2026 Annual Report

Delivering for our members in the moments that matter

hbf

2026 Annual Report

About HBF

This year, HBF proudly celebrates 85 years of supporting Australians to live healthier lives.

Founded in Perth in 1941, 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 impact continues to grow, with one in four members now living outside the state.

For 85 years, we have stayed true to the principle that members come first. From helping generations of Australians access affordable healthcare to investing in new services and technologies, every decision we make is guided by our commitment to delivering better health outcomes for our members.

Today, HBF is building on that legacy by evolving beyond traditional health insurance. We are creating a connected, digitally enabled health ecosystem that supports members at every stage of their health journey – making it easier to access care, navigate the health system and take proactive steps towards better health and wellbeing.

As we mark this milestone anniversary, we remain focused on the future: continuing to innovate, expand our health offerings and deliver value for members for the next 85 years and beyond.

Helping Australians live healthier lives for 85 years.

Building a healthier future for generations to come.

Contents

Celebrating 85 years at HBF

The beginning of HBF

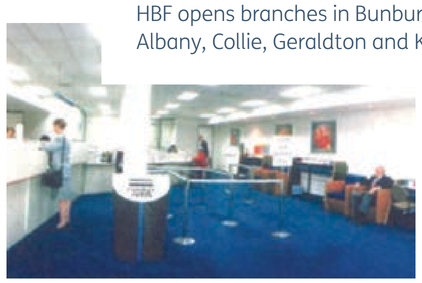
Metropolitan Hospitals Benefit Fund (MHBF) is established in June 1941 and opens its doors at 713-721 Hay Street, Perth, for the first time. In 1945, MHBF extends its coverage and becomes the Hospital Benefit Fund of Western Australia (HBF).

Rapid membership growth

HBF membership grows rapidly, covering 50 per cent of the WA population, and HBF House opens on the corner of Murray and Pier streets in Perth.

Opening new branches

HBF opens branches in Bunbury, Fremantle, Albany, Collie, Geraldton and Katanning.



Restructuring for the future

HBF undergoes a major restructure in response to extensive healthcare policy reforms, and processes more than 1 million claims a year.

Launching digital claims

HBF opens a new head office at 125 Murray Street, Medicare is introduced, and HBF launches the first online claims system.

Ted makes his debut

Ted first appears as HBF's mascot, Medicare undergoes major reforms, and HBF introduces a new logo.

A new name for a new era

The Hospital Benefit Fund of Western Australia officially becomes HBF and launches a range of online services.

The first Run for a Reason

10,400 people take part in the first HBF Run for a Reason, HBF HQ relocates to 570 Wellington Street and HBF surpasses 1 million members.

Resilience and renewal

HBF commits to returning savings from the COVID-19 pandemic to members, formally commits to reconciliation, and launches its first Australia-wide quokka marketing campaign.

Expanding healthcare services

HBF acquires Brisbane-based CUA Health (now see-u) and the first HBF Dental clinic opens in Joondalup.

Expanding across Australia

HBF acquires Life Ready Physiotherapy and Townsville-based Queensland Country Health Fund, and is named Australia's most trusted health insurer in the Roy Morgan Trusted Brand Awards.

Transforming the member experience

HBF completes its multi-year digital transformation program, enabling members to engage with services more easily through enhanced digital channels.

