recognise this as a global issue affecting all sectors and take seriously our responsibility to act ethically.

In FY25, we released our fourth Modern Slavery Statement under the Australian Modern Slavery Act 2018. We also introduced the Informed365 system to strengthen supplier assessments and improve risk oversight. While our operations remain low risk, we continue to improve our practices to uphold high ethical standards and support our members, stakeholders, and the broader community.

Supplier diversity

As part of our commitment to Indigenous economic development, HBF has undertaken a review of its approach to Indigenous Procurement to significantly increase the volume of purchasing from Indigenous suppliers. This initiative is designed to strengthen economic participation and reflects our broader goal of fostering meaningful and sustainable partnerships with Indigenous communities.

Sustainability and climate reporting

As part of HBF's climate reporting, new procurement processes will be introduced to ensure suppliers provide relevant data and information to support our sustainability disclosures and achieve our Net Zero targets. This approach supports our long-term plans to achieve Net Zero and our future emission reporting requirements.



Operating and financial review



HBF's claims result is due to lower admission volumes and continued measures to ensure our payments align with industry benchmarks.

Group income statement

Year ended 30 June 2025	2025 \$m	2024 \$m
Insurance revenue	2,281.0	2,221.1
Net claims expense ¹	(1,866.7)	(1,841.3)
Underwriting margin result	414.3	379.8
Other insurance service expense ²	(300.4)	(329.7)
Insurance service result	113.9	50.1
Health and Wellness revenue	41.6	38.4
Health and Wellness expenses	(64.6)	(61.7)
Health and Wellness result	(23.0)	(23.3)
Total investment income	99.9	75.7
Other expenses	(55.3)	(57.8)
Income tax expense	(4.3)	(0.5)
Profit after income tax	131.2	44.2

1. Net claims expense includes accounting adjustments for losses on onerous contracts and changes to liabilities for incurred claims relating to past service.

2. Includes 'Transformation Program expenses' of \$18.1 million (FY24: \$66.1 million).

In 2025, the HBF Group generated a profit after tax of \$131.2 million. This was primarily due to favourable insurance service results and investment income of \$99.9 million, partly offset by expenses from the Transformation Program of \$18.1 million. The year-on-year insurance service result reflects modest premium growth and low hospital claims utilisation.

Our insurance revenue increased 2.7% this year primarily from the annual rate increase. The market share of HBF decreased to 7.9% due to lower sales from reduced marketing over the Transformation Program go live period.

HBF's net claims expense increased by 1.4% in FY25, driven primarily by inflationary increases in extras claims, with hospital claims remaining flat year-on-year.

Other insurance service expenses declined by 8.9% in FY25, primarily due to the completion of the Transformation Program and associated savings. These savings were partially offset by the commencement of amortisation for transformation-related assets, coupled with general inflationary pressures. FY25 marked the final year of Transformation Program expenditure.

The Health and Wellness result improved year-on-year, due to increased revenue from the launch of the HBF Dental clinics in Cockburn and Midland and strong growth in Life Ready Mobile. Both Physiotherapy and Dental services achieved year-on-year growth in the number of appointments. HBF Dental's financial performance continues to be largely impacted by depreciation expenses on dental chairs, reflecting the high upfront capital investment typical in the dental industry.

Investment income increased by 32% to \$99.9 million in FY25, driven by strong market returns and the increase in funds available for investment post transformation. In addition, the portfolio was re-risked over the year following a conservative approach during the transformation program period.

Other expenses totalled \$55.3 million in FY25, primarily comprising of a goodwill impairment expense related to see-u. This reflects the strategic repositioning of the brand from a high-margin back book, direct-customer business model to a low-cost, low-margin model that leverages broker channels.

Financial position

Summary balance sheet

Year ended 30 June 2025	2025 \$m	2024 \$m
Total Assets	2,034.9	1,905.0
Total Liabilities	584.1	585.6
Net assets	1,450.8	1,319.4

HBF's Net Asset position increased by \$131.4 million due to:

- **Financial assets** increased by \$328.7 million, reflecting portfolio re-risking to achieve long term strategic asset allocation towards a higher proportion of growth assets.
- **Cash holdings** decreased by \$105.8 million, largely due to the shift into higher-returning financial assets within the investment portfolio.
- **Intangible assets** decreased by \$78.5 million, primarily driven by a goodwill impairment charge related to see-u and ongoing amortisation.
- **Total insurance liabilities** decreased by \$8.3 million to \$496.7 million as a result of a decrease in the total number of policies within the Group.

Capital management

HBF remains well capitalised, with eligible capital exceeding its prescribed amount and a strong capital adequacy multiple of 3.8.

As a not-for-profit health fund, HBF does not have access to capital markets. Instead, it maintains a strong capital position to safeguard members' future needs and invest in initiatives that support their long-term health and wellbeing.

Material business risks

HBF continues to strengthen its governance, monitoring, and internal control systems to address material business risks deemed to have a significant impact on our business strategies, operational and financial resilience. Emerging risks are risks we are monitoring that have the potential to become material risks in the future.

The approach for managing material business risks is summarised below.

Risk category	Risk management approach
<p>Strategic risks</p> <p>There is risk inherent to the private health insurance (PHI) industry, the broader financial sector, and in the macroeconomic environments which may impact HBF's ability to successfully and sustainably deliver the objectives of the HBF30 growth strategy.</p>	<p>To effectively understand and assess key strategic risks, HBF undertakes an analysis of threats and opportunities that specific scenarios may pose to our business. These risks inform the prioritisation of investments and resources in the business strategy and plan, which is approved by the Board.</p> <p>HBF regularly evaluates business plan performance and appropriately responds to internal and external changes to mitigate execution risk.</p>
<p>Operational risks</p> <p>From time to time, internal processes and control failures may lead to financial loss, reputational damage or a less than optimal member experience.</p> <p>Like many companies, HBF faces operational risks from inadequate or failed internal processes, people and systems or from external events.</p>	<p>Operational risks include the important areas of business continuity, data governance, cyber and information security, technology, third-party, and people health and safety risks.</p> <p>HBF risk policies and procedures outline the principles and practices to identify and assess material risks and translate the Risk Appetite Statement into HBF's daily business activities. Our risk infrastructure provides the systems, tools, models and data required for the effective management and reporting of our material risks.</p> <p>The Three Lines of Accountability model organises our accountabilities to manage risks by separating the roles:</p> <ul style="list-style-type: none"> • Line 1 own and manage the risks. • Line 2 develop risk frameworks and provide assurance. • Line 3 provide independent assurance over how effectively risks are being managed. <p>Management of operational risk is overseen by the Board's Risk Committee.</p>

Risk category	Risk management approach
<p>Financial and credit risk</p> <p>HBF is exposed to financial and credit risk through its investment portfolio, the need to maintain minimum levels of cash assets and capital reserves, and through the buying and claiming patterns of our insured member base.</p>	<p>HBF manages its exposure to financial risk through investment policies overseen by the Board's Investment Committee. The Board sets minimum liquidity and capital holding requirements; Adherence to these requirements are regularly monitored and reported.</p> <p>Management of financial and credit risk is overseen by the Board's Investment and the Board's Audit and Risk Committees.</p>
<p>Culture risk</p> <p>At HBF, we aim to conduct business impartially and ethically, ensuring integrity in our business practices to protect our members and the broader community. When dealing with our members, it is possible that on occasion we have not done the right thing.</p>	<p>As part of our commitment to better member outcomes, HBF has a Code of Conduct, Whistleblower Policy, Remuneration and Risk Culture Framework. We set clear expectations for behaviour, actions and decisions, guided by our value 'we do the right thing'.</p> <p>If we find we have fallen short, we will correct our mistakes.</p> <p>Culture risk is overseen by the Board's People, Culture & Remuneration Committee.</p>
<p>Insurance risk</p> <p>HBF's core insurance activities primarily involve the underwriting of policies and claims management.</p> <p>The combination of PHI participation in the community, claiming patterns of members, competitiveness of products and the composition of the member base has the potential to create risk in HBF's insurance business.</p>	<p>For HBF to achieve sustainable profitable growth in the delivery of PHI to members, insurance risk is managed across product development, product pricing, and claims management and governed by HBF's Pricing Standard which manages and monitors the insurance risks (and consequent capital risks) in line with the Risk Appetite Statement.</p> <p>HBF's objective is to support customer growth through balancing the offer of competitive value to all members with sustainable underwriting margin and the need to meet capital management and regulatory requirements.</p> <p>Insurance risk is a key part of regular portfolio monitoring; treatment plans are developed and implemented in response to potential deviation from target measures.</p> <p>Management of insurance risk is overseen by the Executive Product and Pricing Committee and the Board.</p>
<p>Regulatory non-compliance risk</p> <p>HBF operates in a highly regulated sector of the financial services industry. There continue to be changes in the prudential standards framework within which HBF operates, and from time to time, there is a risk HBF may not fully meet (or be able to demonstrate it has met) all prudential requirements.</p>	<p>HBF has a group compliance function, to monitor that the appropriate strategies and processes are developed to mitigate regulatory non-compliance risk to the organisation.</p> <p>Compliance systems and policies are maintained with the aim of achieving the following goals:</p> <ul style="list-style-type: none"> • Identify, analyse and manage regulatory obligations and compliance. • Monitor and assess regulatory and policy changes and plans for adoption. • Through compliance monitoring and validation provide a clear picture of HBF's compliance with prudential requirements. • Provide relevant compliance information to management and the Board for informed decision-making. <p>All business managers are responsible for compliance with prudential requirements that apply to their areas of responsibility.</p> <p>Management of regulatory compliance is overseen by the Board's Risk Committee.</p>
<p>Data governance risk</p> <p>This risk of unreliable reporting, impaired decision-making, and reputational harm arises when data is not properly classified, managed, or monitored throughout its lifecycle.</p>	<p>HBF is evolving its data governance framework and practices in response to the increasing volume and complexity of data, artificial intelligence, and evolving consumer and regulatory expectations.</p> <p>HBF continues to review and improve its data governance practices and controls for managing members' personal information, which includes:</p> <ul style="list-style-type: none"> • Investing in enterprise data platforms and tools to support data driven decision making. • Improving data quality, retention and disposal throughout its lifecycle. <p>Management of data governance is overseen by the Board's Risk Committee.</p>
<p>Information security and cyber risk</p> <p>Information security and cyber risk is an ever-evolving field, requiring constant improvement and adaptation and while cyber risk cannot be completely eliminated, it can be reduced by maintaining robust defences and ongoing cyber breach preparedness to minimise the potential impact.</p>	<p>HBF continues to monitor and respond to the constantly evolving cyber threat landscape by continuing to invest, review, and improve its technology and cyber security resilience, practices and controls by:</p> <ul style="list-style-type: none"> • Maintaining technology, cyber strategies and plans. • Threat intelligence monitoring. • Testing and monitoring of controls and vulnerability management. • Conducting regular simulations to improve HBF's response and recovery capabilities during crisis events. <p>Management of information security and cyber risk is overseen by the Board's Risk Committee.</p>

Governance report



HBF is committed to achieving and demonstrating effective corporate governance

Part 1: Governance report

HBF is committed to achieving and demonstrating effective corporate governance and complying with the requirements under Prudential Standard CPS 510 Governance issued by the Australian Prudential Regulation Authority (APRA).

Governance structure

The Board of Directors, together with HBF's established Council of member representatives, play an important role in the oversight, governance and performance of HBF. Corporate governance processes are detailed in the HBF Constitution, Governance Regulations, Council Charter and Board and Committee Charters, which are available on the HBF website.

HBF Council		
Formal members of HBF		
6 Elected Councillors <i>(elected by Registered Policy Holders)</i>	12 General Councillors <i>(elected by General Councillors)</i>	6 Board Councillors <i>(appointed by the Board)</i>

HBF Board				
Diane Smith-Gander AO (Chair), Brent Stewart, Gai McGrath, Jennifer Seabrook, Mary Anne Stephens, Sami Yalavac and Dr Lachlan Henderson				
Audit Committee	Risk Committee	Nominations Committee	People, Culture & Remuneration Committee	Investment Committee
Oversight of financial and statutory reporting, internal and external audits, and actuarial and auditor performance.	Oversight of the risk management framework, risk management strategy, and risk position relative to risk appetite.	Oversight of Board and committee composition, Board performance review processes, and Board renewal and succession planning.	Oversight of the people and remuneration frameworks and policies and organisational culture.	Oversight of financial investment activities.
Members: Jennifer Seabrook (Chair), Sami Yalavac, Mary Anne Stephens.	Members: Mary Anne Stephens (Chair), Gai McGrath, Sami Yalavac.	Members: Diane Smith-Gander AO (Chair), Gai McGrath, Jennifer Seabrook, Brent Stewart, Mary Anne Stephens, Sami Yalavac, Dr Lachlan Henderson.	Members: Gai McGrath (Chair), Brent Stewart, Sami Yalavac.	Members: Brent Stewart (Chair), Jennifer Seabrook, Mary Anne Stephens.

Each Board Committee comprises Non-Executive Directors (except for the Nominations Committee) and has an independent Non-Executive Chair. Committee members are appointed based on their qualifications and experience to ensure the Committees can adequately discharge their duties. The Committee members named in the table are reflective of Committee memberships as at 30 June 2025.

CEO, Dr Lachlan Henderson
The CEO is accountable for managing HBF's overall performance and day-to-day operations and for formulating and implementing HBF's strategic plan and business plan.

Executive Committee
Chief Executive Officer (Dr Lachlan Henderson) (Chair), Chief Financial Officer (Sarah Graf), Acting Chief Risk Officer (Tracey Warren), Chief Information and Transformation Officer (Sanjeev Gupta), Group Executive Insurance and Health Services (Dr Daniel Heredia), Chief People Officer (Amy Stanley), Group Executive Member Services (Jarod Avila) and Chief Commercial Officer (Jan O'Keefe).

The Board is ultimately responsible for the sound and prudent management of HBF, including setting the long-term strategy, overseeing financial performance, and ensuring business sustainability.

HBF's CEO Delegated Authority Policy outlines the framework under which the CEO delegates authority to employees of HBF and its related bodies corporate.

The Board has reserved authority over critical decisions, providing governance, strategic and prudential oversight, as outlined in the HBF Board and Board Committee Reserved Powers document.

HBF Councillors

Councillors are the formal custodians of HBF and provide governance input to the Board, with specific responsibilities and functions including:

- The election of suitable persons to the Board and if necessary, the removal of unsuitable persons from the Board.
- Providing that Board members are remunerated at a level appropriate to an organisation of the size, style and complexity of HBF in the context of HBF wishing to attract quality Board members.
- To act as guardians of the Constitution of HBF, which can only be amended by a special resolution passed at a General Meeting of Councillors.

Council composition

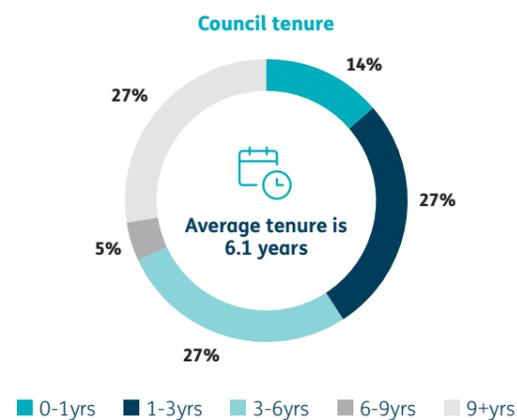
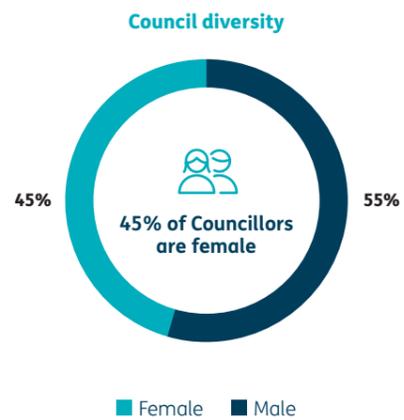
To hold a position on the Council, all individuals must continuously meet the eligibility criteria and independence requirements as outlined within the HBF Constitution and have the necessary skills outlined in HBF's Governance Regulations.

The following individuals held the office of Councillor for the duration of the financial year unless otherwise stated:

HBF Councillors

Elected Councillors	General Councillors		Board Councillors
Anthony Evans	Andrew Cook	Brian Roche	Diane Smith-Gander AO
Susan Milos	Stephen Jones	Chris Ryan	Brent Stewart
Moira Watson	Fiona Kalaf	Charlotte Dunn	Gai McGrath
Robert Naudi	Peter Moore	Evelyn Hogg	Jennifer Seabrook
John Ford	Kenneth Perry	Ross Glossop	Mary Anne Stephens
Gail Russell	Vacancy	Vacancy	Sami Yalavac

Appointments during the financial year			Retirements during the financial year		
Elected Councillors	Nil		Elected Councillors	David Carvosso	24.09.2024
General Councillors	Evelyn Hogg	24.09.2024	General Councillors	Steven Cole	10.09.2024
	Ross Glossop	11.12.2024		Wendy Newman	10.09.2024
	Elizabeth Fells	24.10.2024		Jodie Meadows	10.09.2024
		Elizabeth Fells		24.03.2025	



HBF Board

As at 30 June 2025, the Board comprised an independent Non-Executive Chair, five independent Non-Executive Directors and the CEO. The Board regularly reviews its size and composition and considers a number of factors including independence, skills, experience and diversity of views.

The Board recognises the value of diversity in all its forms, including but not limited to gender, age, ethnicity, cultural background, education, professional experience and perspectives.

Board Chair

The Board Chair is responsible for:

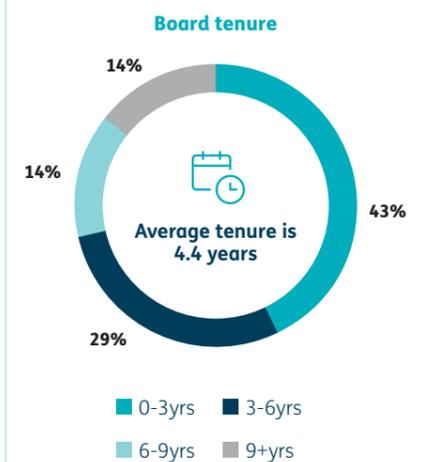
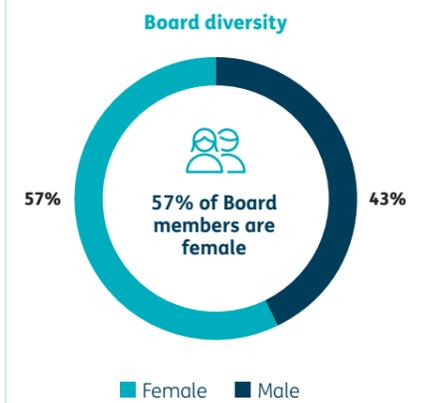
- Providing leadership to the Board and supporting the Board to fulfil its responsibilities effectively and meet with sufficient frequency
- Providing guidance and support to the CEO while maintaining a clear distinction and separation of duties between the Board and management
- Promoting a constructive and collegial atmosphere during the Board's deliberations
- Maintaining open and co-operative relationships with the CEO, regulators and other stakeholders
- Representing and communicating the Board's position on relevant matters.

Board skills and experience

The Directors have a broad range of skills, knowledge and experience which help guide the HBF Group. The Board uses a skills matrix to identify the:

- key skills and experience it seeks to achieve in its membership collectively to allow effective Board deliberations and processes;
- desirable skillset for future Director appointments; and
- focus areas for continued education and development of Directors.

Member Focus	Change Management
People and Culture	Industry Experience
Financial Acumen	Environment and Social
Stakeholder Management	Risk and Compliance
Technology and Digital Disruption	Strategy
Governance	Capital and Investment Management
Leadership	



Appointment and re-election of Directors

The Board, with assistance from the Nominations Committee, will determine whether to appoint or recommend the election or re-election of a Non-Executive Director to Councillors, having regard to the criteria set out in HBF's Constitution and the Board Renewal Policy – including, but not limited to Board, and Committee composition, skills profile, specific needs of HBF, and succession plans.

HBF's Constitution provides that the Board may appoint a Director to fill a casual vacancy. Except for the CEO, a Director appointed by the Board holds office only until the close of the next Annual General Meeting (AGM) but is eligible for election by the Councillors at that meeting.

New Directors receive a letter of appointment setting out the key terms of their appointment, expectations of the role, remuneration and expected time commitment, and participate in an induction program to assist them in understanding HBF's structure, operations, strategic planning processes, and competitive and regulatory environments.

The Board is responsible for recommending the re-election of Non-Executive Directors to Councillors, in accordance with HBF's Constitution. Subject to eligible directors meeting the nomination and rotation requirements, Non-Executive Directors are eligible for re-election to the Board at the next AGM.

Independence

Pursuant to the Board Charter and the requirements of APRA's Prudential Standard CPS 510 (Governance), Non-Executive Directors should be free from any business or other association that could materially interfere with the exercise of their independent judgment.

The independence of each Non-Executive Director is assessed by the Board on appointment, and annually thereafter. The Board considers that all of HBF's Non-Executive Directors were independent during FY25.

Conflicts of interest and material personal interest

Directors are required to disclose to the Board any actual, potential or apparent conflicts of interest, or material personal interests, upon appointment and on an ongoing basis.

Any Director with a material personal interest in a matter being considered by the Board must declare that interest and may not be present during any related boardroom discussion nor vote on the matter unless the Board resolves otherwise.

Board performance

In recognition of continuously monitoring and improving Board performance, an evaluation of the Board's performance, the performance of its Committees and directors is conducted annually, either through an internal evaluation process or through an independent external evaluation (which occurs every three years).

In 2024, an independent external evaluation focussing on the key themes of board leadership, alignment to HBF's purpose, strategy and risk and its composition, effectiveness and culture was undertaken.

2022 Internal Performance Evaluation

2023 Internal Performance Evaluation

2024 External Performance Evaluation

- Survey completed by directors, executives and selected senior management.
- Interviews conducted with survey participants.
- Evaluation outputs discussed by the Board and respective Board Committees.
- Follow-up actions were agreed and are being tracked by the Nominations Committee.

Training and Engagement

The Board recognises the importance of providing opportunities for Non-Executive Directors to immerse themselves in the business and enhance the skills and knowledge needed to perform their role effectively.

The Nominations Committee oversees the continuing education and training program for directors, with activities including targeted deep dives and education sessions, thought leadership, conferences on topical and emerging issues, and sessions that provide direct engagement with HBF employees.

Ethical standards

HBF seeks to maintain the highest ethical standards and professional conduct in both internal interactions and when representing the organisation to members and the wider community.

Code of Conduct

HBF's Code of Conduct sets out the standards of behaviours, actions and decisions expected of employees, officers, councillors, directors and contractors.

Conflict of Interest

HBF's Conflict of Interest Standard outlines the approach to identifying, recording, monitoring, managing and escalating any actual, potential or perceived conflicts of interest and is intended to assist HBF's people in being transparent and accountable for their actions and decisions.

Whistleblowing

HBF is committed to fostering a culture in which HBF's people and others feel safe to speak up on matters or conduct that concerns them. HBF's Whistleblower Policy promotes a culture of ethical behaviour and accountability by enabling disclosures about suspected misconduct or an improper state of affairs to be raised safely and addressed appropriately. Ethical conduct is also supported by a range of other corporate policies, including in the areas of health, safety and wellbeing, and modern slavery.

Risk management and assurance

Risk Management Framework and Strategy

Material business risks are identified and appropriately managed in accordance with HBF's Risk Management Framework and Strategy (RMFS). The RMFS is the totality of systems, structures, policies, processes, and people across HBF which collectively identify, measure, evaluate, monitor, report, and mitigate sources of material risk. HBF has identified its material risks against the context of strategic priorities and objectives. The RMFS defines essential components necessary for HBF to manage risk effectively and in a manner that complies with APRA requirements.

The Board has overall responsibility for HBF's RMFS including setting the risk appetite for HBF. The Board reviews the RMFS at least annually and satisfies itself that management has developed and implemented a sound system of risk management and internal controls to effectively manage risk across the business in line with regulatory and statutory requirements.

The Board-approved Risk Appetite Statement details the amount of risk HBF is willing to accept in pursuit of its strategic and business plans as well as the processes required to be in place to support the ongoing oversight, monitoring, and reporting of business performance, relative to appetite. HBF's material business risks are provided in the Material Business Risks section of the Operating and Financial Review section of the report.

Internal Audit

HBF's Internal Audit function, managed by the General Manager Assurance, is an integral component of HBF's governance structure and provides independent, objective assurance and consulting services designed to add value and improve HBF's operations. Internal Audit applies a systematic, disciplined, and risk-based approach to evaluating and improving the effectiveness of HBF's risk management, control, and governance processes.

The HBF Internal Audit Plan is developed on an annual basis and approved by the Audit Committee. The General Manager Assurance has full access to all HBF records, properties, and personnel and reports directly to the Audit Committee.

External Audit

HBF's external auditor is EY. The external auditor receives all Audit Committee and Risk Committee papers, is invited to attend all meetings of those committees, and is available to Committee members at any time. The external auditor also attends HBF's AGM to answer any questions from Councillors regarding the conduct of its audit, the audit report and financial statements, and its independence.

Integrity of financial reporting

The Board has a strong commitment to the integrity and quality of its financial reporting and its systems for financial risk management, compliance and internal control.

The Audit Committee on behalf of the Board:

- Oversees the quality and integrity of HBF's financial reporting and operation of the financial reporting processes.
- Reviews the external auditor engagement.
- Monitors and reviews the operation of internal audit.
- Assesses the adequacy and effectiveness of the internal controls and risk management procedures in place to support the accuracy of the financial statements.

CEO and CFO assurance

In line with good governance practice, HBF's CEO and CFO provide a declaration in accordance with section 295A of the Corporations Act 2001 (Cth). Before the Board approves the annual financial statements, the CEO and CFO declare to the Board that:

- The financial records have been properly maintained.
- The financial statements and notes comply with accounting standards and give a true and fair view of the consolidated entity's financial position and performance for the financial period.

The CEO and CFO declare that the above has been formed on the basis of a sound system of risk management and internal control, and that system is operating effectively in all material respects in relation to financial reporting risks.

Declarations for the financial year ending 30 June 2025 have been received by the Board.



Part 2: Directors' report

HBF Directors

The Directors of HBF Health Limited (HBF) present their report on the consolidated entity consisting of HBF and its controlled entities (HBF Group) for the year ended 30 June 2025.

The following individuals were Directors in office for the 12 months preceding the date of this report unless otherwise stated:

Diane Smith-Gander AO

Chair and Non-Executive Director

BEcon, MBA, FAICD, FGIA, FAIM



Appointed: Non-Executive Director from May 2020, Chair from May 2022

Contribution to the Board

Diane has extensive experience in banking, corporate governance and providing strategic advice to corporations in Australia and overseas. She was a Partner at McKinsey & Company in the United States before becoming a professional Non-Executive Director.

Diane was recognised in the 2019 Queen's Birthday Honours, where she was made an Officer of the Order of Australia (AO) in recognition of her "distinguished service to business, to women's engagement in executive roles, to gender equality, and to the community". In January 2025, Diane became the first female Chancellor of the University of Western Australia (UWA), where she is also an Adjunct Professor in Corporate Governance and, in 2015, was awarded with an Honorary Doctorate in Economics. She was previously the Chair of the UWA Business School Board.

Diane is a member of Chief Executive Women and the Advisory Council of the Climate Governance Initiative Australia.

Current External Appointments

Diane currently serves as the Chair of Zip Co Limited, Perenti Limited and Sovereign Capability Group.

Board Committees:

Brent Stewart

Deputy Chair and Non-Executive Director

BSc, BPsych, FAICD



Appointed: Non-Executive Director from November 2015, Deputy Chair from December 2021

Contribution to the Board

Brent has occupied a variety of board roles in both the public and private sector, has served on numerous West Australian government committees and working groups, and has occupied national board roles for industry-based organisations. During his executive career he founded and built Market Equity Pty Ltd into one of Australia's largest privately owned strategy, marketing and market research companies and was a global CEO of its acquiror, LSE listed Aegis PLC. Brent's Non-Executive experience spans almost four decades in multiple industry sectors including healthcare, agribusiness and financial services.

Current External Appointments

Brent is currently Executive Chair of Waveride Capital Limited, Non-Executive Chair of Etherington Inc., Chair of Benara Nurseries Advisory Board, Director of Market Equity Pty Ltd and Non-Executive Director of Argonaut Limited.

Board Committees:

Gai McGrath

Non-Executive Director

BA, LLB (Hons), LLM (Distinction), FAICD



Appointed: Non-Executive Director from May 2019

Contribution to the Board

Gai is a highly skilled Non-Executive Director who brings close to 40 years' of experience in the financial services and legal industries across Australia, the UK and New Zealand including with the Westpac Group as a senior executive in retail banking and wealth management. She is a Fellow of the Australian Institute of Company Directors, has studied at the London School of Economics and INSEAD, Wharton and Harvard Business Schools and is a member of Chief Executive Women.

Current External Appointments

Gai currently serves as a Non-Executive Director of Steadfast Group Ltd (ASX:SDF), Insignia Financial Ltd (ASX:IFL) and Waypoint REIT Ltd (ASX:WPR) and is an advisor to Covalent API Pty Ltd.

Board Committees:

Jennifer Seabrook

Non-Executive Director

BCom, FCA, FAICD



Appointed: Non-Executive Director from July 2021

Contribution to the Board

Jennifer is a highly experienced Non-Executive Director with extensive expertise in the financial services sector as a senior executive working across capital markets, mergers and acquisitions, at firms including Gresham Partners, Hartley Poynton (now Euroz Hartleys), HSBC Group and Touche Ross (now Deloitte). She was previously a Non-Executive Director of various ASX-listed and unlisted companies (including IRESS Limited, Amcor Limited, Bank of Western Australia) and a member of ASIC's External Advisory Panel and the Australian Government Takeovers Panel. Jennifer is a Senior Fellow of FINSIA and a member of Chief Executive Women.

Current External Appointments

Jennifer is currently Chair of Deterra Royalties Limited and the BGC Group.

Board Committees:

Mary Anne Stephens

Non-Executive Director

FGIA, FCPA, BA, GAICD, FAIM, MAcc, DipFD



Appointed: Non-Executive Director from October 2023

Contribution to the Board

Mary Anne has an extensive background in the finance, insurance, health, aged care and not-for-profit sectors. She has previously held a number of senior leadership and executive positions including as Chief Financial Officer at Amana Living, RAC Insurance and Lumley General Group. She previously served as a Non-Executive Director of WA Country Health Service and Council On The Ageing WA. Mary Anne is a member of Chief Executive Women.

Current External Appointments

Mary Anne currently serves as the Chair of VenuesWest and Diabetes WA.

Board Committees:

Sami Yalavac

Non-Executive Director

BSCEN, MBA, MQM, GAICD



Appointed: Non-Executive Director from September 2023

Contribution to the Board

Sami brings over 35 years' experience in a variety of industries spanning multiple continents, including extensive technology expertise. Previous roles include Chief Information Officer for Asia Pacific and Interim Managing Director, Bupa Health Services Australia, strategic advisory board member at Optus and cyber security advisory board member at Deakin University. Sami has led and delivered a significant number of transformation programs and in 2022, was named as Australian Chief Information Officer of the year.

Current External Appointments

Sami is currently a Director at Ilim College, a member of the Digital and Technology Committee of Yourtown (Kids Helpline), an advisory board member of eHealth NSW, and a non-voting Risk Committee member and technology advisor of Rest Superannuation.

Board Committees:

Dr Lachlan Henderson

Chief Executive Officer and Managing Director

MBBS, FRACGP, MHSM



Appointed: Chief Executive Officer and Managing Director from February 2023

Contribution to the Board

Lachlan is a former medical practitioner who has more than 30 years' experience in the health industry, including over ten years as a general practitioner. During his career, Lachlan has held a variety of executive leadership roles, including CEO at Epworth HealthCare and St John of God Subiaco, and board and advisory positions, including serving as Chair of Cricket Australia and President of the Australian Private Hospitals Association.

Current External Appointments

Lachlan is currently a Non-Executive Director of Cricket Australia and Private Healthcare Australia.

Board Committees:

Principal activities

The principal activities of HBF during the year involved the underwriting of health insurance risk, the provision of dental and physiotherapy services, and related investment activities.

Objectives

As a not-for-profit health insurer, HBF’s core objective is to deliver value to its members through high quality, affordable health insurance products which provide access to appropriate healthcare solutions.

HBF continues to look for opportunities to sustainably grow its membership base nationally, and expand and complement its business, while remaining the leading provider of health insurance in Western Australia.

Performance measures

HBF assesses its performance by measuring and monitoring key performance indicators relating to specific objectives regarding risk management, people, financial results, members, and processes and systems.

Review of operations

Information on the operations and financial position of the HBF Group along with an outline of the strategy and the organisation’s future prospects are set out in the Operating and Financial Review.

Dividends

The HBF Constitution states the entity (being HBF Health Limited, the parent entity) shall not make distributions to members of the Company by way of dividends and no such payments have been made during the financial year up to the date of this signed report, nor are any planned. HBF’s partially and wholly owned ancillary businesses may make dividend payments.

The portion paid to non-controlling interest holders during the financial year is reflected in the consolidated statement of changes in equity.

Share options

HBF is limited by guarantee and no options for shares in the entity were issued during the financial year nor in previous years.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the HBF Group during the year, other than those disclosed in this annual report.

Significant events after reporting date

There have been no significant events since the reporting date.

Directors’ and Officers’ indemnity and insurance

Constitution

The Directors, Company Secretary, CEO and Executives of HBF (together “HBF Officers”) and former HBF Officers, are indemnified under the HBF Constitution.

The HBF Officers are indemnified, to the extent not precluded by law, against all costs, charges, losses, damages, expenses, penalties and liabilities of any kind including, in particular, legal costs incurred in defending any proceedings (whether criminal, civil, administrative or judicial) or appearing before any court, tribunal, government authority or other body, incurred by the officer in or arising out of the conduct of the business of HBF.

Where the Directors consider it appropriate, the indemnity extends to duties arising by reason of the appointment, nomination or secondment in any capacity of an HBF Officer by HBF or, where applicable, a subsidiary of HBF to any other corporation.

Deeds of indemnity and insurance

In accordance with the Constitution, where the Directors consider it appropriate, HBF may execute a deed of indemnity in any form in favour of an HBF Officer. An individual Deed of Indemnity has been provided to each Director of HBF, which:

- Indemnifies each Director, to the extent not precluded by law, on substantially the same terms to that provided in the Constitution, subject to the conduct of the Director not constituting serious and wilful misconduct; and
- Requires HBF to maintain a Directors and Officers insurance policy in respect of the Director during the period for which the Director is appointed as a director, and for the further period that the Director has access to board papers and documents under the Deed of Indemnity, insurance and access.

Insurance

During the financial year, a premium was paid by HBF in respect of a Directors and Officers insurance policy, insuring persons defined in the insurance policy, which includes HBF Officers, and directors and officers of HBF’s subsidiaries against liability incurred for certain acts or events, to the extent the *Corporations Act 2001* (Cth) allows indemnification. In accordance with commercial practice, disclosure of the terms of the policy, including the total amount of premium payable under the policy and the nature of liabilities it covers, is prohibited by the terms of the policy.

Indemnification of auditors

To the extent permitted by law, HBF has agreed to indemnify its auditors EY as part of the terms of its audit engagement agreement against claims by third parties arising from the audit. No payment has been made to indemnify EY during or since the financial year.

Directors’ benefits

Since the end of the previous financial year, no Director has received or has become entitled to receive a benefit in connection with the management of the affairs of the entity other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors shown in the accounts in Note 25, and their eligibility for a reduction in private health insurance premiums, by reason of a contract entered into by the entity or a related corporation with a Director, a firm of which a Director is a member, or an entity in which a Director has submitted a financial interest.

Company Secretary

Victoria McKenzie
Company Secretary
 LLB, FGIA, FCG, GAICD

Victoria McKenzie was appointed Company Secretary of HBF and its subsidiaries, effective 1 July 2023. Victoria has over 14 years’ experience as a company secretary and corporate governance professional. Prior to joining HBF, Victoria held company secretary and corporate governance roles at Westpac Banking Corporation, Commonwealth Bank of Australia and PwC.

HBF’s Company Secretary attends Board and Board Committee meetings and is responsible for the operation of the Secretariat function, including advising the Board on governance and, in conjunction with management, giving practical effect to the Board’s decisions. The Company Secretary is accountable to the Board, through the Chair, on all matters relating to the proper functioning of the Board.

Directors’ meetings

Attendance at Board and Committee meetings held during the financial year is noted below for each Director during their respective term of office. Directors are invited to attend Committee meetings even if they are not a member of the relevant Committee. The table below does not include the attendance of Directors at Committee meetings of which they are not a member.

	Board		Audit Committee		People, Culture & Remuneration Committee		Risk Committee		Transformation Committee ¹		Investment Committee ²		Nominations Committee	
	Held ³	Attended	Held	Attended	Held	Attended	Held	Attended	Held ⁴	Attended	Held	Attended	Held	Attended
Non-Executive Directors														
Diane Smith-Gander AO ⁴	8	8	4	4	4	4	-	-	-	-	-	-	4	4
Brent Stewart ⁵	8	8	-	-	2	2	3	3	3	3	3	3	4	4
Gai McGrath	8	8	-	-	6	6	8	8	3	3	-	-	4	4
Jennifer Seabrook ⁶	8	8	4	4	-	-	-	-	-	-	3	3	4	4
Mary Anne Stephens ⁷	8	7	4	4	-	-	8	8	-	-	3	3	4	3
Sami Yalavac ⁸	8	8	2	2	6	6	8	8	3	3	-	-	4	4
Managing Director														
Lachlan Henderson	8	7	-	-	-	-	-	-	-	-	-	-	4	3

1. The Transformation Committee, which was responsible for overseeing the implementation and effectiveness of the business Transformation Program, was dissolved with effect from 13 February 2025, following completion of the Transformation Program in August 2024.
2. New Board Committee, established on 13 November 2024.
3. The number of meetings held during the time the Director was a member of the Board or of the relevant Board Committee.
4. Retired as a Member of the People, Culture and Remuneration Committee on 12 December 2024 and as a Member of the Audit Committee on 14 May 2025.
5. Retired as a Member of the Risk Committee on 12 December 2024. Appointed as the Chair of the Investment Committee on 13 November 2025 and as a Member of the People, Culture & Remuneration Committee on 12 December 2024.
6. Appointed as a Member of the Investment Committee on 13 November 2024.
7. Appointed as a Member of the Investment Committee on 13 November 2024.
8. Appointed as a Member of the Audit Committee on 12 December 2024.

Other corporate information

HBF is incorporated under the *Corporations Act 2001* (Cth) and is a company limited by guarantee.

If the Company is wound up, the HBF Constitution states that each member of the Company, or within one year after they cease to be a member of the Company, undertakes to contribute a maximum of \$1 towards any debts and liabilities of the Company and of the costs, charges and expenses of winding up.

Environmental regulations

The HBF Group’s operations are not subject to any significant environmental regulations under either Commonwealth or State legislation.