Be you, Be bold, Be HBF

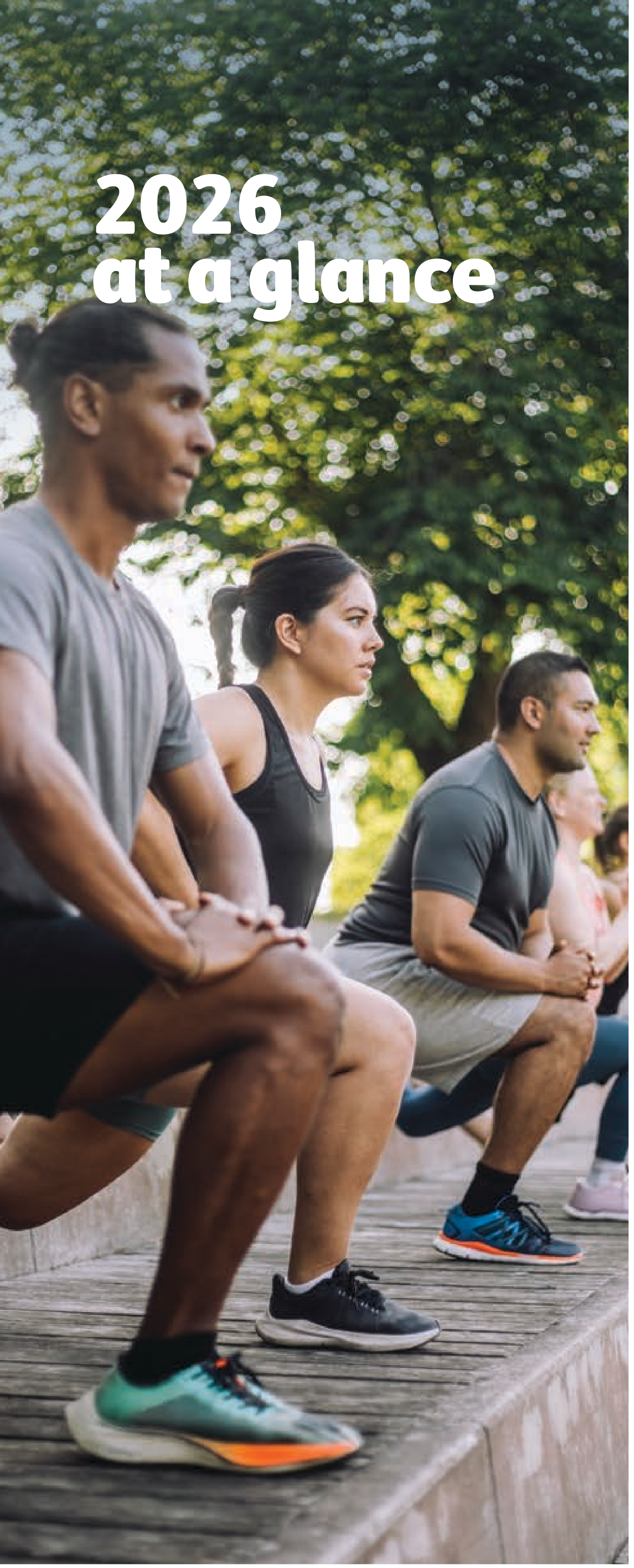
HBF launches HBF30, a five-year strategy designed to help HBF grow, evolve and better support members in an ever-changing world.

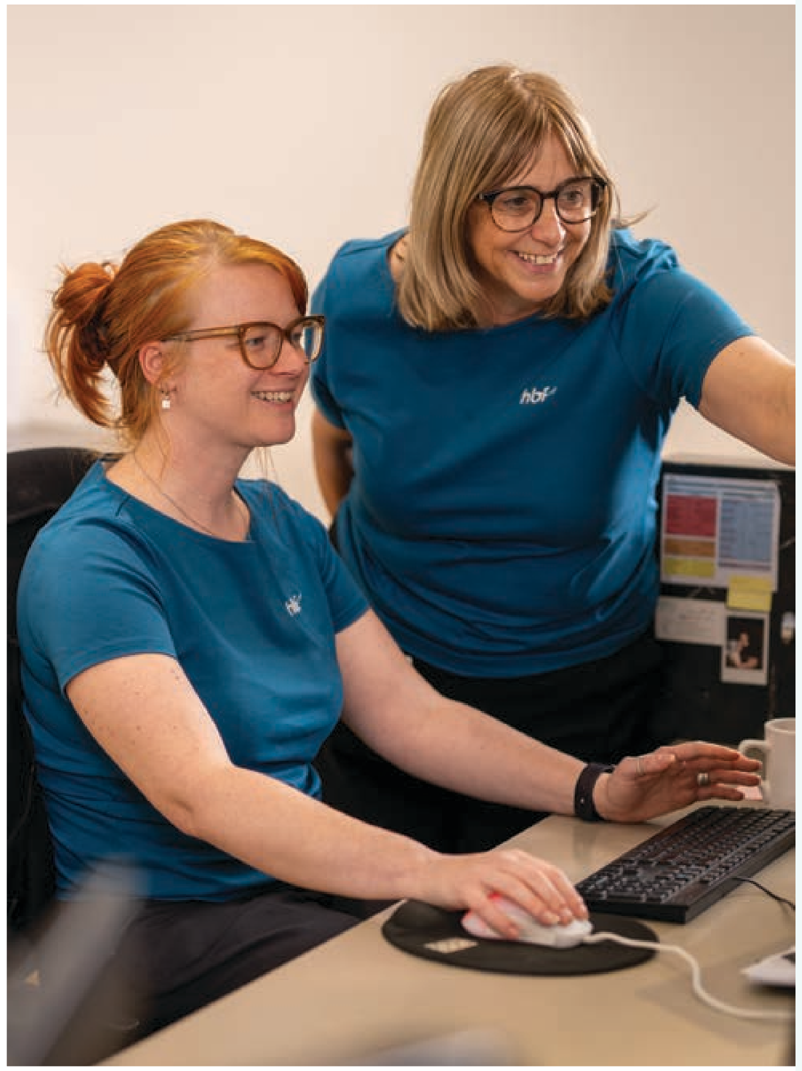
A record-breaking run

The 14th Run for a Reason breaks participation records with 40,000 people registering, and the event surpasses $16 million raised since its inception.

1941 Inception | **1940s** | 1950s | **1960s** | 1970s | **1980s** | 1990s | **2000s** | **2010s** | 2020 | **2021** | 2022 | **2023** | 2024 | **2025** | **2026** Today

2026 at a glance





During the year, HBF continued to deliver value for members by keeping premium increases as low as possible, paying more in claims, expanding access to healthcare services, investing in prevention and supporting healthier communities.

2.15%

Average premium increase

Lowest among Australia's five largest health funds

91.6%

In-hospital medical services with no gap, helping reduce out-of-pocket costs for members

vs industry average of ***85.3%***

$1.97 billion

Claims paid to members

▲ ***+5.6%*** *from FY25*

$1.9 million

Raised through HBF Run for a Reason

Supporting ***350+*** *charities*

7,100+

Members supported through early intervention and chronic disease management programs

▲ ***+23%*** *from FY25*

37,000+

Members accessed no-gap offers through HBF Dental and HBF Physio

▲ ***+26%*** *from FY25*

9

New products launched

Providing flexibility and lower-cost choices

Mobile App of the Year 2026

Award-winning digital experience

Recognised for innovation and member experience

Chair's report

FY26 was an important year of progress for HBF as we implemented several key initiatives in the first year of our strategic roadmap, HBF30, while continuing to deliver for members in the moments that matter.

HBF30 is centred on three key strategic pillars – sustainably growing our national membership, playing a more active role in our members' health, and enabling our people to build a bold, member-first culture – as we strive towards delivering on our vision, to create a healthier tomorrow.

HBF ended the year with 1.195 million members, the most in the organisation's 85-year history, as membership grew by more than 32,000 in FY26. We added members across our three brands – HBF, see-u, and Queensland Country Health Fund – and across all states, further embedding the national diversification of recent years. As a result, FY26 ended with more than a quarter of HBF members residing beyond our home state. We remain proudly the state's dominant health insurer, with approximately 44% of policies in WA held with HBF. Importantly, growth was ahead of the industry, ending the year with national market share of 7.95% (30 June 2025: 7.87%). Membership growth has continued into FY27, with more than 1.2 million members at the time of writing as we set our sights towards our ambition of adding 250,000 new members by 2030.

While growing membership, we also continued to become more active in our members' health. This included growing member utilisation of our HBF Dental and HBF Physio services, as well as our chronic disease management programs. HBF Ventures launched in the year, a $25 million fund established to invest in emerging health innovations with the potential to enhance the wellbeing of members. We have been exploring how we can support members in managing their health journey through new digital services and models of care. While a longer term ambition, this strategic pillar is central to HBF's future and a key enabler of our continued relevance and sustainability as a not-for-profit health fund. These initiatives energise our people and reflect our vision of creating a healthier tomorrow, shifting from simply paying for care to helping members stay well.

Our third strategic pillar is focused on empowering our people as we shape a bold culture that ensures we continue to deliver for our members and enables the success of our HBF30 strategy. During the year we continued to invest in leadership capability, new ways of working, and embedding our leadership behaviours more deeply in how we recruit, develop, and recognise our people. The impact of these initiatives has been seen in stronger employee engagement, a narrowing of our gender pay gap and a continued uplift in our risk culture.