Rounding

HBF is an entity to which ASIC Corporations (Rounding in Financial/ Directors’ Reports) Instrument 2016/191 applies. Pursuant to this Instrument, amounts in this Directors’ report and the accompanying financial report have been rounded to the nearest hundred thousand dollars (where rounding is applicable).

Auditor’s independence and non-audit services

The non-audit services provided by HBF’s auditor EY are reported in Note 22 of the annual financial statements.

The Directors are satisfied the provision of non-audit services by EY is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001* (Cth).

The nature and scope of each type of non audit service provided means auditor independence was not compromised.

The auditors have provided their independence declaration which can be found on page 99 and forms part of this report.

This report is signed in accordance with a resolution of the Directors.



Diane Smith-Gander AO
 Perth, 2 September 2025

Executive team



Dr Lachlan Henderson
Chief Executive Officer
MBBS, FRACGP, MHSM, GAICD

Lachlan Henderson took on the role of Chief Executive Officer at HBF in February 2023.

He is a medical practitioner with more than 30 years' experience in the health industry and was a general practitioner for more than a decade prior to taking on a variety of executive leadership roles.

He currently serves on the Private Healthcare Australia Board. He was most recently Group Chief Executive at Epworth HealthCare in Victoria. Prior to this, Lachlan held several senior executive roles at St John of God Health Care, including CEO of SJOG Subiaco from 2013 to 2016.

He is a former President of the Australian Private Hospitals Association and is a Director of Cricket Australia, having been Chair of the Board of Directors from February 2022 to February 2023.

Previous board and advisory positions have included roles at aged care provider Swan Care WA, Medical Defence Association (MDA National) and the University of Notre Dame.



Jarod Avila
Group Executive Member Services
LLB, BCom

Jarod Avila joined HBF in October 2020 and now leads HBF's Member Services division, encompassing digital, contact centre and branch channels, back-office operations, member risk management, and key member technology platforms.

He is a strategic leader with a passion for members, people, and driving business change. Prior to joining HBF, Jarod worked in senior strategy, product management, business development, and technology transformation roles with organisations in Australia and the United Kingdom, including Bankwest, ANZ Bank, HSBC, and Boston Consulting Group.

Jarod holds bachelor's degrees in law and commerce from the University of Western Australia and is a graduate of Leadership WA. He has served on multiple boards in the community and not-for-profit sectors.



Sarah Graf
Chief Financial Officer
BCom, MBA, FCA, GAICD

Sarah Graf joined HBF in May 2024 and leads the finance, property, procurement, and investment functions.

She has over 20 years of experience across the banking and general insurance sectors in Australia, the United Kingdom, and Argentina, having held senior roles at Bankwest, Zurich, and QBE.

Prior to joining HBF, Sarah spent a decade at the Commonwealth Bank in finance and business partnering roles, most recently serving as Chief Financial Officer at Bankwest.

She is highly skilled in change management, business strategy and analysis, and financial accounting. Sarah holds a Bachelor of Commerce (Accounting and Business Law) and a Master of Business Administration and is a Fellow of Chartered Accountants Australia and New Zealand.



Sanjeev Gupta
Chief Information and Transformation Officer
BTech (Hons), MBA, MAICD

Sanjeev Gupta joined HBF in February 2022 and has more than 30 years' experience leading large and diverse teams at organisations including HCF, Greenstone Financial Services, Cover-More Group, Wesfarmers General Insurance and Fuji Xerox Australia.

Sanjeev has successfully led multiple high-impact digital transformation initiatives, including HBF's Transformation Program which went live in 2024. His role also encompasses technology risk, delivery, infrastructure and operations, solutions architecture, and cloud engineering. He is deeply passionate about harnessing data, analytics, and emerging technologies to drive strategic business outcomes.

Sanjeev is a member of the advisory board for the Business Information Management program at the University of South Australia's School of Computer and Information Science.



Daniel Heredia
Group Executive Insurance and Health Services
MBBS (Hons), MBA (Distinction), Dip. Public Health, GAICD, FRACMA, FCHSM

Daniel joined HBF in 2021 and oversees HBF's insurance functions (including products, actuarial, provider contracting, claims integrity, member outcomes, chronic disease management) clinical businesses (HBF Dental, HBF Physio and Life Ready Group), and the Queensland Country Health Fund and see-u brands.

Previously, Daniel was Deputy CEO at Hollywood Private Hospital, Australia's largest private hospital. He also supported WA's COVID-19 response as Deputy Chief Executive - COVID-19 Health Operations and worked as an Advisor to Medicare Australia.

Daniel sits on the Medical Board of Australia, after Chairing its WA Registration Committee and serving as a member of the WA Board.

He has previously served on the Boards of the WA Country Health Service and Private Healthcare Australia, was a Councillor with the Australian Medical Association (WA) and the Postgraduate Medical Council of WA and was also an Honorary Clinical Consultant with The University of Western Australia.



Jan O'Keefe
Chief Commercial Officer
LLM, BA (Psc), GAICD

Jan joined HBF as Chief Commercial Officer in 2024, overseeing strategy, experience, marketing, and data analytics. She brings more than 15 years of senior executive experience across health insurance, healthcare services, financial services, and utilities.

Jan has held senior leadership roles across ASX-listed companies, private equity-backed ventures, and not-for-profit organisations, with experience in commercial strategy, brand development, digital transformation, and customer experience.

Jan has worked in both health insurance and health services, and a career highlight was leading the development of Australia's first acute virtual hospital through a Medibank-Calvary joint venture.

Jan also serves as a Non-Executive Director at disability and aged-care provider GenU and holds a Master of International Law from Suffolk University, Boston.



Amy Stanley
Chief People Officer
BA (Hons), GradDipHR

Amy Stanley joined HBF in April 2020.

With extensive experience in Human Resources and Corporate Affairs gained through senior roles in large multinational and global businesses, Amy brings capability and structure to meet the challenges associated with aligning HBF's people, community, communications and sustainability initiatives at an executive level.

Amy was previously the General Manager Human Resources, Corporate Affairs and Customer Engagement at ATCO Australia from September 2015 to April 2020, and prior to this was the HR Director at Coca-Cola South Pacific. She has also had experience in the banking and insurance sectors. Amy is a member of Chief Executive Women and a member of CEDA State Advisory Council.



Tracey Warren
Acting Chief Risk Officer

Tracey Warren joined HBF in February 2020 and was appointed Acting Chief Risk Officer in June 2025, leading the organisation's Governance and Risk functions.

She brings over 30 years of experience in financial services, having held senior roles, primarily in banking, with a strong focus on operational risk and compliance at both Bankwest and HBF.

Tracey has led diverse functions across financial services, including domestic and international trade and payments, as well as acquisitions and mergers.

Board and CEO remuneration report

On behalf of the Board, I am pleased to present our 2025 Board and CEO remuneration report.

During 2025 the People, Culture & Remuneration Committee (PCRC) and the Board continued to focus on a remuneration framework that rewards responsible behaviours and aligns remuneration with performance outcomes and regulatory requirements. Of particular focus has been the implementation of the Financial Accountability Regime (FAR) Act, which came into effect in March 2025.

FY25 remuneration outcomes

We recognise the expectations of our members and the broader community and are committed to aligning Executive rewards with balanced financial and non-financial performance outcomes. The Board remains focused on strong governance, aiming for sustainable results that serve the long-term interests of our members.

Our evaluation of Executive performance goes beyond metrics. We align outcomes to reflect our leadership behaviours, leadership principles, strategic goals, member impact, reputation, and environmental, social, and governance (ESG) priorities.

FY25 key points

- Overall HBF delivered solid results in FY25 reporting a net profit after tax of \$131.2 million with group revenue of \$2.28 billion and modest growth in claims expenses. The Group completed the multi-year Transformation Program of its major technology systems. There was a small decline in market share reflecting reduced marketing activity due to the Transformation Program. Good progress was made in key elements of our People Strategy.

- The Corporate Incentive Scorecard used to measure performance outcomes has a range of financial and non-financial metrics. It balances member experience outcomes, delivery of strategic projects and financial sustainability, with details provided in Section 4.
- The Risk, Compliance and Conduct Gateway was determined as open by the Board (via the Risk Committee). This means that there was no adjustment to the variable reward pool available to Executive and select management employees at a company level.
- HBF conducted a comprehensive review of its remuneration framework, resulting in a series of targeted enhancements aimed at strengthening the alignment between reward outcomes and strategic performance objectives. These changes, informed by external advice, reflect a deliberate shift toward greater simplicity, transparency, and strategic coherence.
- The revised framework for FY26 introduces streamlined measures and targets aligned to the HBF30 strategy and a recalibrated approach to deferred incentives.
- These enhancements support HBF's commitment to CPS 511 compliance and reinforce our long-term focus through the Board's annual scorecard setting process. The changes also reflect our bold ambitions under our HBF30 strategy, prioritising results over activity and rewarding our people for delivering on what matters most.

FY25 remuneration changes

Building on progress from the previous financial year, the PCRC has continued to review and refine HBF's remuneration framework. A key focus has been strengthening the connection between risk culture and remuneration so that our people clearly understand how conduct and risk influence reward outcomes, both positively and negatively.

In collaboration with management, the PCRC has worked to further embed a high-performance culture at HBF. This includes establishing a clear and consistent link between individual performance, behaviours, and business outcomes.

Non-Executive Director's remuneration

The PCRC periodically reviews the appropriateness of fees for Non-Executive Directors (NEDs). These reviews are informed by benchmarking data provided by independent remuneration consultants. Where changes are deemed necessary, the PCRC recommends adjustments to the Board for approval.

HBF's NED fee structure is designed to attract and retain directors with the necessary skills and experience. The Board continues to monitor market practices and benchmarking among Australian organisations of similar complexity and size to maintain a competitive and appropriate fee framework.

Following an external review of comparative Board fees, the Board approved an increase to Board and Committee fees in line with market benchmarks. This adjustment remains within the maximum aggregate remuneration for NEDs, as approved by the HBF Council at HBF's 2019 Annual General Meeting.



Gai McGrath
Chair, HBF People, Culture & Remuneration Committee

1. HBF's remuneration philosophy and principles

Our remuneration framework is guided by HBF's strategy, with a strong emphasis on delivering value to members, employees, and other stakeholders. The framework is underpinned by remuneration principles that play a critical role in achieving our strategic objectives.

HBF's remuneration philosophy is illustrated in the diagram below and supported by key principles that inform and govern remuneration decisions.



Remuneration framework

The remuneration framework comprises the totality of systems, structures, policies, processes and people within HBF that identify, measure, evaluate, monitor, report or control risk relating to remuneration. Our remuneration framework complies with CPS 511 and the recently implemented FAR requirements, providing a robust remuneration framework supporting performance.

Remuneration policy

The remuneration policy sets out our remuneration philosophy and principles which form the basis of our remuneration framework, defining remuneration outcomes and opportunities for our people. The policy has been updated and is reviewed annually to make sure it complies with regulatory requirements and, to align it with broader changes to the remuneration framework.

The policy is designed to align employee rewards with the achievement of strategic objectives, prudent risk-taking, and long-term value creation. Variable remuneration is a core component of the total reward structure and is contingent upon performance outcomes at both the individual and organisational levels. It encompasses incentives which are awarded based on a combination of financial, non-financial, and individual performance measures. Eligibility for variable remuneration is determined by the Board and includes the CEO, Executives, and selected senior employees. The section in this report titled "Risk and remuneration" outlines how we address risk and conduct matters in remuneration outcomes.

Overview of Managing Director and CEO's remuneration

At the start of each performance year, the Board determines the performance objectives for the Managing Director & CEO (CEO). These objectives include HBF's strategic measures from the Corporate Incentive Scorecard and role-specific goals related to leadership, risk, and culture. The Board then assesses the CEO's performance against these objectives.

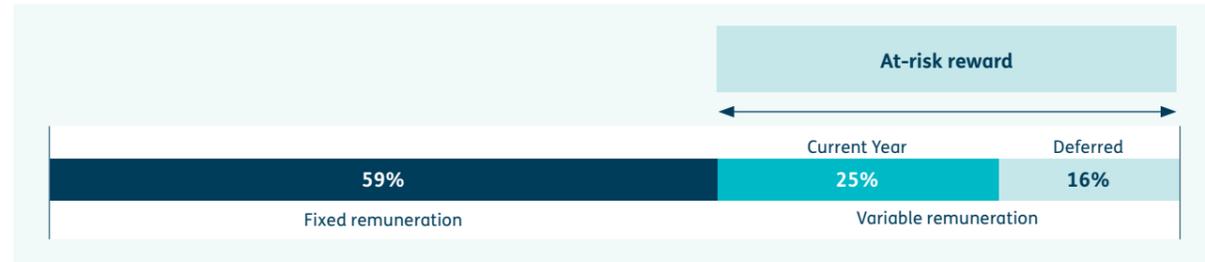
CEO remuneration components - FY25

Dr. Henderson, the CEO, has a variable remuneration target of 70% of fixed remuneration in addition to his fixed remuneration. The CEO did not receive an increase in fixed remuneration in FY25 however the CEO’s variable remuneration target was increased from 60% recognising the significant impact the role plays in driving the performance of HBF. The CEO’s variable remuneration is delivered in two components, 60% is paid in cash at the conclusion of the performance period, while 40% is deferred for four years and subsequently assessed against long-term measures determined by the Board.

FY25 CEO Remuneration Structure

Component	Delivery	Performance year	4 Year Deferral
Fixed remuneration	Comprises of cash base salary, statutory superannuation contributions, and other non-monetary benefits. Benchmarked to comparable roles in similar companies.		
Variable remuneration target (70% of fixed remuneration)	Variable remuneration is subject to performance-based measures. The CEO’s financial and non-financial measures are weighted 90% based on company measures and 10% on individual performance assessed by the Board. The maximum opportunity of 150% of target, which is equal to 90% of fixed remuneration. The performance assessment by the Board considers an assessment of objectives, leadership behaviours, risk and culture.	60% of variable reward outcomes is delivered in cash	40% of the performance years variable reward outcome is deferred for a further 3 years, delivered as cash

The CEO’s on-target remuneration mix is:



Executive performance and remuneration philosophy

Our remuneration philosophy aligns with HBF’s vision, leadership behaviours and purpose. Our remuneration outcomes reflect business performance and support strategic goals while considering stakeholder expectations and HBF’s long-term sustainability.

Executive remuneration components - FY25

HBF’s remuneration structure comprises both fixed and variable components, designed to be competitive, support sound decision making, align with our risk profile, and ultimately deliver value to members.

The Executive Variable Remuneration Incentive (EVRI) is a performance-based system that aligns Executive reward with HBF’s strategic objectives. Under the EVRI plan, Executives are eligible for variable remuneration equal to 50% of their fixed pay at target. The variable remuneration outcome for Executives is delivered in two components, 60% is paid in cash at the conclusion of the performance period, while 40% is deferred for four years and subsequently assessed against long-term measures determined by the Board.

2. Remuneration governance

The role of the Board in remuneration

The Board holds ultimate accountability and responsibility to approve the remuneration framework and policy. The PCRC is responsible for making recommendations to the Board, including the development, implementation, and operation of the remuneration framework. It is guided by its Charter, carrying out responsibilities delegated by the Board. Both the Board and the PCRC Charter are available on HBF’s website.



Board adjustment guidelines

In line with HBF’s remuneration policy, the Board approves remuneration arrangements, including variable remuneration and any necessary adjustments, for the CEO, Executives, and employees in specified roles as defined by APRA or determined by the Board.

Variable rewards are offered to Executives and employees whose roles are critical to delivering HBF’s strategic objectives. These rewards are based on HBF’s performance against Board set strategic goals and individual performance, subject to meeting a minimum threshold.

The Board retains discretion to adjust variable remuneration either collectively or individually guided by HBF’s remuneration adjustment framework. Adjustments may be made with consideration to the impact on HBF’s financial performance, member outcomes, reputation, employee engagement, and regulatory standing.

3. Risk and remuneration

Risk culture

The Board and PCRC are responsible for aligning HBF's remuneration framework, policies, and practices with our Risk Management Framework and Strategy (RMFS). This includes promoting prudent risk-taking and supporting the effective management of both financial and non-financial risks.

Our remuneration framework is designed to link rewards to member outcomes, individual performance, and behaviours aligned with HBF's leadership behaviours, while also supporting the organisation's long-term sustainability and soundness.

Importantly, remuneration must encourage behaviour that supports HBF's RMFS and high standards of risk governance, promoting the effective management of both financial and non-financial risks, sustainable performance and HBF's long-term soundness.

In line with APRA's CPS 511 standard, HBF has strengthened its approach to remuneration by:

- Embedding incentives that promote sound risk management,
- Establishing clear consequences for poor risk outcomes, and
- Enhancing oversight, transparency, and accountability in remuneration decisions.

The HBF Code of Conduct outlines the behaviours expected of all employees, while the RMFS provides clear guidance on risk expectations across the organisation.

Consequence management

Effective consequence management is a vital element of HBF's risk culture and reflects our commitment to living our leadership behaviours, particularly the principle of Accountable. HBF applies consequences for risk, compliance, or conduct breaches promptly, fairly, and consistently. These events can range from inappropriate workplace behaviour (as outlined in the Code of Conduct), leadership failures in health and safety, to serious misconduct such as financial fraud.

HBF's Consequence Management Framework (CMF) outlines the approach to identifying and categorising risk and conduct events. It supports a balanced approach by:

- Rewarding positive risk management behaviours and outcomes,

- Applying downward adjustments for adverse risk or compliance outcomes, and
- Assessing whether employees meet required standards in performance, behaviour, risk, and compliance.

The CMF mandates the application of direct, consistent, transparent, and proportionate consequences to hold individuals or groups accountable when breaches occur. These consequences, financial or non-financial are applied in accordance with HBF's leadership behaviours, governance principles, and compliance obligations.

Throughout the year, HBF actively identifies risk, conduct, and compliance matters. Where standards are not met, a structured remuneration adjustment process is in place. Consequences may be financial such as malus, clawback, or cancellation of variable remuneration or non-financial, including mandatory training, formal performance management, or termination. Downward adjustments to variable remuneration are triggered by risk or conduct events such as fraud, dishonesty, material misstatements, breaches of duty, or failure to meet accountability obligations under FAR.

The remuneration policy establishes the connection between the HBF remuneration strategy and the management of risk. It supports our CMF, performance management framework, and RMFS, enabling alignment between HBF's strategy and the outcomes of risk, reward, and performance. All variable remuneration is subject to the gateway and conduct assessments to align with the RMFS. The Board retains ultimate oversight of the fairness, proportionality and consistency of remuneration consequences.

Alignment of remuneration with prudent risk taking

Alignment of remuneration with the risk appetite set by the Board is critical to our remuneration framework. Under HBF's performance management framework, at the end of each financial year all employees are assessed separately against their leadership behaviours and personal objectives.

For eligible executives and employees to participate in variable remuneration, the Board via a joint meeting of Risk Committee and PCRC, confirm if the Gateway is open or closed for the performance period. This is informed by an objective assessment by the Chief Risk Officer of enterprise performance in the management of risk, compliance and conduct.

The Gateway is an important aspect of HBF's remuneration framework, as it poses a risk hurdle that must be met from an organisational perspective before any variable remuneration is paid to eligible employees. In addition to the Gateway, there is an individual threshold that employees need to meet that considers, conduct and risk behaviour, performance, leadership behaviours and completion of mandatory training requirements.

Variable remuneration may be deferred once specific thresholds are met and is subject to malus and clawback provisions. Each type of variable remuneration is governed by plan rules that permit adjustments in cases of misconduct, performance failure, or accountability breaches. These rules are aligned with regulatory standards and HBF's internal policies.

Deferral periods are calibrated to reflect the time horizon of risk and performance outcomes. They include service, retention, and holding periods. For Accountable Persons under FAR, deferral and adjustment requirements are more stringent, ensuring compliance with regulatory expectations.