Underpinning each of these pillars is the way HBF adopts new technology, including artificial intelligence. The Board is focused on ensuring our AI approach is people-led, technology-enabled and member-focused. This included the rollout of an internal AI-assisted system in the year to enable our people to resolve inbound member enquiries faster. We have also harnessed AI's ability to help process some member claims and pay benefits in minutes, not days. These examples demonstrate our focus on ensuring our people can focus their time where it delivers the greatest impact for members, such as helping them navigate the health system and look after their wellbeing. Those complex conversations are best done by a human, supported by AI and with robust governance in place to provide the right safeguards.

HBF's FY26 results demonstrated the importance of disciplined financial management that balances affordability, growth, and investment in long-term member value. Net profit after tax was $128.2 million, slightly down on FY25 ($131.2 million NPAT). FY26 earnings were underpinned by an 8.9% uplift in investment income to $108.7 million. Group revenue increased 2.3% to $2.33 billion while net claims expense increased 5.6% to $1.97 billion, as underwriting margins started returning towards long-term trends. HBF ended the year with $1.6 billion in net assets, up 8.8%, which ensures the fund is well placed to deliver for members today with the capacity to strategically invest in initiatives that will support member health and wellbeing into the future.

During the year, we welcomed Isar Mazer and Russell Baskerville as Non-Executive Directors. Their skills and experience further strengthen the HBF Board as we guide the delivery of HBF30. Sincere thanks to Brent Stewart for his significant impact and dedication over more than a decade on the Board, including almost five years as Deputy Chair. While Brent has resigned as a Non-Executive Director, we will continue to benefit from Brent's deep knowledge through his appointment as Chair of HBF's Investments Committee. Mary Anne Stephens also resigned from the Board in FY26, whose contributions were valued and we wish her every success in her future endeavours. Lastly, congratulations to Non-Executive Director Gai McGrath on her election as Deputy Chair of the Board.

The Board appreciates the dedication and contributions throughout FY26 of all HBF employees and management. I am grateful to my fellow Directors for their wisdom and support. And, to our members, thank you for your continued trust in HBF. I believe HBF has entered FY27 with strong momentum, a clear strategy and the right foundations in place to further grow nationally and be a trusted partner in our members' health.

Diane Smith-Gander AO
Chair

CEO's report

In a year where members across the country were impacted by cost-of-living pressure, HBF's continued focus was to deliver immediate value for members while investing for the future.

Consistent with our not-for-profit ethos, this included keeping our premium increase for members as low as possible and continuing to limit out-of-pocket medical costs. At the same time, we enhanced benefits across a range of ancillary treatments, invested in our health offerings and member services, and progressed several initiatives targeted at supporting the future health and wellbeing of members.

In April 2026, our premiums increased by an average of 2.15%, the lowest of Australia's five largest health funds for the second year running and well below the industry average. Importantly, this extended HBF's track record on affordability, with our 10-year average premium increase remaining below all the major funds and the industry. We also supported our members when they needed health care, paying a record $1.97 billion in hospital and extras claims, up 5.6% on FY25. In addition, more than 9 in 10 in-hospital medical services were provided at no gap to members at a time where managing medical out-of-pocket costs is a key enabler of health service access.

During the year, we also delivered targeted benefit improvements to help members get more from their extras cover. Eligible members received fixed benefit increases across 10 modalities in FY26, including optical, physiotherapy and psychology. At the same time, we increased benefits for HBF Member Plus dental services and simplified and increased optical limits.

Nine new products were launched across HBF and see-u brands in FY26, including more affordable Extras products and Silver Hospital options, providing new and existing members with greater choice and flexibility. We also expanded the distribution of our products through broker channels, enabling more Australians to consider HBF as the insurer of choice for their health cover.

Beyond our insurance products, HBF has made further investments in our health services to better support members' health and wellbeing. Use of the no-gap services at HBF Dental and HBF Physio grew, with more than 37,000 members utilising these offers, up 26% on FY25. Access to these offers also increased, with Life Ready clinics at Marangaroo and Bayswater rebranding to HBF Physio in FY26. In addition, member demand for personalised health support continues to grow, with more than 7,100 members utilising our early intervention and chronic disease management programs, up 23% on FY25.

We continue to flexibly support members in managing their health cover, be it through our increasingly popular digital platforms or the ongoing support of our people at our Australian-based contact centres and branches. In FY26, this included innovative AI support for our frontline teams, claims automation, and upgraded telephony. Pleasingly, the HBF app was recognised as the industry Mobile App of the Year 2026, reflecting the importance of a reliable digital experience for members.

In supporting members, HBF continues to invest in our people, systems and processes. In executive changes during the year, we welcomed Natalie Walker to the team as Chief Risk Officer, bringing significant experience from the banking sector to oversee HBF's governance, risk, legal, and compliance portfolio. I also extend my thanks and congratulations to Chief Commercial Officer Jan O'Keefe, who will be leaving HBF later in 2026, returning to her native New Zealand to join Southern Cross Health Society as CEO.

Looking beyond our organisation and teams, HBF maintains a strong commitment to supporting the community. Of note, our flagship event, HBF Run for a Reason, had a record 40,000 participants register this year, raising $1.9 million for local charities. Our new Social Impact Strategy was launched in FY26, aimed at enhancing our support for community health and wellbeing through partnerships, employee volunteering, and workplace giving. This includes a new two-year flagship partnership with Telethon, supporting programs for children and their families facing illness, disability, and disadvantage. In addition, recognising the risks climate change poses to community health, we delivered a range of initiatives that reduced our environmental footprint in FY26, as detailed in our Sustainability Report.

Over the next 12 months, HBF is well positioned to capitalise on the momentum we have built this year. Sustainable national growth in our insurance brands, continuing to enhance health services for members, and investing in our people are all key priorities.

More broadly, it is critical that members can continue to affordably access private health services, relieving some of the pressure on the public health system. I will continue to advocate for reforms that benefit HBF members, including via participation in the CEO Forum roundtable established by Federal Health Minister Mark Butler, as well as working with the industry, government, hospitals, and providers.

In closing, thanks to our people for their commitment to our members and the HBF Board for its guidance during the year. Finally, a big thank you to our members across the country for the trust you place in HBF to support you, both now and into the future.

Dr Lachlan Henderson
Chief Executive Officer

Our members

Better health, together

Helping our members take charge of their health and wellbeing, today and into the future.

37,000+

members accessed HBF Dental and HBF Physio no gap offer

436,900+

appointments across our dental and physio businesses

3.9 million

digital transactions by members

83%

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

Understanding our members

At HBF, members are at the heart of everything we do. We believe that knowing our members well helps us understand their needs and provide the right support when they need it most. 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 programs.

Members rely on their health insurance in different ways throughout their lives. Claiming patterns reflect the changing health needs, from childhood procedures, dental care, and mental health support, to maternity and reproductive health services, and treatments that help maintain mobility and quality of life as members age.

The table below provides a snapshot of what HBF members have claimed for over the past year, showing how those needs evolve across different life stages and the role HBF plays in helping members access care when it matters most.

Member age group	Common healthcare claims	How HBF supports members
Young dependants aged 0–10	Claims are often linked to common childhood health needs and planned treatment. Key claiming categories include: • Tonsil, adenoid and grommet procedures • Dental surgeries	HBF helps families access specialist care for their children when it matters most.
Older dependants aged 11–18	Claims broaden into injury-related treatment and mental health care, alongside ongoing dental needs. Key claiming categories include: • Dental surgeries • Bone, joint and muscle procedures • Hospital psychiatric services	HBF supports growing children through both physical and mental health needs.
Young adults aged 19–30	Claims reflect the growing importance of mental health support and diagnostic care during early adulthood. Key claiming categories include: • Hospital psychiatric services • Dental surgeries • Gastrointestinal endoscopy	HBF helps young adults access care early, supporting their health and wellbeing as life evolves.
Adults aged 31-45	Claiming is often related to starting or growing a family, while members continue to access diagnostic and mental health care when needed. Key claiming categories include: • Maternity and reproductive health services (including pregnancy, birth, reproductive services and gynaecology) • Gastrointestinal endoscopy • Hospital psychiatric services	HBF supports members through life's biggest milestones, including starting and growing a family.
Adults aged 46-60	Claiming begins to shift towards supporting mobility, early intervention and emerging health conditions. Key claiming categories include: • Joint replacements • Digestive system procedures • Heart and vascular procedures	HBF provides access to treatment that helps members stay active and manage emerging health needs.
Older members aged 60+	Claims are more concentrated around treatment to support independence and mobility as members age. Key claiming categories include: • Heart and vascular procedures • Joint replacements • Gastrointestinal endoscopy • Chemotherapy • Cataract procedures	HBF helps older members maintain their health and quality of life.