Adjustments to remuneration

The Board has remuneration adjustment guidelines to support adjustments to variable remuneration for conduct or risk that warrants an adjustment in accordance with the CMF. This includes positive adjustments for risk outcomes.

During the FY25 remuneration review, the Board considered remuneration adjustments (this process covers all employees eligible for variable reward including Executives). This decision making was supported by the PCRC and the Risk Committee which jointly evaluated and recommended adjustments. These adjustments addressed cases involving risk and conduct performance issues. The Board employs a remuneration adjustment framework to ensure adjustments are consistent, appropriate, and proportionate to the incident severity.

The Board considered seven adjustments. Four downward adjustments were made to variable reward for minor conduct and risk issues and three positive risk adjustments were made to employees below the Executive level. The Board considered the materiality and accountability of the individuals involved in determining any adjustments.

Employees covered by the HBF Enterprise Agreement 2024 who have identified risk or conduct issues were subject to the conditions outlined in the agreement, potentially limiting opportunities for fixed pay increases.

4. Linking remuneration and performance

Incentive outcome – short-term measures

At the start of each performance year, the Board approves financial and non-financial performance measures for the CEO, Executive on the EVRI Plan and selected senior management on the Short Term Incentive (STI) Plan. These are detailed in the Corporate Incentive Scorecard.

Variable reward outcomes are based on these financial and non-financial measures, and individual performance outcomes, reflecting role-specific objectives and HBF's leadership behaviours. The Board has discretion to adjust outcomes upward or downward at a group and individual level.

Corporate incentive scorecard outcome

The Group's priorities are set out in the Corporate Incentive Scorecard, which forms part of the CEO's scorecard. Common elements appear in the Executive scorecards with individual objectives reflecting divisional priorities. The measures have been assessed against a 'Threshold', 'Target', 'Above Target' and 'Stretch' rating scale.

Key Priority	Measure	Outcome	Commentary
Group Revenue (20%)	Sum of all the revenue generated by the Group	Target 	Group revenue was 1.6% below target.
Group MER (20%)	Group Management Expense Ratio	Target 	Group management expense ratio was at target.
Service Net Promoter Score (20%)	Likelihood to recommend HBF	Target 	Net promoter score was 4.63% below target but above threshold performance.
Transformation Completion (20%)	Complete Transformation within the Board defined parameters	Target 	Delivered Transformation initiatives ahead of targets.

Individual performance objective

The Board reviewed the CEO's individual performance, weighted at 10%. The Board's assessment considered performance against objectives, and leadership behaviours with an overlay of risk management. The CEO's individual performance objectives include leading the organisation and Executive Team, driving the delivery of the Transformation Program and enhancing culture.

Board discretion

The Board retains absolute discretion in determining remuneration outcomes to ensure alignment with HBF's strategic objectives, risk appetite, and values. This discretion is exercised through a structured governance framework that integrates input from PCRC and the Risk Committee.

In FY25, the Board applied its discretion in accordance with the remuneration adjustment guidelines and the CMF. This included both downward and upward adjustments to variable remuneration based on conduct and risk performance. In addition, the Board made a collective downward adjustment to Executive outcomes in relation to risk culture.

The Board's discretion is guided by principles outlined in the Remuneration Policy, which stipulates that adjustments may be made to protect the financial soundness of the organisation, respond to significant unexpected or unforeseen events and in response to significant risk or conduct failures. These include misconduct, failures in risk management, breaches of accountability, or material misstatements in performance criteria.

Deferred remuneration

The purpose of deferral in variable remuneration is to align reward with risk management principles, ensuring that payout timing reflects the potential range and time horizon of risk and performance outcomes. This is compliant with CPS 511 and FAR requirements and meets legislative and regulatory expectations particularly for the CEO and Executives.

5. CEO remuneration outcomes

In the spirit of transparency for our members, we present remuneration outcomes for the CEO. The statutory remuneration in the table below provides a breakdown of all earnings across the financial year and the awarded variable remuneration for the CEO provides the breakdown of the incentive outcome for the FY25 year.

Statutory remuneration¹ paid to the CEO

CEO	Year	Total fixed remuneration			Variable remuneration		Total actual remuneration \$
		Cash salary \$	Non-monetary benefits ² \$	Superannuation \$	Cash \$	At risk long term \$	
Dr Lachlan Henderson	FY25	1,224,708	19,039	29,932	358,144	-	1,631,823
	FY24	1,225,208 ¹	18,696	27,399	146,250	-	1,417,553

Note 1: This is the realisable pay is the sum of cash and benefits expenses received in a year.

Note 2: Reflects the estimated monetary value of car parking bay, Personal Accident Insurance, Corporate Gold Hospital Cover and Expense Payment Benefits.

Awarded variable remuneration for the CEO

The FY24 and FY25 outcomes have the at-risk long-term component being notionally issued at the maximum opportunity being 150% of target. The actual amount payable is yet to be determined and the figure listed represents the maximum opportunity.

CEO	Year	Target % of Fixed Remuneration	Target \$	% of target	Total amount \$	Cash \$	At risk long term ¹ \$
Dr Lachlan Henderson	FY25	EVRI 70%	878,248	95%	834,860	483,561	526,949
	FY24	EVRI 60%	751,264	101%	761,064	309,394	451,670

Note 1: Outcome to be determined. Notionally allocated at 150% of long-term component. This will be tested and accordingly, some or all may be paid four years after allocation, subject to outcome of the performance hurdles.

6. Overview of variable remuneration

The variable remuneration plans are at-risk, contingent on HBF's and individual performance. They aim to incentivise and reward participants for driving organisational performance aligned to HBF's strategic objectives, while encouraging responsible behaviour in line with HBF's RMFS.

Incentive key features

Features	Approach
Plan	Executive Variable Reward Incentive.
Purpose	Market competitive and designed to reward performance.
Short term variable reward measures	Annual performance against Board pre-agreed weighted financial and non-financial performance corporate measures with a gateway.
Corporate Incentive Scorecard	For the CEO, the Corporate Incentive Scorecard short-term measures are weighted at 90% while individual measures are weighted 10%. For Executive CEO direct reports corporate measures are weighted at 80% while individual measures are weighted at 20%. If the performance measures for Corporate Incentive Scorecard and individual objectives are satisfied, then 60% of the variable reward opportunity will be delivered in cash with the remaining 40% deferred. The 40% deferred portion is deferred for three years post grant in cash and is at risk, with release approved by the Board considering risk and conduct. This structure aligns to the deferral requirements of CPS 511 and FAR.
Individual objectives	Individual performance measures with individual conduct gateways. These are set and reviewed annually, this results in the performance outcome for the individual measures.
Participants	CEO, Executive and selected senior management within HBF.
Performance period	The annual performance period is from 1 July to 30 June each year.
Board Discretion Malus/Clawback	The Board may, at its absolute discretion reduce (to nil if appropriate) the amount of any future award or bonus (if any) which would otherwise be payable to the participant and/or require the participant to repay to the Company and on such terms as the Board may direct.
Cessation of employment	The treatment of a variable award and entitlements to any part of the deferred portion of an award will be at the absolute discretion of the Board.

7. Overview of Non-Executive Director fees

HBF's NED fee arrangements are set following the below considerations:

- To attract and compensate suitably qualified directors, with experience and expertise appropriate to an unlisted, APRA-regulated, not-for-profit, member-based entity,
- To reflect the time commitment expected in fulfilling their Board and committee responsibilities, and
- To acknowledge Australian market practice and governance expectations for comparable companies.

HBF NED fees consist of a base fee (inclusive of the statutory superannuation contribution amount) and any applicable committee fees. NEDs are not entitled to participate in any performance-based awards. The Board recognises the additional time commitment required for members of committees and the need for NED fees to reflect this time commitment.

The Board Chair's fees are a composite fee reflecting the Board Chair's broad role. No additional amounts are payable for the Board Chair's membership of other committees.

In 2007, the HBF Council approved the creation of a fee pool from which NED fees are paid, with the pool to include membership on the HBF Board, and its standing committees. At HBF's 2019 Annual General Meeting, the HBF Council approved the current pool of \$1.65 million.

NEDs are entitled to be reimbursed for all travel and related expenses reasonably incurred in performing their duties and are eligible for a subsidy towards HBF insurance premiums. Base and committee fees are inclusive of superannuation.

8. NED actual remuneration

Name	Role	Year	Cash salary and fees \$	Non-monetary benefits ¹ \$	Superannuation \$	Total Remuneration \$
Current NEDs						
Diane Smith-Gander AO	Chair	FY25	312,893	3,301	7,281	323,475
		FY24	295,232	3,228	6,804	305,264
Brent Stewart	Deputy Chair	FY25	174,399	6,331	20,056	200,786
		FY24	165,637	6,397	18,220	190,254
Gai McGrath	NED	FY25	189,912	7,714	735	198,361
		FY24	183,857	6,938	-	190,795
Jennifer Seabrook	NED	FY25	163,270	7,622	18,776	189,668
		FY24	180,852	7,444	19,894	208,190
Sami Yalavac	NED	FY25	165,265	9,252	19,005	193,522
		FY24	114,700	2,812	12,617	130,129
Mary Anne Stephens	NED	FY25	171,394	-	19,710	191,104
		FY24	98,831	-	10,871	109,702
Former NEDs						
Tony Crawford	NED	FY25	621	-	71	692
		FY24	77,064	3,449	8,477	88,990
Richard England	NED	FY25	-	-	-	-
		FY24	47,735	5,415	5,251	58,401
Helen Kurincic	NED	FY25	-	-	-	-
		FY24	102,748	10,608	11,302	124,658
Total²		FY25	1,177,754	34,220	85,634	1,297,608
		FY24	1,266,656	46,291	93,436	1,406,383

Note 1: Reflects the estimated monetary value of Corporate Gold Hospital cover and any gifts received.

Note 2: The totals reflect actuals and not the total of the rounded numbers.

HBF Health Limited

Financial report

for the year ended 30 June 2025

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Signed reports

Directors' declaration
 Consolidated entity disclosure statement
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HBF Health Limited

Consolidated statement of comprehensive income - Year ended 30 June 2025

	Notes	2025 \$m	2024 \$m
Insurance revenue	4(a)	2,281.0	2,221.1
Insurance service expense	4(b)	(2,167.1)	(2,171.0)
Insurance service result		113.9	50.1
Interest revenue calculated using the effective interest method		41.1	45.6
Other interest and similar income		22.1	19.8
Net fair value gains on financial assets at fair value through profit or loss		36.4	10.3
Net foreign exchange income		0.3	-
Total investment income	7	99.9	75.7
Insurance finance income/(expense) for insurance contracts issued		1.9	(4.7)
Net insurance financial result		215.7	121.1
Health and Wellness revenue	5(a)	41.6	38.4
Health and Wellness expense	5(b)	(64.6)	(61.7)
Other income		1.6	0.2
Other expenses	6	(58.8)	(53.3)
Profit before income tax		135.5	44.7
Income tax (expense)/benefit	21	(4.3)	(0.5)
Profit after income tax		131.2	44.2
Other comprehensive income			
Change in fair value of equity instruments	7	0.8	8.7
Total comprehensive income		132.0	52.9
Attributable to:			
Entity's members		131.4	52.5
Non-controlling interests		0.6	0.4
		132.0	52.9

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

HBF Health Limited

Consolidated statement of financial position - As at 30 June 2025

	Notes	2025 \$m	2024 \$m
Assets			
Current assets			
Cash and cash equivalents		128.7	234.5
Receivables	10(a)	16.0	21.1
Financial assets at fair value through profit or loss	8(a)	758.6	334.2
Financial assets at fair value through other comprehensive income	8(b)	-	30.4
Debt instruments at amortised cost	8(c)	533.2	612.1
Assets held for sale	12	0.9	-
Total current assets		1,437.4	1,232.3
Non-current assets			
Financial assets at fair value through profit or loss	8(a)	162.4	149.7
Debt instruments at amortised cost	8(c)	155.0	155.0
Intangible assets	13	199.3	277.8
Property, plant and equipment	14	76.1	82.1
Investment property	16	4.7	4.7
Deferred tax assets	21(c)	-	3.4
Total non-current assets		597.5	672.7
Total assets		2,034.9	1,905.0
Liabilities			
Current liabilities			
Trade and other payables	10(b)	47.8	49.0
Insurance contract liabilities	4(c)	496.7	443.4
Lease liabilities	15	5.1	6.3
Financial liabilities	17	5.2	4.5
Employee benefits	18(a)	15.5	17.7
Provisions	19	4.4	7.7
Total current liabilities		574.7	528.6
Non-current liabilities			
Insurance contract liabilities	4(c)	-	45.0
Lease liabilities	15	6.9	9.2
Employee benefits	18(a)	2.5	2.8
Total non-current liabilities		9.4	57.0
Total liabilities		584.1	585.6
Net assets		1,450.8	1,319.4
Equity			
General reserve	11	111.5	111.5
Retained earnings	11	1,331.0	1,211.1
Asset revaluation reserve	11	9.3	9.3
Purchase commitment for NCI shares reserve	11	(5.4)	(5.4)
Fair value reserve	11	-	(11.5)
Equity attributable to the entity's members		1,446.4	1,315.0
Non-controlling interests		4.4	4.4
Total equity		1,450.8	1,319.4

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

HBF Health Limited

Consolidated statement of changes in equity - Year ended 30 June 2025

	Notes	Retained earnings \$m	Reserves \$m	Total \$m	Non- controlling interests \$m	Total \$m
At 30 June 2023		1,167.3	95.4	1,262.7	4.3	1,267.0
Profit for the year		43.8	-	43.8	0.4	44.2
Dividends paid		-	-	-	(0.5)	(0.5)
Acquisition of NCI shares		-	(0.2)	(0.2)	0.2	-
Other comprehensive income		-	8.7	8.7	-	8.7
Total comprehensive income		43.8	8.5	52.3	0.1	52.4
At 30 June 2024	11	1,211.1	103.9	1,315.0	4.4	1,319.4
Profit for the year		130.6	-	130.6	0.6	131.2
Other comprehensive income		-	0.8	0.8	-	0.8
Total comprehensive income		130.6	0.8	131.4	0.6	132.0
Dividends paid		-	-	-	(0.6)	(0.6)
Transfer of fair value reserve of equity instruments designated at FVOCI		(10.7)	10.7	-	-	-
At 30 June 2025	11	1,331.0	115.4	1,446.4	4.4	1,450.8

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

HBF Health Limited

Consolidated statement of cash flows - Year ended 30 June 2025

	Notes	2025 \$m	2024 \$m
Operating activities			
Receipt of health insurance premium revenue		2,284.9	2,224.4
Receipt of health services revenue		41.5	38.2
Receipt of other income		1.7	0.4
Payment of claims		(1,980.6)	(1,985.5)
Cash give back to members		-	(6.9)
Risk equalisation receipts		108.9	113.4
Payments to suppliers and employees		(312.8)	(317.3)
Payments to suppliers and employees for transformation expenses		(22.1)	(70.1)
Income taxes paid		(0.8)	(2.5)
Interest received		47.8	44.4
Payment of interest portion of lease liabilities		(0.6)	(0.5)
Goods and services tax received (net)		11.8	17.2
Net cash inflow from operating activities	10(c)	179.7	55.2
Investing activities			
Distributions received		22.8	17.2
Proceeds from sale of financial assets		1,026.7	764.5
Proceeds from disposal of equity investments		31.2	-
Purchase of financial assets		(1,352.2)	(906.8)
Acquisition of property, plant and equipment		(6.2)	(6.6)
Payment for intangible assets		(1.2)	(0.7)
Payment for acquisition of subsidiary		-	(3.4)
Net cash acquired on acquisition of subsidiary		-	24.9
Acquisition of non-controlling interest in subsidiary	17	-	(0.1)
Net cash outflow from investing activities		(278.9)	(111.0)
Financing activities			
Dividends paid to non-controlling interests		(0.6)	(0.5)
Payment of principal portion of lease liabilities		(6.0)	(5.7)
Net cash outflow from financing activities		(6.6)	(6.2)
Net decrease in cash and cash equivalents		(105.8)	(62.0)
Cash and cash equivalents at beginning of the year		234.5	296.5
Cash and cash equivalents at end of the year		128.7	234.5

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

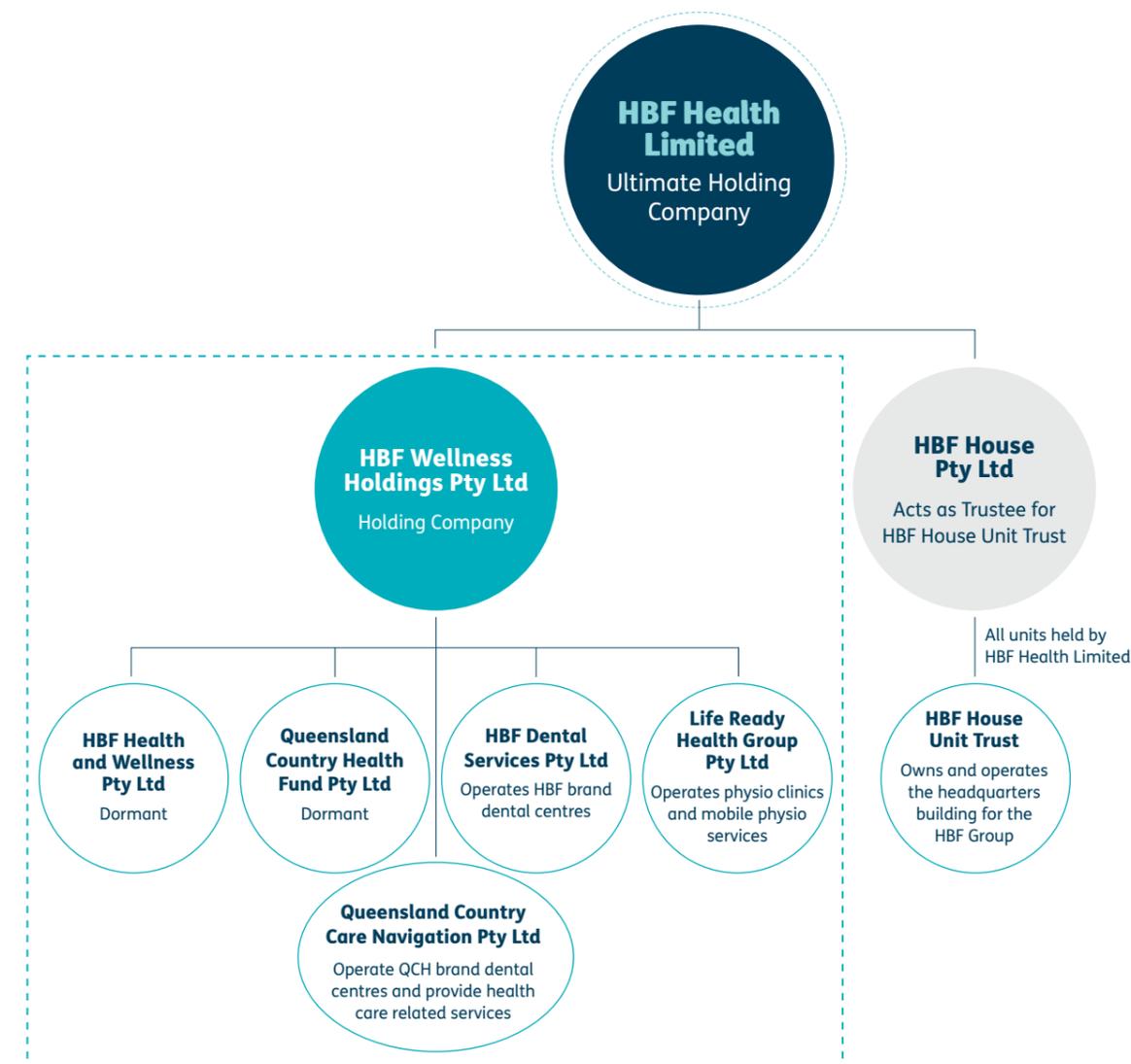
HBF Health Limited

Notes to the financial statements - Year ended 30 June 2025

Section 1: Basis of preparation

1 Entity information

HBF Health Limited (the “Company”) and its subsidiaries (collectively “the Group”) are entities incorporated and domiciled in Australia. The Group’s principal activities involve the underwriting of health insurance and the provision of health and wellness services. A consolidated financial report has been prepared incorporating the below entities.