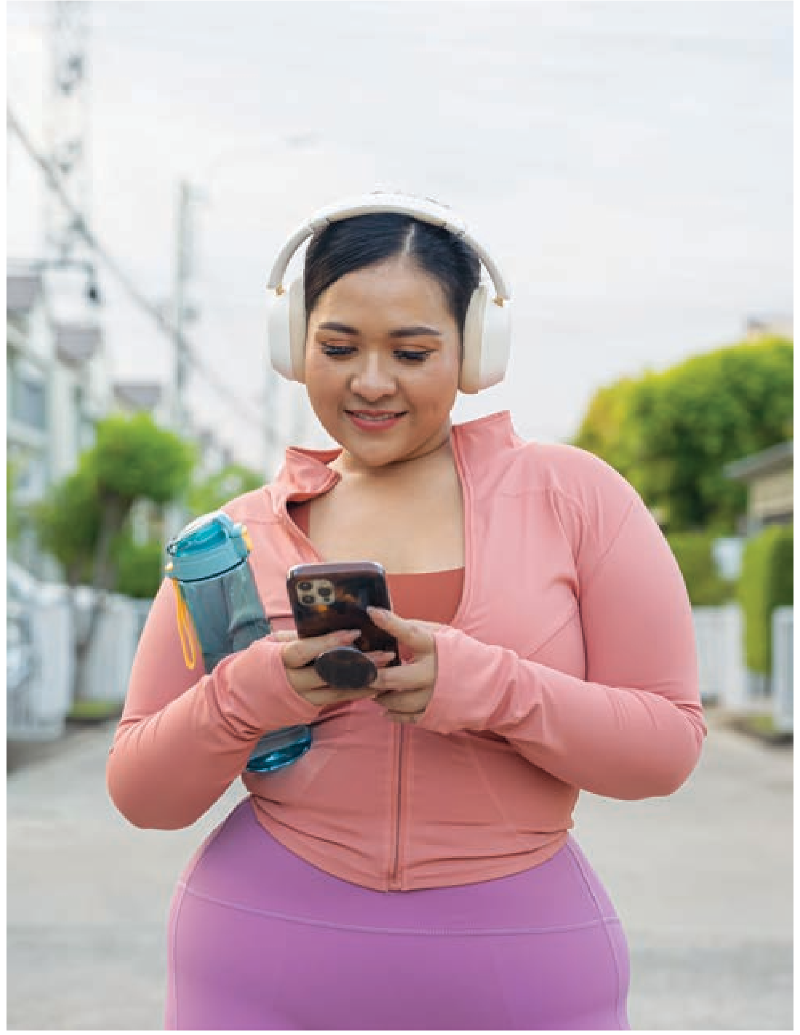
Member engagement

Supporting the health, wellbeing and satisfaction of our members remains at the core of everything we do.

We're focused on providing simple and accessible services for our members, wherever and whenever they need us. Whether connecting through our digital channels, over the phone or in person, members can choose what works best for them.

Digital channels continue to play an increasingly important role in how members engage with HBF. In FY26, 83 per cent of service interactions occurred through our website or app, with members undertaking 3.9 million digital transactions, a 5.3 per cent increase from FY25. Adoption of the HBF app also continued to grow, with 363,112 members actively using the app, up 4.4 per cent from the previous year.

In FY26, our frontline teams supported members across approximately 680,000 interactions via phone, branch, web chat, and email. While this was a decline on FY25, reflecting a clear rebalancing of service channels as member preferences shift toward digital options, we remain committed to delivering exceptional service across all channels.



In FY26, our frontline teams supported members across:

428,134
phone calls via our member contact centres in Perth, Brisbane, and Melbourne
▼ -12.8% from FY25

133,815
in-person interactions across our branch network
▼ -13.7% from FY25

55,207
web chat enquiries
▲ +61.2% from FY25

62,676
emails
▲ +3.4% from FY25

Health programs

HBF continues to invest in programs that help members take proactive steps to improve their health and wellbeing. Through a growing portfolio of evidence-based programs, members can access personalised support to prevent illness, better manage chronic conditions and achieve long-term health goals.