A full list of subsidiaries and the ownership interests are listed in Note 24 of the financial statements.

HBF Health Limited

Notes to the financial statements - Year ended 30 June 2025

2 Basis of preparation

(a) Statement of compliance

This general-purpose financial report has been prepared in accordance with:

- Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB)
- The *Corporations Act 2001*
- International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB)

(b) Basis of preparation

The financial statements have been prepared under the historical cost convention, except for the following assets and liabilities which are measured at fair value:

- Financial assets and liabilities
- Certain classes of property, plant and equipment
- Investment properties

Cost in relation to assets represents the cash amount paid, or fair value of the assets given in exchange. Liabilities are stated at amortised cost.

The financial report is presented in Australian dollars and all values have been rounded to the nearest hundred thousand dollars, except where specified otherwise, in accordance with ASIC Corporations (Rounding in Financials/Director's Reports) Instrument 2016/191.

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of HBF Health Limited and its subsidiaries as at 30 June 2025. The Group controls an entity when it has:

- Power over the entity (i.e. existing rights that give it the current ability to direct the relevant activities of the entity);
- Exposure, or rights, to variable returns from its involvement with the entity; and
- The ability to use its power over the entity to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control and the Group considers all relevant facts and circumstances in assessing whether it has power over an entity.

The Group regularly assesses its control over an investee. The results of subsidiaries are included in the consolidated financial statements from the date control is obtained until the date the Group loses control of the subsidiary. Investments in controlled entities are carried at cost less provision for impairment, if any. All controlled entities have a 30 June financial year-end.

(d) Changes in accounting policies and disclosures

New and amended standards and interpretations

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

3 Critical accounting judgements and estimates

The preparation of this financial report requires management to make judgements and estimates that affect the reported amounts of assets, liabilities, income, and expenses. These estimates and judgements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable.

The areas involving a higher degree of judgement and the methodologies used to determine key assumptions are disclosed in the following notes:

Note 4: Insurance underwriting result

Note 8: Financial assets

Note 13: Intangible assets

Note 14: Property, plant and equipment

Note 16: Investment property

Note 17: Financial liabilities

HBF Health Limited

Notes to the financial statements - Year ended 30 June 2025

Section 2: Operating performance

4 Insurance underwriting result

This note provides details of the Group's core health insurance operations.

(a) Insurance revenue

	2025 \$m	2024 \$m
Gross written premiums	2,287.7	2,220.7
Movement in unearned premiums (a component of liability for remaining coverage)	(6.7)	0.4
Insurance revenue	2,281.0	2,221.1

Insurance revenue accounting policy

Insurance revenue for the period is the amount of expected premium receipts allocated to the period. The Group allocates the expected premium receipts to each period of insurance contract services on the basis of the passage of time.

(b) Insurance service expense

The table below provides a more detailed breakdown of the Group's insurance expenses.

	2025 \$m	2024 \$m
Claims and benefits	1,958.9	1,950.9
Health benefits risk equalisation special account recoveries	(109.5)	(107.7)
State ambulance levies	3.5	3.5
Losses on onerous contracts and reversals of those losses	20.7	6.1
Changes to liabilities for incurred claims relating to past service	(6.8)	(11.5)
Employee benefits expense (i)	141.1	173.1
Professional services fees	34.8	45.7
IT expenses	35.9	33.8
Depreciation and amortisation expenses	28.0	16.1
Office and administration expenses	16.5	17.5
Marketing expenses	36.4	36.7
Other expenses	7.6	6.8
Insurance service expense	2,167.1	2,171.0

Insurance service expense accounting policy

Insurance service expenses comprise all costs directly attributable to fulfilling a group of insurance contracts, including those arising from providing insurance coverage. This is primarily claims paid and payable, related claims handling costs, the movement in the gross provision for claims in the period, and state levies. The expense is recognised net of recoveries from the government's Risk Equalisation Special Account (RESA).

If at any time during the coverage period, facts and circumstances indicate that a group of insurance contracts is onerous, the Group establishes a loss component as the excess of the fulfillment cash flows that relate to the remaining coverage of the group over the carrying amount of the liability for remaining coverage (LRC) of the group. Accordingly, by the end of the coverage period of the group of contracts the loss component will be zero. See Note 4(d) for details of the LRC.

Claims and benefits accounting policy

Claims and benefits expense consists of amounts paid and payable to members, hospital, medical and ancillary providers. The RESA is a scheme to share the cost of eligible age-based and high-cost claims between insurers. The amounts receivable/payable from the RESA are determined by APRA after the end of each calendar quarter, using membership and claims data reported by each fund. RESA recoveries are the net amounts received from this scheme, plus movements in the estimated RESA recoveries for both paid and outstanding claims within the Liability for Incurred Claims (LIC).

HBF Health Limited

Notes to the financial statements - Year ended 30 June 2025

4 Insurance underwriting result (continued)

(b) Insurance service expense (continued)

(i) Employee benefits expense

	2025 \$m	2024 \$m
Included in the employee benefits expense are the following:		
Short-term employee benefits (i)	136.3	163.8
Long-term employee benefits	0.9	1.9
Termination benefits	3.9	7.4
	141.1	173.1

(i) Includes superannuation expense of \$11.9m (2024: \$13.3m)

Employee benefits accounting policy

Short-term employee benefits include wages and salaries, bonuses and the value of fringe benefits received that are expected to be settled within twelve months of the end of the reporting period. These benefits are measured at their nominal amount and are expensed as the related service is provided. Superannuation contributions are also expensed as incurred.

Long-term employee benefits includes bonuses under the variable remuneration incentive scheme and long service leave which are not expected to be settled within 12 months after the end of the period.

Termination benefits are payable when employment is terminated by the Group, or when an employee accepts voluntary redundancy. A liability and an expense is recognised at the earlier of when the Group can no longer withdraw its offer, or when it recognises costs for a restructuring that includes paying termination benefits.

(c) Insurance contracts

The Group's liability for insurance contracts held on the balance sheet comprises:

	2025 \$m	2024 \$m
Liabilities for remaining coverage	263.6	261.2
Liabilities for incurred claims (i)	233.1	227.2
Total insurance contract liabilities	496.7	488.4
Current	496.7	443.4
Non-current	-	45.0
	496.7	488.4

(i) Liabilities for incurred claims

	2025 \$m	2024 \$m
Outstanding claims liability	156.8	167.0
GapSaver liability	92.0	88.9
Risk equalisation receivable on paid claims	(26.0)	(24.6)
Other	10.3	(4.1)
	233.1	227.2

Insurance contracts accounting policy

This policy outlines the Group's approach to the classification, recognition, and measurement of its insurance contracts in accordance with Australian Accounting Standard AASB 17.

HBF Health Limited

Notes to the financial statements - Year ended 30 June 2025

4 Insurance underwriting result (continued)

(c) Insurance contracts (continued)

(i) Liabilities for incurred claims (continued)

Classification and measurement

Contracts under which the Group accepts significant insurance risk from a policyholder are classified as insurance contracts. The Group applies the Premium Allocation Approach (PAA) for the measurement of its insurance contracts as:

- The coverage period of each contract in the Group is one year or less, including insurance contract services arising from all premiums within the contract boundary; or
- For contracts longer than one year, the Group determined the measurement of the liability does not differ materially from the measurement that would be produced applying the general model.

Recognition and aggregation

The Group recognises groups of insurance contracts from the earliest of the beginning of the coverage period or the date the first premium is due. In applying the measurement requirements, contracts are aggregated using the following principles:

- Portfolio: Contracts subject to similar risks and managed together are grouped into a single portfolio. The Group has identified one portfolio for its health insurance contracts.
- Profitability: Contracts are grouped into three categories—onerous at initial recognition, no significant possibility of becoming onerous and remaining contracts.
- Annual Cohort: Contracts are further grouped by their year of issue.

The Group assumes that no contracts in the portfolio are onerous at initial recognition unless facts and circumstances indicate otherwise. A group of contracts is considered onerous if the expected costs of fulfilling the contracts exceed the expected premiums. This assessment is informed by internal analysis, including Product and Pricing Committee reports, annual rate submissions, and the Financial Condition Report.

If a group of contracts is determined to be onerous at inception, a loss equal to the total expected net cash outflow is recognised immediately in the consolidated statement of comprehensive income.

Measurement of Insurance Contract Liabilities

The insurance contract liability recognised on the consolidated statement of financial position consists of two key components:

- Liability for Remaining Coverage (LRC): This represents the obligation to provide future insurance coverage. It is measured based on the portion of premiums received from members that relate to the unexpired risk period.
- Liability for Incurred Claims (LIC): This is the provision for the estimated cost of all claims that have been incurred as at the reporting date but have not yet been paid. This includes an estimate for claims that have been incurred but not yet reported.

Insurance contracts – subsequent measurement

The carrying amount of the liability for insurance contracts is remeasured at each reporting period and comprises an LRC and an LIC. The LRC is determined by adjusting the opening balance for premiums received during the period, less the amount recognised as insurance revenue for services provided.

The LIC is estimated using fulfilment cash flows, which represent the Group's current, unbiased estimate of future cash flows required to settle incurred claims, incorporating an explicit risk adjustment for non-financial risk. The Group does not adjust these fulfilment cash flows for the time value of money where claims are expected to be settled within one year of being incurred.

HBF Health Limited

Notes to the financial statements - Year ended 30 June 2025

4 Insurance underwriting result (continued)

(c) Insurance contracts (continued)

(i) Liabilities for incurred claims (continued)

Significant Judgements and Estimates in Measurement

The valuation of insurance contract liabilities requires significant judgement and is based on actuarial analysis.

- **Central Estimate of Unpaid Claims:** The central estimate for the LIC is determined using actuarial methods, primarily the Paid Chain Ladder method. This involves projecting historical claims data to estimate the ultimate cost of claims that have occurred. This process requires significant judgement regarding future trends in claims frequency and cost.
- **Onerous Contracts in the LRC:** For groups of contracts that are onerous, the LRC is determined 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 LRC. The expense rate and risk adjustment are the key variables for the loss component assessment.
- **Risk Adjustment:** To account for uncertainty in the central estimate, the Group adds a risk adjustment to the LIC and to LRC balances for onerous contracts issued. This is a buffer to provide a higher level of confidence that the liability will be sufficient to meet all claim obligations. The risk adjustment is calculated to achieve a 75th percentile probability of sufficiency. The Group has estimated the probability distribution of the future cash flows, and the additional amount above the expected future cash flows required to meet the target percentiles.

Other Measurement Policies

- **Acquisition Costs:** All costs associated with acquiring new insurance contracts, such as commissions, are expensed as they are incurred.
- **Discounting:** The Group does not adjust its insurance liabilities for the time value of money (discounting), as the claims are expected to be settled within one year.
- **Onerous Contracts:** If a group of contracts is assessed as being onerous (i.e. the expected future claims and expenses will exceed the future premiums), a loss is recognised immediately in profit or loss.

Actuarial assumptions

The following assumptions have been made in determining the LIC and LRC, based on inputs from management and advice from the Appointed Actuary.

	2025	2024
LIC Outstanding Claims:		
Claims handling expenses	2.0%	2.0%
Risk equalisation	(7.5%)	(7.4%)
LRC Loss Component for Onerous Contracts:		
Expense rate	9.8%	9.8%
Risk adjustment	2.7%	2.7%

The Group does not adjust future cash flows in the LIC for the time value of money and the effect of financial risk as those cash flows are expected to be paid in less than one year.

Impact of changes in key variables on the liability for incurred claims

The key variables in the measurement of the LIC include the outstanding claims central estimate, claims handling expenses, risk equalisation percentage and risk adjustment. A 10% increase/(decrease) in the outstanding claims central estimate would result in a \$15.7m (decrease)/increase to profit before tax (2024: \$17.6m). A 1% movement in other key variables including risk adjustment, claims and handling expenses and risk equalisation would result in an insignificant (decrease)/increase to profit after tax.

Impact of changes in key variables on the liability for remaining coverage

The key variables for measuring the liability for remaining coverage include the expense rate and risk adjustment. A 1% increase/(decrease) in either key variable results in a \$1.5m (decrease)/increase to profit before tax (2024: \$1.7m).

HBF Health Limited

Notes to the financial statements - Year ended 30 June 2025

4 Insurance underwriting result (continued)

(d) Roll-forward of net asset or liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims

The roll-forward of the net asset or liability for insurance contracts issued, showing the LRC and the LIC for the health insurance line, is disclosed in the table below.

	2025 \$m				Total
	Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	
Net insurance contract liabilities as at 1 July 2024	230.3	30.9	220.0	7.2	488.4
Insurance revenue	(2,281.0)	-	-	-	(2,281.0)
Incurred service expense	-	(1.5)	2,166.9	1.7	2,167.1
Incurred claims and other expenses	-	(22.2)	2,173.5	2.0	2,153.3
Losses on onerous contracts and reversals of those losses	-	20.7	-	-	20.7
Changes to liabilities for incurred claims relating to past service	-	-	(6.6)	(0.3)	(6.9)
Insurance service result	(2,281.0)	(1.5)	2,166.9	1.7	(113.9)
Insurance finance (income)/ expense ⁽ⁱ⁾	-	-	-	-	-
Total changes in the statement of comprehensive income	(2,281.0)	(1.5)	2,166.9	1.7	(113.9)
Other movements ⁽ⁱⁱ⁾	-	-	(27.9)	-	(27.9)
Cash flows					
Premiums received ⁽ⁱⁱⁱ⁾	2,284.9	-	-	-	2,284.9
Claims and other expenses paid	-	-	(2,134.8)	-	(2,134.8)
Total cash flows	2,284.9	-	(2,134.8)	-	150.1
Net insurance contract liabilities as at 30 June 2025	234.2	29.4	224.2	8.9	496.7

HBF Health Limited

Notes to the financial statements - Year ended 30 June 2025

4 Insurance underwriting result (continued)

(d) Roll-forward of net asset or liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims (continued)

	2024 \$m				
	Liabilities for remaining coverage		Liabilities for incurred claims		Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	
Net insurance contract liabilities as at 1 July 2023	210.2	45.4	207.4	6.9	469.9
Insurance revenue	(2,221.1)	-	-	-	(2,221.1)
Insurance service expenses	-	(16.3)	2,188.1	(0.8)	2,171.0
Incurred claims and other expenses	-	(22.4)	2,199.0	(0.2)	2,176.4
Losses on onerous contracts and reversals of those losses	-	6.1	-	-	6.1
Changes to liabilities for incurred claims relating to past service	-	-	(10.9)	(0.6)	(11.5)
Insurance service result	(2,221.1)	(16.3)	2,188.1	(0.8)	(50.1)
Insurance finance (income)/ expense ⁽ⁱ⁾	-	-	4.7	-	4.7
Total changes in the statement of comprehensive income	(2,221.1)	(16.3)	2,192.8	(0.8)	(45.4)
Other movements ⁽ⁱⁱ⁾	-	-	(16.7)	-	(16.7)
Cash flows					
Premiums received ⁽ⁱⁱⁱ⁾	2,224.4	-	-	-	2,224.4
Claims and other expenses paid	-	-	(2,177.2)	-	(2,177.2)
Total cash flows	2,224.4	-	(2,177.2)	-	47.2
Additions through business combinations	16.8	1.8	13.7	1.1	33.4
Net insurance contract liabilities as at 30 June 2024	230.3	30.9	220.0	7.2	488.4

(i) The Group is not required to adjust future cash flows in LIC for the time value of money and the effect of financial risk as those cash flows are expected to be paid in less than one year. Please refer to Note 4(c) for details.

(ii) Other movements comprise movements in assets and liabilities which are recognised in insurance services expense in the consolidated statement of comprehensive income but do not form part of the LIC in the balance sheet.

(iii) Any refunds of premiums have been included in this line.

HBF Health Limited

Notes to the financial statements - Year ended 30 June 2025

5 Health and Wellness result

(a) Health and Wellness revenue

	2025 \$m	2024 \$m
Physiotherapy revenue	33.6	31.1
Dental revenue	8.0	7.3
	41.6	38.4

Revenue from health and wellness services is recognised when a performance obligation is satisfied by providing a service to a customer. For physiotherapy services provided through the Group's network of clinics and mobile services revenue is recognised at the point in time the services are provided to the customer and is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties.

Dental revenue consists primarily of service and facility fees charged by dentists who practice from the Group's centres. These fees, calculated as a percentage of patient receipts under the Services and Facilities Agreement are recognised when the underlying service to the customer is completed.

(b) Health and Wellness expense

	2025 \$m	2024 \$m
Direct costs		
Employee benefits expense (i)	20.3	19.2
Office and administration expense	0.1	0.1
Consumables	2.4	2.0
Total direct costs	22.8	21.3
Indirect costs		
Employee benefits expense (i)	23.6	23.9
Professional services fees	3.3	3.0
Depreciation and amortisation	5.6	5.7
Office and administration expenses	2.3	1.9
IT expenses	1.8	1.6
Marketing expense	2.6	2.3
Other expenses	2.6	2.0
Total indirect costs	41.8	40.4
Total	64.6	61.7
(i) Employee benefits expense		
Included in the employee benefits expenses are the following:		
Short-term employee benefits ^(a)	43.7	43.0
Long-term employee benefits	0.2	0.1
	43.9	43.1

(a) Includes superannuation expense of \$3.8m (2024: \$3.0m)

6 Other expenses

	Note	2025 \$m	2024 \$m
Operating expenses ⁽ⁱ⁾		0.7	10.0
Depreciation and amortisation		1.1	1.7
Movement in financial liabilities		0.7	0.7
Impairment of goodwill	13(c)	56.3	19.5
Impairment of land and buildings	14	-	21.4
		58.8	53.3

(i) Operating expenses includes employee benefits, professional fees, administration expenses and finance costs.

HBF Health Limited

Notes to the financial statements - Year ended 30 June 2025

Section 3: Investment portfolio and capital

7 Total investment income result

The table below presents an analysis of total investment income recognised in profit or loss and other comprehensive income (OCI) in the period:

	2025 \$m			2024 \$m		
	Insurance related	Non- insurance related	Total	Insurance related	Non- insurance related	Total
Amounts recognised in the profit or loss						
Interest revenue calculated using the effective interest method	39.1	2.0	41.1	44.4	1.2	45.6
Other interest and similar income	22.1	-	22.1	19.8	-	19.8
Net fair value gains/(losses) on financial assets at FVPL	36.4	-	36.4	10.3	-	10.3
Net foreign exchange income/(expense)	0.3	-	0.3	-	-	-
Total amounts recognised in the profit or loss	97.9	2.0	99.9	74.5	1.2	75.7
Amounts recognised in OCI	0.8	-	0.8	8.7	-	8.7
Total investment income	98.7	2.0	100.7	83.2	1.2	84.4

Investment income accounting policy

Investment income includes:

- Interest income, which is recognised using the effective interest method.
- Trust distribution income and dividends derived from financial assets at fair value through profit or loss (FVPL) or fair value through other comprehensive income (FVOCI), which is recognised when the Group's right to receive payments is established.
- Gains or losses arising from changes in the fair value of financial assets measured at FVPL.
- Foreign exchange income/(expense).

The Group does not have any gains or losses arising from the derecognition of financial assets measured at amortised cost.

HBF Health Limited

Notes to the financial statements - Year ended 30 June 2025

8 Financial assets

(a) Financial assets at fair value through profit or loss

	2025 \$m	2024 \$m
Defensive		
Fixed interest ⁽ⁱ⁾		
Holdings via segregated mandates	41.8	34.5
Holdings in unlisted unit trusts	279.3	169.7
Alternative debt	109.7	31.0
	430.8	235.2
Growth		
Australian equities	162.3	65.6
International equities	165.5	33.4
Infrastructure	162.4	149.7
	490.2	248.7
Current ⁽ⁱⁱ⁾	758.6	334.2
Non-current ⁽ⁱⁱ⁾	162.4	149.7
	921.0	483.9

(i) The Group's financial assets measured at FVPL are managed by external investment managers. Fixed interest investments are held either through pooled investment vehicles (unit trusts) or through segregated mandates, where funds are managed in a separate account for the Group in accordance with specific, Board-approved constraints. All other financial assets classified at FVPL are held indirectly through unlisted unit trusts. Further details on the Group's investments in unlisted unit trusts are provided in Note 8(e).

(ii) All financial assets at FVPL, other than infrastructure assets are considered to be current as they are redeemable within one year of the reporting date. Unlisted infrastructure is typically redeemable within one to three years and is therefore classified as a non-current asset.

Financial assets at fair value through profit or loss accounting policy

The Group holds a portfolio of financial assets to generate investment returns and to ensure it has a sufficient capital base to settle insurance claims as they arise.

With the exception of strategic investments and direct cash investments (which are measured at amortised cost), all other financial assets in the Health Insurance Fund investment portfolio are classified as measured at FVPL upon initial recognition.

Subsequent to initial recognition, any changes in the fair value of these assets are recognised directly in the consolidated statement of comprehensive income.

A financial asset is derecognised when the contractual rights to receive cash flows from the asset have expired or the Group transfers the asset to another party, and with it, substantially all the risks and rewards of ownership.

(b) Financial assets at fair value through other comprehensive income

	2025 \$m	2024 \$m
Strategic		
Australian equities - Pacific Smiles Group Limited (PSG)	-	30.4
	-	30.4

Financial assets at fair value through other comprehensive income: disposal of strategic investment

The Group previously classified its strategic equity investment in PSG as a financial asset measured at FVOCI. In line with AASB 9, this classification was made to support a long-term partnership in dental services. In December 2024, the Group disposed of its entire shareholding in PSG, receiving proceeds of \$31.2m. Upon disposal, the cumulative fair value gains previously recognised in FVOCI reserve were transferred directly to retained earnings, consistent with AASB 9. These gains were not reclassified to the consolidated statement of comprehensive income. The PSG investment was classified as a level 1 financial asset in the fair value hierarchy (refer to note 8(e)).

HBF Health Limited

Notes to the financial statements - Year ended 30 June 2025

8 Financial assets (continued)

(c) Debt instruments at amortised cost

	2025 \$m	2024 \$m
Cash investments		
Cash investments - Deposits with ADIs	688.2	767.1
Total Gross Amount	688.2	767.1
Expected credit loss allowance	-	-
Total Net Amount	688.2	767.1
Current	533.2	612.1
Non-current	155.0	155.0
	688.2	767.1

Debt instruments at amortised cost accounting policy

A debt instrument, such as a term deposit, is measured at amortised cost if it meets both of the following conditions:

- The asset is held with the objective of collecting its contractual cash flows; and
- The contractual terms of the asset give rise to cash flows that are solely payments of principal and interest.

Term deposits are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, presented net of any provision for impairment.

The Group holds its term deposits with authorised deposit-taking institutions (ADIs) and management has assessed the expected credit loss to be immaterial, therefore, no loss allowance has been recognised.

Any gain or loss is recognised in profit or loss upon derecognition. Term deposits with maturities of 12 months or less are classified as current assets. Long-term deposits, with maturities of up to 4 years are classified as non-current.

Impairment of financial assets accounting policy

The Group assesses potential future credit losses for its financial assets carried at amortised cost using a forward-looking Expected Credit Loss (ECL) model. The impairment methodology depends on whether there has been a significant increase in credit risk since the asset was initially recognised.

(i) Significant increase in credit risk

The Group continuously monitors all assets subject to ECLs to assess for a significant increase in credit risk. A significant increase in credit risk is considered to have occurred if:

- Contractual payments are more than 90 days past due.
- Other adverse indicators arise, such as a counterparty filing for bankruptcy or an internal rating indicating a near-default status.

There has been no significant increase in credit risk or default for debt instruments held at amortised cost during the year.

(ii) Expected credit loss

As no significant increase in credit risk was identified, the Group calculates the ECL based on possible default events within the next 12 months. Given the Group's investment policy, the probability of default for these instruments is determined to be minimal, and the expected loss is assumed to be nil.

The credit quality and maximum credit risk exposure for these assets are shown in Note 9(e)(iii).

HBF Health Limited

Notes to the financial statements - Year ended 30 June 2025

8 Financial assets (continued)

(d) Portfolio composition of the Health Insurance Fund (excluding strategic investments and including property):

	Target	2025	2024
Defensive			
Cash investments	45.0%	41.7%	59.3%
Fixed interest	15.0%	19.5%	15.8%
Alternative debt	5.0%	4.3%	2.4%
	65.0%	65.5%	77.5%
Growth			
Australian equities	10.0%	9.8%	5.1%
International equities	10.0%	12.4%	2.6%
Infrastructure	10.0%	9.9%	11.6%
Property	5.0%	2.4%	3.2%
	35.0%	34.5%	22.5%

The Group's investments are managed in accordance with the respective Investment Management Standard and prescribed strategic asset allocations. The portfolio has a long-term strategic asset allocation of 35% growth and 65% defensive assets in line with the investment risk appetite which remains unchanged from 2024.

(e) Fair value hierarchy

The fair value of the Group's investments is measured according to the following fair value measurement hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: quoted market prices in an active market (that are unadjusted) for identical assets or liabilities;

Level 2: valuation techniques using observable inputs, either directly or indirectly; and

Level 3: valuation techniques using significant unobservable inputs.

For financial instruments recognised at fair value on a recurring basis, the Group reassesses the categorisation within the hierarchy at each reporting date. Transactions between levels are determined based on changes in the observability of inputs and are disclosed separately.

Key estimates related to the valuation of level 2 and 3 investments

The Group's investments in unlisted unit trusts are recorded at the redemption value per unit as reported by the respective fund managers, which may be adjusted to reflect a likely exit price. The fund managers determine this unit value by assessing the underlying assets within each trust. For assets that are traded in active markets, the valuation is based on quoted market prices at the reporting date. For assets not actively traded, fund managers use valuation techniques such as discounted cash flow analysis or by referencing recent arm's length transactions for similar assets. The valuation of these investments requires a degree of judgement and estimation, resulting in a level of uncertainty not present in actively traded markets.

Specifically, the Group's investments in infrastructure and alternative debt are classified as Level 3 in the fair value hierarchy because their values are not based on observable market data due to infrequent trading. These investments are also valued at the redemption value per unit reported by the fund managers, based on the Group's proportionate ownership.

HBF Health Limited

Notes to the financial statements - Year ended 30 June 2025

8 Financial assets (continued)

(e) Fair value hierarchy (continued)

Key estimates related to the valuation of level 2 and 3 investments (continued)

The following table presents Group's financial assets at fair value:

	Level 1 \$m	Level 2 \$m	Level 3 \$m	Total \$m
As at 30 June 2025				
Fixed interest	-	321.1	-	321.1
Alternative debt	-	-	109.7	109.7
Australian equities	-	162.3	-	162.3
International equities	-	165.5	-	165.5
Infrastructure	-	-	162.4	162.4
	-	648.9	272.1	921.0
As at 30 June 2024				
Fixed interest	-	204.2	-	204.2
Alternative debt	-	-	31.0	31.0
Australian equities	30.4	65.6	-	96.0
International equities	-	33.4	-	33.4
Infrastructure	-	-	149.7	149.7
	30.4	303.2	180.7	514.3

There were no transfers between levels during the 30 June 2025 or 30 June 2024 financial years.

Level 2 fair value

The level 2 fair value investments are valued at quoted market prices provided by fund managers at the reporting date.

Level 3 fair value

Reconciliation of level 3 fair value	Infrastructure		Alternative debt	
	2025 \$m	2024 \$m	2025 \$m	2024 \$m
Opening balance	149.7	136.0	31.0	-
Additions through business combination	-	4.3	-	-
Purchases	-	-	74.0	30.0
Net investment income	12.7	9.4	4.7	1.0
Closing balance	162.4	149.7	109.7	31.0

Sensitivity to changes in key assumptions

Significant increases or decreases in any of these unobservable inputs in isolation would result in significantly lower or higher fair value measurements.

A 10% increase/(decrease) in the redemption value of the units of level 3 investments would result in a \$27.2m increase/(decrease) to profit (2024: \$18.1m).

Financial instruments not measured at fair value

The fair values of financial instruments not measured at fair value, such as current and non-current deposits with ADIs, are disclosed based on Level 2 of the fair value hierarchy. These instruments had carrying amounts equal to their fair values in both 2025 (\$688.2m) and 2024 (\$767.1m). Cash and cash equivalents, receivables, payables, and lease liabilities are excluded from this disclosure as their carrying amounts are considered a reasonable approximation of fair value. Where quoted prices are unavailable, fair values are estimated using models with observable inputs.

HBF Health Limited

Notes to the financial statements - Year ended 30 June 2025

9 Risk management

(a) Governance framework

HBF's corporate governance structure and practices are informed by contemporary Australian standards including the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations and designed to adhere to legislative and regulatory requirements, including the *Corporations Act 2001* (Cth), the *Financial Accountability Regime Act 2023* (Cth) and APRA's Prudential Standards. In consideration of the dynamic environment in which the Group operates and emerging legislative and regulatory requirements, the Group regularly reviews and refines its corporate governance structure and practices. Refer to the Governance Report, for further information.

(b) Internal Capital Adequacy Assessment Process

The Internal Capital Adequacy Assessment Process (ICAAP) Summary Statement describes the processes that HBF's health insurance fund (HBF) has in place to assess and manage its capital in the context of its strategic objectives, regulatory requirements and the risk appetite of the HBF Board. The overall objective of the ICAAP is to manage the capital needs of the business and assess these needs on an ongoing basis so that an adequate level of capital is maintained to meet policyholder obligations, business needs and regulatory requirements, including during periods of stress. Moreover, HBF aims to achieve an appropriate balance between providing value to members (in terms of the services received for the premiums paid) with maintaining the financial integrity of HBF (being its ability to continue as a going concern and serve member interests into the future).

(i) Regulatory capital

All private health insurers that carry on an insurance business in Australia are registered with APRA and are subject to APRA's Prudential Standards. The requirements set out in APRA's Prudential Standard HPS 110 'Capital Adequacy' require HBF to publish, at least annually, details on its capital base and prescribed capital amount, so they are readily accessible to policy owners and other market participants.

The below table pertains to HBF Health Limited (the "parent") which has one health benefit fund and no assets or operations in its general fund.

	2025 \$m
Common Equity Tier 1 capital	1,312.5
Additional Tier 1 capital	-
Tier 2 capital	-
Capital Base	1,312.5
Net assets, before applying regulatory adjustments	1,460.0
Regulatory adjustments applied in the calculation of Common Equity Tier 1 Capital	(147.5)
Regulatory adjustments applied in the calculation of Additional Tier 1 Capital	-
Regulatory adjustments applied in the calculation of Tier 2 Capital	-
Net assets, after applying regulatory adjustments	1,312.5
Insurance risk charge	161.6
Asset risk charge	220.5
Asset concentration risk charge	-
Operational risk charge	45.6
Aggregation benefit	(83.8)
APRA prescribed adjustments	-
Prescribed capital amount	343.9
<i>Capital adequacy multiple of the fund</i>	<i>3.82</i>
<i>Excess Capital % of Revenue</i>	<i>42.4%</i>

HBF Health Limited

Notes to the financial statements - Year ended 30 June 2025

9 Risk management (continued)

(c) Tax governance framework

The Group recognises that tax governance and tax risk management play a key role in good management and corporate governance. The Group manages the taxation affairs in accordance with the Tax Governance Framework (the Framework) which is approved by the Board. The Framework outlines the process the Group follows to ensure management of tax risks promptly and appropriately. The Group maintains a comprehensive system of corporate governance practices designed to provide appropriate levels of disclosure and accountability. The Group reports its tax-related activities to the Board's Audit Committee on a regular basis. The Group's processes align with the Australian Taxation Office (ATO)'s continually evolving guidance, including the Tax Risk Management and Governance Review Guide.

The Group is committed to ensuring compliance with legislative and regulatory requirements in accordance with the Risk Appetite Statement and is committed to meeting all tax compliance obligations and being open, transparent and cooperative about our tax affairs. The Group does not engage in tax avoidance schemes or aggressive tax positions.

(d) Insurance risk

HBF provides private health insurance products including hospital cover and extras cover, as stand-alone products or packaged products that combine the two. The group is exposed to insurance risk from pricing inadequacy, insurance benefit design that may encourage adverse selection, claims cost, inflation, and forecasting inaccuracies. These risks may impact affordability, competitiveness, profitability, and the ability to meet strategic objectives.

(i) Approach to risk management

The Product and Pricing Committee (a committee of management) oversees insurance risk with the aim to maintain a sustainable insurance business. The health insurance fund closely monitors its product margins and forecasts through monthly performance reports, monthly product gross margin reports, detailed quarterly forecasts and other risk appetite measures.

The Appointed Actuary produces an annual 'Financial Condition Report' which considers and assesses the insurance risk.

(ii) Ability to vary premium rates

Actuarial-based methods and models use historical data to calculate premiums and monitor claims patterns. HBF requires regulatory approval prior to implementing annual rate increases.

The short-tailed nature of HBF's products allows for timely adjustments in response to emerging risks, including any potential health impacts from climate change.

(iii) Risk equalisation

Under private health insurance legislation, community rating requirements prohibit discrimination based on health status, gender, race, sexual orientation, religious belief, age (except as allowed under Lifetime Health Cover provisions) or claims history. To support these restrictions, all private health insurers must participate in the RESA.

(iv) Reserving risk

Reserving risk is the risk that provisions made for claims prove to be insufficient due to future events and claims experience. The Group has a relatively low exposure to this risk because its health insurance contracts, and the related claims development patterns are very short-term. Consequently, movements in the assumptions used for claims development are generally not significant.

HBF Health Limited

Notes to the financial statements - Year ended 30 June 2025

9 Risk management (continued)

(e) Financial risk management

The Group is exposed to financial risks through its financial instruments, including credit risk, liquidity risk, market risk (including interest rate, currency and price risk). The Group risk management framework is designed to monitor and manage these exposures.

(i) Liquidity risk

Liquidity risk is the risk that the Group cannot meet its payment obligations in full as they fall due. The Group prudentially manages liquidity risk by maintaining sufficient working capital. In the event surplus cash exists, these funds are added to the entity's investment portfolio. In line with the Investment Management Policy, a minimum level of cash at bank is held and term deposits are matured on a regular basis to cover any projected working capital shortfalls.

Maturities of financial liabilities

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

	<1 Year \$m	2-5 Year \$m	>5 Year \$m	Total contractual cash flows \$m	Carrying amount \$m
Financial liabilities					
Trade and other payables	47.8	-	-	47.8	47.8
Insurance contract liabilities	496.7	-	-	496.7	496.7
Lease liabilities	5.1	9.3	0.7	15.1	12.0
	549.6	9.3	0.7	559.6	556.5

In the prior year, the Group's financial liabilities comprised trade and other payables of \$49.0m, insurance contract liabilities of \$488.4m, and lease liabilities of \$17.0m, with a total contractual cash outflow of \$554.4m. The majority of obligations were due within one year in the amount of \$498.6m, with \$54.1m due between two and five years, and \$1.7m beyond five years. The total carrying amount of these financial liabilities was \$552.9m.

(ii) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market factors, such as interest rates, foreign exchange rates, and equity prices. The Group has policies that limit the amount of exposure to any one fund manager and class of investment asset thereby minimising market concentration risk. Independent consultants annually measure fund manager performance and periodically review the investment asset allocation.

Currency risk

Currency risk is the risk that the fair value of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group has direct exposure to foreign currency risk via a monetary asset (cash at bank) denominated in USD.

The Group also has indirect exposure to foreign currencies via its investment in unlisted unit trusts as a result of the unit trusts, which hold international equities and fixed income assets. The currency movement in underlying international equities and fixed income assets is dealt with in price risk. Exposure to foreign currencies is managed by the fund managers at both an asset class and fund manager allocation level through the percentage of exposure which is hedged back to Australian dollars and unhedged. The associated costs and marked to market effect of the spot foreign exchange contracts are reflected in the unit price adopted for the unit trust.

A 10% increase/(decrease) in foreign currencies, with all other variables remaining constant, would have resulted in a \$0.7m increase/(decrease) to profit before tax (2024: \$0.5m).

HBF Health Limited

Notes to the financial statements - Year ended 30 June 2025

9 Risk management (continued)

(e) Financial risk management (continued)

(ii) Market risk (continued)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Group has both direct and indirect exposure to this risk. Direct exposure arises from:

- Cash and cash equivalents held in variable rate accounts (2025: \$118.7m; 2024: \$226.4m);
- Fixed interest assets measured at FVPL which are sensitive to changes in market interest rates (2025: \$41.8m; 2024: \$34.5m).

Indirect exposure arises from investments in unlisted unit trusts that hold fixed income assets. These are subject to fair value interest rate risk and the impact is reflected in the unit price of the trust.

A 1% increase/(decrease) interest rates over the reporting period, with all other variables remaining constant, would have resulted in a \$1.6m increase/(decrease) to profit before tax (2024: \$2.6m).

Price risk

Price risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Group is directly exposed to trading price risk on all financial instruments that are indirectly held in an unlisted unit trust (i.e. by changes in the fund's net asset value). The Board approves limits on the proportion of the investment portfolio held in each asset class and pooled investment vehicles, thereby limiting exposure to price risk.

The Group's exposure to price risk also arises from its direct investment in equity securities which are held at FVOCI.

The analysis below demonstrates the impact on profit before tax from a movement in market prices with all other variables held constant.

	2025 \$m		2024 \$m	
	+10%	-10%	+10%	-10%
Alternative debt	11.0	(11.0)	3.1	(3.1)
Australian equities	16.2	(16.2)	9.6	(9.6)
International equities	16.6	(16.6)	3.3	(3.3)
Infrastructure	16.2	(16.2)	15.0	(15.0)

In relation to fixed interest assets, a 1% increase/(decrease), with all other variables remaining constant, would have resulted in a \$3.2m increase/(decrease) to profit before tax (2024: \$2.0m).

HBF Health Limited

Notes to the financial statements - Year ended 30 June 2025

9 Risk management (continued)

(e) Financial risk management (continued)

(iii) Credit risk

Credit risk is the risk of potential default of a counterparty, with a maximum exposure equal to the carrying amount of the financial asset. The nature of the Group's insurance business does not expose it to credit risk concentrations from its products and services. The Group considers credit exposure when entering significant counterparty contracts with suppliers and intermediaries.

To limit investment portfolio exposure to credit risk for direct investment in cash, a minimum long-term credit rating from Standard and Poor's BBB- is required prior to investment. If the credit rating of an ADI is downgraded and no longer meets the minimum long-term requirement, no further investments will be made, however existing investments will be held until maturity. To maintain the overall credit quality of direct investments in cash, the Group applied a minimum weighted average credit rating of A+ across all cash investments. Maximum exposure to individual ADIs is capped at 60% for ADIs rated AA- and above, 30% for those rated A- to A+ and 15% for those rated BBB- to BBB+.

To reduce exposure to credit risk for indirect investments, the Group has limited the maximum allowable exposure to a single fund manager aggregated across all asset classes to 30% of the total indirect investments of the Group.

The insurance contracts liability balance includes \$95.1m (2024: \$92.6m) of receivables (i.e. risk equalisation, Government rebates, Medicare etc.) which have an insignificant amount of credit risk as they are primarily due from government bodies.

	Notes	AA- and above \$m	A- to A+ \$m	BBB- to BBB+ \$m	Not rated \$m	Total \$m
As at 30 June 2025						
Cash and cash equivalents		128.7	-	-	-	128.7
Financial assets at FVPL	8(a)					
Fixed interest ⁽ⁱ⁾		87.6	31.8	3.9	197.8	321.1
Alternative debt ⁽ⁱ⁾		-	-	-	109.7	109.7
Debt instruments at amortised cost	8(c)	451.0	211.8	25.4	-	688.2
Receivables	10(a)	-	-	-	16.0	16.0
		667.3	243.6	29.3	323.5	1,263.7
As at 30 June 2024						
Cash and cash equivalents		234.5	-	-	-	234.5
Financial assets at FVPL	8(a)					
Fixed interest ⁽ⁱ⁾		15.4	15.2	3.1	170.5	204.2
Alternative debt ⁽ⁱ⁾		-	-	-	31.0	31.0
Debt instruments at amortised cost	8(c)	515.1	252.0	-	-	767.1
Receivables	10(a)	-	-	-	21.1	21.1
		765.0	267.2	3.1	222.6	1,257.9

(i) The 'Not rated' category mainly reflects investments in manager funds where HBF holds units without an official credit rating. Underlying securities in Fixed interest funds are generally investment grade (BBB+ to AA-), while those in Alternative debt funds are typically high yield (B- to BB). Securities without a major agency rating are minimal (less than \$0.5m).

HBF Health Limited

Notes to the financial statements - Year ended 30 June 2025

10 Working capital

(a) Receivables

	2025 \$m	2024 \$m
Trade receivables	1.7	1.6
Other receivables	3.5	7.4
Prepayments	11.0	12.3
Total gross receivables	16.2	21.3
Expected credit loss allowance	(0.2)	(0.2)
Net receivables	16.0	21.1

Trade and other receivables accounting policy

Receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method. Due to their short-term nature, the carrying value of trade and other receivables is considered a reasonable approximation of their fair value. Receivables are presented net of a loss allowance for expected credit losses. Any impairment losses recognised on trade receivables are recorded within other expenses in the consolidated statement of comprehensive income.

(b) Trade and other payables

	2025 \$m	2024 \$m
Trade creditors	5.3	6.9
Accrued expenses	23.7	24.0
Employee-related payables	13.2	12.8
Other payables	3.7	3.1
Return to members for surplus COVID-19 deferred claims	1.9	2.2
	47.8	49.0

Trade and other payables accounting policy

Trade and other payables are non-interest bearing and are initially measured at fair value and subsequently at amortised cost using the effective interest method. The carrying value of trade and other payables is considered to approximate fair value, due to the short-term nature of the payables.

HBF Health Limited

Notes to the financial statements - Year ended 30 June 2025

10 Working capital (continued)

(c) Reconciliation of operating profit after tax to the net cash flows from operations

	2025 \$m	2024 \$m
Profit for the year	131.2	44.2
Non-cash items:		
Depreciation and amortisation	34.7	23.5
Loss on disposal of assets	-	0.4
Movement in financial liabilities	0.7	0.7
Impairment expense	56.3	40.9
Investing and financing items:		
Net gain on financial assets at FVPL	(36.4)	(10.3)
Trust distributions	(22.0)	(17.3)
Changes in assets and liabilities:		
(Increase)/decrease in trade and other receivables	8.0	(5.2)
(Increase)/decrease in other operating assets	(0.9)	-
(Increase)/decrease in net deferred tax assets/liabilities	3.4	(1.5)
Increase/(decrease) in trade and other payables	2.2	(13.2)
Increase/(decrease) in insurance contract liabilities	8.3	(14.9)
Increase/(decrease) in provisions	(3.3)	6.6
Increase/(decrease) in employee entitlements	(2.5)	1.3
Net cash flows from operating activities	179.7	55.2

Cash and cash equivalents accounting policy

Cash and cash equivalents are stated at amortised cost, which approximates fair value, and include cash on hand, short-term deposits and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value. For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include all cash assets, net of outstanding bank overdrafts.

11 Reserves and retained earnings

	2025 \$m	2024 \$m
Attributable to HBF Health Limited		
General reserve ⁽ⁱ⁾	111.5	111.5
Retained earnings	1,331.0	1,211.1
Asset revaluation reserve ⁽ⁱⁱ⁾	9.3	9.3
Purchase commitment for NCI shares reserve ⁽ⁱⁱⁱ⁾	(5.4)	(5.4)
Fair value reserve ^(iv)	-	(11.5)
Net reserves and retained earnings	1,446.4	1,315.0

(i) The general reserve was created by the merger of HBF Health Limited and HealthGuard Health Benefits Fund Limited. It represents the value of HealthGuard's net assets at the time. This was a combination of funds and forms part of our permanent capital base and cannot be transferred into retained earnings.

(ii) The asset revaluation reserve is used to record increments and decrements on revaluation of non-current assets as described in Note 14.

(iii) The purchase commitment for the NCI shares reserve arose on acquisition of the Life Ready Health Group. As the NCI put options are exercised, the reserve balance will increase or decrease depending on the value of the NCI on exercise date.

(iv) The Group elected to recognise changes in the fair value of certain investments in equity securities in OCI on transition to AASB 9 on 1 July 2023. The reserve balance represents the cumulative net change in the fair value of the investments measured at FVOCI. The Group fully disposed of its FVOCI equity investment during the year ended 30 June 2025 and the cumulative reserve balance was transferred to retained earnings.

HBF Health Limited

Notes to the financial statements - Year ended 30 June 2025

Section 4: Other assets and liabilities

12 Assets held for sale

During the year, the Group made a decision to sell Mackay Dental located in Queensland. The property is expected to be sold outright within the next financial year. As at 30 June 2025, the assets associated with Mackay Dental have been classified as held for sale.

Assets held for sale accounting policy

The Group classifies assets as held for sale when their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Such assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale. Assets and liabilities classified as held for sale are presented separately as current items in the consolidated statement of financial position.

13 Intangible assets

	Customer contracts \$m	Brand \$m	Goodwill \$m	Transformation program \$m	Computer software \$m	Work in progress \$m	Total \$m
30 June 2025							
Cost							
Opening balance	54.4	24.7	146.9	21.6	18.2	71.4	337.2
Additions	-	-	-	-	-	1.2	1.2
Transfers in/(out)	-	-	-	69.4	0.6	(70.0)	-
Transfer from WIP to expense	-	-	-	-	-	(2.6)	(2.6)
Closing balance	54.4	24.7	146.9	91.0	18.8	0.0	335.8
Amortisation and impairment							
Opening balance	10.4	-	19.5	11.4	18.1	-	59.4
Amortisation	4.7	-	-	15.9	0.2	-	20.8
Impairment	-	-	56.3	-	-	-	56.3
Closing balance	15.1	-	75.8	27.3	18.3	-	136.5
Net book value at end of the year	39.3	24.7	71.1	63.7	0.5	0.0	199.3
30 June 2024							
Cost							
Opening balance	32.5	-	110.4	25.8	18.2	64.8	251.7
Additions through business combinations	21.9	24.7	36.5	-	-	-	83.1
Additions	-	-	-	-	-	0.7	0.7
Reclassification from property, plant and equipment	-	-	-	-	-	5.9	5.9
Revaluation	-	-	-	(4.2)	-	-	(4.2)
Closing balance	54.4	24.7	146.9	21.6	18.2	71.4	337.2
Amortisation and impairment							
Opening balance	5.7	-	-	13.5	18.0	-	37.2
Amortisation	4.7	-	-	2.1	0.1	-	6.9
Revaluation	-	-	-	(4.2)	-	-	(4.2)
Impairment	-	-	19.5	-	-	-	19.5
Closing balance	10.4	-	19.5	11.4	18.1	-	59.4
Net book value at end of the year	44.0	24.7	127.4	10.2	0.1	71.4	277.8

HBF Health Limited

Notes to the financial statements - Year ended 30 June 2025

13 Intangible assets (continued)

(a) Intangible assets accounting policy

Assets generated from the transformation program are measured at cost less accumulated amortisation and impairment losses. The transformation program assets do not deliver benefits independent of other operating assets and are therefore tested as part of a cash-generating-unit (CGU) for impairment purposes. The assets have been allocated to the HBF Health CGU as they are being developed primarily for the benefit of this CGU. Amortisation is calculated on a straight-line basis over the expected useful life of the program assets. Amortisation is recognised in insurance service expense in the consolidated statement of comprehensive income.

Customer contracts

Customer contracts acquired as part of a business combination are carried at their fair value at the date of acquisition less accumulated amortisation and impairment losses. Amortisation is calculated on a straight-line basis over the expected useful life (10-15 years) and is recognised in other expenses in the consolidated statement of comprehensive income.

Goodwill

Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

Brand

The brand, which was acquired as part of the QCH business combination in July 2023, has an indefinite useful life and is carried at fair value at the date of acquisition, less impairment losses. Intangible assets that have an indefinite useful life are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. For impairment testing, the QCH brand intangible asset is allocated to the QCH CGU.

The brand asset has been recognised with an indefinite useful life largely due to its existing longevity, market stability and Management's intention to continue using and maintaining the brand.

Transformation program

In August 2024, the Group completed a comprehensive transformation program to modernise technology and operations. Key components include a core infrastructure platform, a mobile application, an enhanced member portal, redesigned website, and a cloud service platform.

(b) Impairment accounting policy

The Group assesses its intangible assets for impairment to ensure their carrying value is not higher than their recoverable amount. The timing of this assessment depends on the asset type:

- Assets with an indefinite useful life (e.g. Goodwill) are not amortised but are tested for impairment annually, or more frequently if an event or change in circumstances indicates they might be impaired.
- Assets with a defined useful life are assessed for impairment whenever there is an indicator that their carrying value may not be recoverable.

For impairment testing, assets are grouped into the smallest unit that generates independent cash flows, known as a CGU. Goodwill is allocated to the CGU expected to benefit from the business combination that created it.

An impairment loss exists if a CGU's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of:

- Fair value less costs of disposal: The estimated market selling price.
- Value-in-use: The present value of the estimated future cash flows expected to be generated by the CGU. These future cash flows are discounted using a rate that reflects the time value of money and the risks specific to the CGU.

If the carrying amount of a CGU's assets is higher than its recoverable amount, an impairment loss is recognised as an expense in the consolidated statement of comprehensive income.

HBF Health Limited**Notes to the financial statements - Year ended 30 June 2025****13 Intangible assets (continued)****(c) Impairment assessment - goodwill**

Below is a CGU level summary of the Group's goodwill and other intangible assets and the key assumptions made in determining the recoverable amounts.

	Goodwill* \$m	Intangible assets \$m	Terminal growth rate %	Pre-tax discount rate %	Amount by which VIU is above/ (below) carrying value of CGU \$m	2024 Pre-tax discount rate %
2025						
see-u	82.3	20.3	2.0%	10.0%	(56.3)	9.1%
QCH	36.5	43.7	2.0%	9.5%	125.5	9.1%

* Represents the balance tested for impairment.

Goodwill is allocated to each of the CGUs based on the lowest level of management monitoring (i.e. business operation) and considers the CGUs expected to benefit from the synergies of the combination.

Growth rates and discount rates

The growth rate disclosed above represents the weighted average growth rate used to extrapolate cash flows beyond the forecast period. The long-term growth rates have been based on expected growth of the CGUs and considers the respective industry long-term growth outlook. In performing the recoverable amount calculations for each CGU, the Group's estimated future cashflows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the relevant CGU.

see-u CGU

For the year ended 30 June 2025, the annual test resulted in the recognition of an impairment loss against the goodwill allocated to the see-u CGU. The projected cash flows reflect the strategic repositioning from a high-margin back book, direct-customer business model to a low-cost, low-margin model that leverages the broker channels, complementing the HBF brand. As a result of this, management has recognised an impairment charge of \$56.3 million in the current year against goodwill. The impairment charge is recorded within other expenses in the consolidated statement of comprehensive income.

HBF Health Limited**Notes to the financial statements - Year ended 30 June 2025****14 Property, plant and equipment**

	Land and buildings \$m	Right-of- use assets \$m	Plant and equipment \$m	Motor vehicles \$m	Leasehold improvements \$m	Work in progress \$m	Total \$m
30 June 2025							
Cost or valuation							
Opening balance	93.6	25.3	26.8	0.9	34.9	0.6	182.1
Additions	-	6.1	2.2	0.1	3.7	0.2	12.3
Revaluations	-	(0.6)	-	-	-	-	(0.6)
Transfer to assets held for sale	(0.9)	-	-	-	-	-	(0.9)
Transfer from WIP	-	-	0.4	-	-	(0.4)	-
Disposals	-	(8.0)	-	-	(0.9)	-	(8.9)
Closing balance	92.7	22.8	29.4	1.0	37.7	0.4	184.0
Depreciation and impairment							
Opening balance	52.7	11.2	17.7	0.1	18.3	-	100.0
Depreciation expense	0.6	5.3	4.5	0.1	3.4	-	13.9
Revaluations	-	(0.6)	-	-	-	-	(0.6)
Depreciation on disposals	-	(4.8)	(0.6)	-	-	-	(5.4)
Closing balance	53.3	11.1	21.6	0.2	21.7	-	107.9
Net book value at end of the year	39.4	11.7	7.8	0.8	16.0	0.4	76.1
30 June 2024							
Cost or valuation							
Opening balance	92.7	26.0	33.7	0.6	34.3	-	187.3
Additions through business combination	0.9	1.3	0.4	-	0.5	-	3.1
Additions	-	2.9	0.5	0.3	1.1	1.8	6.6
Revaluations	-	0.2	-	-	-	-	0.2
Reclassification to intangible assets	-	-	(6.0)	-	-	0.1	(5.9)
Transfers from WIP	-	-	1.3	-	-	(1.3)	-
Disposals	-	(5.1)	(3.1)	-	(1.0)	-	(9.2)
Closing balance	93.6	25.3	26.8	0.9	34.9	0.6	182.1
Depreciation and impairment							
Opening balance	28.9	8.9	16.9	-	15.0	-	69.7
Depreciation expense	1.7	6.2	4.6	0.1	3.9	-	16.5
Impairment	21.4	-	-	-	-	-	21.4
Revaluations	0.7	0.9	(1.5)	-	-	-	0.1
Depreciation on disposals	-	(4.8)	(2.3)	-	(0.6)	-	(7.7)
Closing balance	52.7	11.2	17.7	0.1	18.3	-	100.0
Net book value at end of the year	40.9	14.1	9.1	0.8	16.6	0.6	82.1

HBF Health Limited

Notes to the financial statements - Year ended 30 June 2025

14 Property, plant and equipment (continued)

Property, plant and equipment accounting policy

Property, plant and equipment, except land and buildings, are carried at cost, less accumulated depreciation and any impairment losses.

Land and buildings are measured at fair value using the revaluation model, less accumulated depreciation on buildings and any impairment losses recognised since the date of last revaluation.

A revaluation surplus is recorded in OCI and credited to the asset revaluation reserve in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit or loss. An impairment is recognised in the consolidated statement of comprehensive income, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

Upon disposal, any revaluation reserve relating to the particular asset being sold is retained in the asset revaluation reserve in equity.

Depreciation is provided on a straight-line basis on all owner-occupied property, plant and equipment, other than freehold land as follows:

Buildings:	1.5% - 2.5%
Plant and equipment:	5% - 33%
Leasehold improvements:	6.7% - 25%
Motor vehicles:	12.5%

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset is included in the consolidated statement of comprehensive income in the year the item is derecognised.

Revaluation of land and buildings

The revalued land and buildings comprises the Group's head office property, the Walburniny building, located at 570 Wellington Street, Perth.

Independent valuations of the land and buildings classified as property, plant and equipment are performed with sufficient frequency to ensure that the carrying amount of the revalued asset does not differ materially from its fair value.

Fair value measurement, valuation techniques and inputs

Walburniny

As at 30 June 2025, the Walburniny building is held at its net book value of \$39.4m.

The directors have assessed the fair value of the property using a discounted cash flow method and concluded that the current carrying amount remains appropriate.

The valuation considers several key factors:

- The present value of net cash flows from the property, based on an owner-occupier perspective.
- Inputs such as expected rental growth, lease incentives, and occupancy rates.
- Current market conditions and specific property evidence, including ongoing investigations into façade defects.

During the year, an external tenant began occupying four levels of the building under a two-year lease, which commenced on 1 March 2025.

Property	Fair value hierarchy	Fair Value \$m	Valuation technique	Unobservable Input	Adopted rate
570 Wellington Street, Perth	Level 3	39.4	Discounted cash flow approach (income approach)	Discount rate Terminal capitalisation rate	7.00% 7.15%

HBF Health Limited

Notes to the financial statements - Year ended 30 June 2025

14 Property, plant and equipment (continued)

Key valuation: inputs and judgements

The fair value measurement of land and buildings requires judgement in determining the significant unobservable inputs used in the valuation models. The key inputs are:

- **Discount Rate:** This represents the required rate of return a market participant would expect for an investment of similar risk. It is used to discount the property's projected future cash flows to their present value and is benchmarked against relevant market data.
- **Terminal Capitalisation Rate:** This rate is applied to the final year's forecast net operating income to determine the property's terminal value, which represents its assumed sale price at the end of the explicit forecast period. It is derived from analysing sales data for comparable assets.
- **Market Capitalisation Rate:** This reflects the yield of a property based on its net market rental income. It is used to cross-check the primary valuation and is determined by analysing yields from recent comparable property transactions.

Sensitivities

A 50 basis point increase in the discount rate or terminal capitalisation rate would decrease the fair value of the Group's head office building by \$1.4m and \$2.3m respectively. Conversely, a 50 basis point decrease in these rates would increase the building's fair value by \$1.4m and \$2.5m, respectively. This highlights the sensitivity of the valuation to changes in key unobservable inputs.

Cost approach

If the Group's land and buildings were measured under the cost model, the net carrying amount would be \$39.4m as at 30 June 2025 (2024: \$40.9m).

15 Leases

The table below sets out the carrying amounts of the right-of-use assets and the movements during the year.

	2025 \$m	2024 \$m
Balance at 1 July	14.1	17.1
Additions	6.4	2.9
Additions through business combinations	-	1.3
Revaluation	-	(0.7)
Remeasurement	(3.2)	(0.3)
Depreciation	(5.6)	(6.2)
Balance at 30 June	11.7	14.1

The table below sets out the carrying amounts of the lease liabilities and the movements during the year.

	2025 \$m	2024 \$m
Balance at 1 July	15.5	17.8
Additions	(1.2)	2.8
Additions through business combinations	-	1.3
Accretion of interest	0.6	0.5
Lease payments	(6.6)	(6.2)
Revaluation	3.7	(0.7)
Balance at 30 June	12.0	15.5
Current	5.1	6.3
Non-current	6.9	9.2
	12.0	15.5

HBF Health Limited

Notes to the financial statements - Year ended 30 June 2025

15 Leases (continued)

Leases accounting policy

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises right-of-use assets representing its rights to use underlying leased assets, and lease liabilities representing its obligation to make future lease payments.

(i) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease, which is when the underlying asset is made available for use. They are initially measured at cost, which includes:

- The amount of the initial lease liability.
- Any initial direct costs incurred.
- Lease payments made at or before the commencement date, less any lease incentives received.

Subsequently, right-of-use assets are measured at cost less any accumulated depreciation and impairment losses, and are adjusted for any remeasurement of the corresponding lease liability.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the asset's estimated useful life and the lease term and are subject to impairment.

Buildings:	1-9 years
Plant and equipment:	3 years
Motor vehicles:	3-5 years

(ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the incremental borrowing rate at the lease commencement date is used because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

16 Investment Property

The Group's investment properties were acquired as part of the QCH business combination on 1 July 2023 and consist of two residential unit complexes in Pimlico and Auchenflower.

Investment property accounting policy

Investment properties are initially measured at cost including transaction costs and subsequently recognised at fair value on a recurring basis. Investment properties are classified as level three under the fair value hierarchy. Gains and losses arising from changes in fair values of investment properties are included in profit or loss as part of other income/(expense) in the year in which they arise. Fair value is determined based on an annual valuation performed by an accredited external, independent valuer, applying a valuation model appropriate for the investment property.

The table below sets out the fair value of the investment properties and the movements during the year.

	2025 \$m	2024 \$m
Balance at 1 July	4.7	-
Additions through business combinations	-	4.6
Additions (subsequent expenditure)	-	0.1
Balance at 30 June	4.7	4.7

HBF Health Limited

Notes to the financial statements - Year ended 30 June 2025

16 Investment Property (continued)

Revaluation of investment properties

As at 30 June 2025, the fair values of the Group's investment properties are based on valuations performed by accredited independent valuers, CSA Valuers.

The Group's investment properties totaled \$4.7m (2024: \$4.7m) at fair value using a Level 3 market approach. Valuations are based on selling prices of comparable properties.

Rental income of \$0.2m has been derived from the Group's investment properties in the current year (2024: \$0.1m).

17 Financial liabilities

The following tables detail the Group's liabilities, measured or disclosed at fair value, using a three-level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical liabilities that the entity can access at the measurement date;

Level 2: Inputs other than quoted prices included within level 1 that are observable for liability, either directly or indirectly; and

Level 3: Unobservable inputs for the liability.

The Group's financial liabilities that are measured and recognised at fair value on a recurring basis, are classified as a level three liabilities.

The table below sets out the fair value of the level 3 liability and the movements during the year.

	2025 \$m	2024 \$m
Balance at beginning of year	4.5	3.9
Purchases during the year	-	(0.1)
Fair value movement recognised within other expenses	0.7	0.7
	5.2	4.5

Purchase commitments for NCI shares accounting policy

The Group has written put options over the equity of its Life Ready Group subsidiaries which permit clinic shareholders to sell their NCI shareholding at a future date under certain circumstances. A financial liability for this purchase commitment was recognised and revalued in accordance with AASB 9, being the estimate of the fair value of the consideration to acquire the clinic partners shares that are subject to the commitment. The financial liability is valued at each reporting date based on the likely settlement amount. The following table provides quantitative information about significant unobservable inputs related to level 3 fair value liabilities:

Financial liability	Fair Value \$m	Valuation technique	Unobservable Input	Range
Purchase commitment for NCI shares	5.2	Market approach	EBITDA multiple	4.0x - 5.0x

A 0.5x increase/(decrease) in the range of EBITDA multiple would result in a \$0.5m (decrease)/increase to profit (2024: \$0.5m).

HBF Health Limited**Notes to the financial statements - Year ended 30 June 2025****18 Employee benefit liabilities****(a) Employee benefit liability**

	2025 \$m	2024 \$m
The aggregate employee benefit liability is comprised of:		
Annual leave	8.6	9.5
Long service leave	9.4	11.0
	18.0	20.5
Current	15.5	17.7
Non-current	2.5	2.8
	18.0	20.5

Employee benefit accounting policy

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave and long service leave.

Liabilities arising in respect of wages and salaries and any other short-term employee benefits expected to be settled within 12 months of the reporting date are measured at their nominal amounts based on remuneration rates expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the interest rates attaching to government bonds that have terms to maturity approximating the terms of the related liabilities are used.

19 Provisions

	2025 \$m	2024 \$m
Opening balance	7.7	-
Arising during the year	4.1	7.9
Utilised	(7.4)	(0.2)
Closing balance	4.4	7.7
Current	4.4	7.7
Non-current	-	-
	4.4	7.7

These provisions relate principally to decommissioning costs for changes in the Group's product offerings. This gives rise to estimated costs for restructuring of staff supporting the affected systems and onerous contract obligations associated with systems.

20 Business combinations

The Group did not enter into any business combinations during the year ended 30 June 2025.

HBF Health Limited**Notes to the financial statements - Year ended 30 June 2025****21 Taxation****(a) Income tax expense**

	2025 \$m	2024 \$m
Current tax	0.7	0.7
Deferred tax	4.4	0.4
Adjustment for tax of prior period	(0.8)	(0.6)
Income tax expense reported in the statement of comprehensive income	4.3	0.5

(b) Reconciliation of tax expense to prima facie tax on accounting profit

Total profit before income tax	135.5	44.7
Tax at the Australian tax rate of 30% (2023: 30%)	40.7	13.4
Tax effect of tax-exempt entity	(43.9)	(25.7)
Non-deductible expenses for tax purposes:		
Other non-deductible expenses	7.5	12.8
Aggregate income tax expense	4.3	0.5

(c) Deferred tax assets and liabilities

Deferred tax balances comprise temporary differences relating to the following:		
Revenue tax losses	-	2.8
Property, plant and equipment	-	(0.3)
Provisions and accruals	-	0.5
Other liabilities	-	0.4
Net deferred tax asset	-	3.4

(d) Unrecognised deferred tax assets

Gross tax losses - Revenue	22.5	-
Gross tax losses - Capital	47.5	47.5
	70.0	47.5

Tax consolidation legislation

HBF Health Limited is exempt from income tax in accordance with section 50(30) of the Income Tax Assessment Act 1997. Despite being a tax-exempt entity, the subsidiaries of HBF Health Limited are for-profit and subject to corporate taxation giving rise to the current and deferred tax consequences in the current period.

HBF Wellness Holdings Pty Ltd and its wholly-owned Australian controlled entities are members of a tax consolidated group. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are offset in the consolidated financial statements. The entities in the tax consolidated group are part of a tax sharing agreement which limits the joint and several liability of the wholly-owned entities in the case of a default by the head entity, HBF Wellness Holdings Pty Ltd.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate HBF Wellness Holdings Pty Ltd for any current tax payable and are compensated by HBF Wellness Holdings Pty Ltd for any current tax receivable.

HBF Health Limited

Notes to the financial statements - Year ended 30 June 2025

21 Taxation (continued)

Income tax accounting policy

Current taxes

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to taxation authorities at the tax rates and according to tax laws enacted, or substantively enacted, at the reporting date.

Deferred taxes

Deferred tax is recognised on temporary differences, which are differences between the carrying amount of assets and liabilities in the financial statements and their corresponding tax bases.

- Deferred tax liabilities are recognised for all taxable temporary differences.
- Deferred tax assets are recognised for all deductible temporary differences and unused tax losses, but only to the extent that it is probable that future taxable profit will be available to utilise them. The carrying amount of deferred tax assets is reviewed at each reporting date.

Deferred income tax is not recognised for temporary differences that arise from differences at reporting date between accounting carrying amounts and the tax bases of assets and liabilities, other than for the following:

- The initial recognition of goodwill.
- The initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit.
- Investments in subsidiaries where the reversal of the temporary difference can be controlled and is not expected to occur in the foreseeable future where they arise from the initial recognition of an asset or liability.

Offsetting balances

Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Goods and Services Tax accounting policy

Revenues, expenses and assets are recognised net of Goods and Services Tax (GST) except where GST is not recoverable. Receivables and payables are stated inclusive of GST, and GST recoverable from or payable to the Australian Taxation Office (ATO) is included in receivables or payables. Cash flows are presented on a gross basis and the GST arising from investing activities is classified as operating cash flows.

HBF Health Limited

Notes to the financial statements - Year ended 30 June 2025

22 Auditor's remuneration

	2025 \$'000	2024 \$'000
Amounts received or due and receivable by Ernst & Young for:		
Audit of the financial reports	800	580
Other assurance services for regulatory reporting	229	311
Audit and assurance services	1,029	891
Consulting advice	-	2
Tax compliance	-	-
Other services	-	2
Total auditors' remuneration	1,029	893

There were no non-audit services performed for the year (2024: 0.2% of total auditor's remuneration). In the opinion of the Board there has been no impairment to the external auditor's independence.

23 Commitments

	2025 \$m	2024 \$m
Commitments		
Within one year	16.4	32.8
After one year but not more than five years	41.2	6.8
More than five years	-	-
	57.6	39.6

As at 30 June 2025, the Group had operating contractual commitments of \$57.6m (2024: \$38.8m). The Group has no capital contractual commitments (2024: \$0.8m). These commitments are not recognised as liabilities as the assets or services have not yet been received.

HBF Health Limited

Notes to the financial statements - Year ended 30 June 2025

24 Group structure

Subsidiaries

The consolidated financial statements of the Group include:

Name	Principal activities	Country of incorporation	% equity interest	
			2025	2024
HBF Health Limited	Ultimate Holding Company	Australia	100%	100%
HBF Wellness Holdings Pty Ltd	Holding Company	Australia	100%	100%
HBF Health and Wellness Pty Ltd	Dormant	Australia	100%	100%
HBF Dental Services Pty Ltd	Dental	Australia	100%	100%
HBF House Pty Ltd	Trustee for HBF House Unit Trust	Australia	100%	100%
HBF House Unit Trust	Own and operate the headquarters building	Australia	100%	100%
Queensland Country Health Fund Pty Ltd	Dormant	Australia	100%	100%
Queensland Country Care Navigation Pty Ltd	Health care services, Dental	Australia	100%	100%
Life Ready Health Group Pty Ltd	Physiotherapy	Australia	100%	100%
Life Ready Baldivis Pty Ltd	Physiotherapy	Australia	100%	100%
Life Ready Butler Pty Ltd	Physiotherapy	Australia	100%	100%
Life Ready Camberwell Pty Ltd	Physiotherapy	Australia	100%	100%
Life Ready Rockingham Pty Ltd	Physiotherapy	Australia	100%	100%
Life Ready Mobile Pty Ltd	Physiotherapy	Australia	100%	100%
Gempine Holdings Pty Ltd	Physiotherapy	Australia	100%	100%
Life Ready Midland Pty Ltd	Physiotherapy	Australia	100%	100%
Life Ready Point Cook Pty Ltd	Physiotherapy	Australia	100%	100%
Life Ready Busselton Pty Ltd	Physiotherapy	Australia	100%	100%
Life Ready Maribyrnong Pty Ltd	Physiotherapy	Australia	100%	100%
Life Ready Cockburn Pty Ltd	Physiotherapy	Australia	80%*	80%*
HLR (Bull Creek) Pty Ltd	Physiotherapy	Australia	80%*	80%*
Life Ready Floreat Pty Ltd	Physiotherapy	Australia	50%*	50%*
Life Ready Marangaroo Pty Ltd	Physiotherapy	Australia	50%*	50%*
Life Ready Bayswater Pty Ltd	Physiotherapy	Australia	50%*	50%*
Life Ready Spearwood Pty Ltd	Physiotherapy	Australia	50%*	50%*
Life Ready Warwick Pty Ltd	Physiotherapy	Australia	50%*	50%*
Life Ready Yokine Pty Ltd	Physiotherapy	Australia	50%*	50%*
Life Ready Canning Vale Pty Ltd	Physiotherapy	Australia	50%*	50%*
Mandurah Physiotherapy Pty Ltd	Physiotherapy	Australia	50%*	50%*
Trinh Scarborough Pty Ltd	Physiotherapy	Australia	50%*	50%*
Trinh & Garvey Pty Ltd	Physiotherapy	Australia	50%*	50%*
Trinh & Harrington Pty Ltd	Physiotherapy	Australia	50%*	50%*
Trinh & Thomas Pty Ltd	Physiotherapy	Australia	50%*	50%*

* The Group consolidates this entity based on control. See Note 2(c) for more details.

HBF Health Limited

Notes to the financial statements - Year ended 30 June 2025

25 Related party disclosures

(a) Key management personnel

The key management personnel (KMP) include those persons who, directly or indirectly, have authority and responsibility for planning, directing and controlling the major activities of the Group including:

- Directors (Non-Executive and Chief Executive Officer)
- Executives and senior management

(b) The following individuals were in office during the financial year unless otherwise stated:

Directors:

Ms D Smith-Gander AO - Chair
 Dr L Henderson – Chief Executive Officer
 Ms G McGrath
 Mr B Stewart
 Mr S Yalavac
 Ms M Stephens
 Ms J Seabrook

Executives and senior management:

Dr D Heredia
 Mr S Gupta
 Ms A Stanley
 Mr W Brown (departure 13/05/2025)
 Mr J Avila
 Ms S Graf
 Ms J O'Keefe (commenced 19/08/2024)
 Ms T Warren (Acting CRO 13/05/2025)

(c) Related party transactions

During the year, the Group entered into transactions with entities where certain KMP hold common directorships. These transactions occurred in the normal course of business and were conducted on commercial terms and conditions no more favourable than those available to unrelated third parties on an arm's length basis. No loans have been made to Directors or other KMP during the current or prior financial year.

(d) Key management personnel remuneration

	2025 \$'000	2024 \$'000
Directors		
Short-term benefits	2,814	2,594
Superannuation	115	116
	2,929	2,710
Other key management personnel		
Short-term employee benefits	4,257	3,923
Superannuation	211	188
Termination benefits	232	61
	4,700	4,172
Total	7,629	6,882

HBF Health Limited**Notes to the financial statements - Year ended 30 June 2025****26 Information relating to HBF Health Limited (the “Parent”)****(a) Summary financial information**

	2025 \$m	2024 \$m
Current assets	1,555.2	1,307.6
Non-current assets	471.8	576.6
Total assets	2,027.0	1,884.2
Current liabilities	557.5	551.8
Non-current liabilities	9.5	19.9
Total liabilities	567.0	571.7
Net assets	1,460.0	1,312.5
General reserve	111.5	111.5
Retained earnings	1,339.2	1,203.2
Financial asset fair value reserve	-	(11.5)
Asset revaluation reserve	9.3	9.3
Total equity	1,460.0	1,312.5

	2025 \$m	2024 \$m
Gain/(loss) of the parent entity	146.8	(17.8)
Change in fair value of equity instruments	0.8	8.7
Revaluation of land and buildings	-	-
Total comprehensive income/(loss) of the parent entity	147.6	(9.1)

(b) Guarantees entered into by parent entity

The parent entity has not entered into any guarantees in relation to the debts of its subsidiaries.

(c) Contingent liabilities of the parent entity

The parent entity has no contingent assets or liabilities as at 30 June 2025 (2024: nil).

(d) Contractual commitments of the parent entity

The parent entity has no contractual obligations to purchase plant, equipment and software (2024: \$38.7m) and no short-term leases (2024: \$0.1m).

27 Significant events after reporting date

There have been no significant events since the reporting date.

28 New accounting standards and interpretations not yet adopted

The Group has not elected to early adopt any new standards or amendments that are issued but not yet effective. New standards or amendments will be adopted when they become effective. Except for AASB 18, the Group does not currently consider that the adoption of these new standards or amendments would have a material effect on the results or financial position of the Group.

AASB 18 is effective for the annual reporting period beginning on 1 July 2027. The Group is currently working to identify all impacts this new standard will have on the financial statements and notes to the financial statements.

HBF Health Limited**Directors' declaration - Year ended 30 June 2025**

In accordance with a resolution of the directors of HBF Health Limited, I state that:

In the opinion of the directors:

- (a) the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2025 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and *Corporations Regulations 2001*;
- (b) the financial statements and notes also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as disclosed in Note 2;
- (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (d) the consolidated entity disclosure statement required by section 295(3A) of the *Corporations Act* is true and correct.

On behalf of the Board,



Diane Smith-Gander AO
Perth, 2 September 2025

HBF Health Limited

Consolidated entity disclosure statement - Year ended 30 June 2025

Name	Entity type	Country of incorporation	Country of tax residence	% equity interest
HBF Health Limited	Company	Australia	Australia	100%
HBF Wellness Holdings Pty Ltd	Company	Australia	Australia	100%
HBF Health and Wellness Pty Ltd	Company	Australia	Australia	100%
HBF Dental Services Pty Ltd	Company	Australia	Australia	100%
HBF House Pty Ltd ⁽ⁱ⁾	Company	Australia	Australia	100%
HBF House Unit Trust	Trust	Australia	Australia	100%
Queensland Country Health Fund Pty Ltd	Company	Australia	Australia	100%
Queensland Country Care Navigation Pty Ltd	Company	Australia	Australia	100%
Life Ready Health Group Pty Ltd	Company	Australia	Australia	100%
Life Ready Baldivis Pty Ltd	Company	Australia	Australia	100%
Life Ready Butler Pty Ltd	Company	Australia	Australia	100%
Life Ready Camberwell Pty Ltd	Company	Australia	Australia	100%
Life Ready Rockingham Pty Ltd	Company	Australia	Australia	100%
Life Ready Mobile Pty Ltd	Company	Australia	Australia	100%
Gempine Holdings Pty Ltd	Company	Australia	Australia	100%
Life Ready Midland Pty Ltd	Company	Australia	Australia	100%
Life Ready Point Cook Pty Ltd	Company	Australia	Australia	100%
Life Ready Busselton Pty Ltd	Company	Australia	Australia	100%
Life Ready Maribyrnong Pty Ltd	Company	Australia	Australia	100%
Life Ready Cockburn Pty Ltd	Company	Australia	Australia	80%
HLR (Bull Creek) Pty Ltd	Company	Australia	Australia	80%
Life Ready Floreat Pty Ltd	Company	Australia	Australia	50%
Life Ready Marangaroo Pty Ltd	Company	Australia	Australia	50%
Life Ready Bayswater Pty Ltd	Company	Australia	Australia	50%
Life Ready Spearwood Pty Ltd	Company	Australia	Australia	50%
Life Ready Warwick Pty Ltd	Company	Australia	Australia	50%
Life Ready Yokine Pty Ltd	Company	Australia	Australia	50%
Life Ready Canning Vale Pty Ltd	Company	Australia	Australia	50%
Mandurah Physiotherapy Pty Ltd	Company	Australia	Australia	50%
Trinh Scarborough Pty Ltd	Company	Australia	Australia	50%
Trinh & Garvey Pty Ltd	Company	Australia	Australia	50%
Trinh & Harrington Pty Ltd	Company	Australia	Australia	50%
Trinh & Thomas Pty Ltd	Company	Australia	Australia	50%

(i) Trustee of a trust in the consolidated entity

HBF Health Limited

Auditor's independence declaration



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Auditor's independence declaration to the Directors of HBF Health Limited

As lead auditor for the audit of the financial report of HBF Health Limited for the financial year ended 30 June 2025, I declare to the best of my knowledge and belief, there have been:

- No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- No contraventions of any applicable code of professional conduct in relation to the audit.
- No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

This declaration is in respect of HBF Health Limited and the entities it controlled during the financial year.

Ernst & Young

T M Dring
Partner
Melbourne
2 September 2025

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HBF Health Limited Independent auditor's report



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

Opinion

We have audited the financial report of HBF Health Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2025, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated 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 Group is in accordance with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the consolidated financial position of the Group as at 30 June 2025 and of its consolidated financial performance for the year ended on that date; and
- b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to 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 comprises the information included in the annual report, but does not include the financial report and our auditor's report thereon.

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.

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HBF Health Limited Independent auditor's 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 Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

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

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HBF Health Limited
Independent auditor's report



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

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group financial report. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the Group audit. We remain solely responsible for our audit opinion.

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

Ernst & Young

T M Dring
Partner
Melbourne
2 September 2025

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