More than 7,100 members accessed HBF health programs in FY26, a 23% increase on the previous year. This included 2,759 members who participated in a Chronic Disease Management Program, highlighting the growing reach of HBF's health support services.

Expanding support for complex health needs

During FY26, HBF launched a new partnership with Clean Slate Clinic to provide eligible members with access to a medically supervised At Home Alcohol Detoxification Program.

Delivered Australia-wide through telehealth consultations with specialist doctors and nurses, the program enables members to undertake alcohol withdrawal treatment from the comfort of their own home, with ongoing support designed to promote recovery and reduce the risk of relapse.

HBF also continued to support members experiencing mental health challenges through the HBF Mind Matters program. Delivered by mental health professionals from Mind Australia, the program provides tailored support over six to nine months, helping participants build confidence, resilience and practical skills to support their recovery and wellbeing goals.

Supporting long-term health and chronic disease management

The COACH Program remained a key component of HBF's preventative health offering, providing six months of personalised telephone coaching for members living with chronic conditions such as cardiovascular disease and type 2 diabetes. Working closely with qualified health coaches, members receive tailored support to address treatment gaps, manage risk factors and adopt healthier lifestyle behaviours.

HBF also continued its partnership with CSIRO to deliver evidence-based weight management support. More than 1,000 members participated in the program during FY26, receiving personalised dietary guidance and coaching to achieve sustainable weight loss and improve overall health outcomes.

To further support member education, HBF partnered with Digital Wellness to deliver webinars focused on nutrition during perimenopause and menopause. More than 1,500 members registered for the sessions, highlighting strong interest in practical, evidence-based health information.

Improving mobility and quality of life

HBF's osteoarthritis programs continued to help members reduce pain, improve mobility and remain active.

More than 1,200 members accessed either the Good Life with OsteoArthritis: Denmark (GLA:D) or Osteoarthritis Healthy Weight for Life programs during FY26, a 7 per cent increase from the previous year. Delivered in partnership with HBF Physio, Life Ready and other approved providers, these programs combine education, exercise, weight management and ongoing allied health support to help members manage symptoms and improve quality of life.

Participant feedback remained strong, with more than 90 per cent of GLA:D participants reporting they were satisfied or very satisfied with their experience and continued to apply what they had learned to support their long-term health.

FY26 highlights

7,137
members supported with an early intervention or chronic disease management program
▲ +23% from FY25

2,759
members joined a chronic disease management program to improve their health outcomes
▲ +8% from FY25

1,200+
members benefited from access to a hip and knee osteoarthritis program with results demonstrating reduced pain and improved quality of life
▲ +7% from FY25

1,000+
members accessed evidence-based weight management solutions and achieved clinically significant weight loss to assist in managing health risk

Physiotherapy FY26 highlights

$34m
revenue
▲ +1% from FY25

21
HBF Physio and Life Ready physio locations

355,000
consultations

368
employees

More than 6,200 members accessed the no-gap offer at HBF Physio (48% increase from FY25)

HBF Physio and Life Ready

In FY26, HBF's physiotherapy businesses continued to build scale and accessibility across the combined HBF Physio and Life Ready brands.

Together, the network delivered over 355,000 appointments across 18 clinics in Western Australia, supported by a further three Life Ready clinics in Victoria and Life Ready Mobile's growing in-home care capability.

The HBF Physio brand expanded during the year, with two Life Ready locations rebranding to HBF Physio - Marangaroo in September 2025 and Bayswater in August 2025. This brought the HBF Physio network to nine locations, further strengthening the brand's presence in the Perth metropolitan area.

The annual no-gap initial consultation offer continued to support eligible HBF members in accessing physiotherapy care, with 6,273 members utilising the offer during FY26. This continued growth reflects the role HBF Physio plays in improving access to evidence-based care and supporting members to take a more proactive approach to their health and wellbeing.

Across the broader physiotherapy group, HBF Physio delivered a strong performance, contributing to total revenue of $34 million.

The physio business is now supported by a team of 368 employees, along with a Life Ready Mobile fleet of 54 vehicles operating in WA and Victoria. Life Ready Mobile continued to provide care in the home and community, extending the reach of allied health services to people who face barriers accessing clinic-based care.

HBF Dental FY26 highlights

$10.7m
revenue
▲ +33.8% from FY25

10
HBF Dental centres

81,960
appointments booked
▲ +13.8% from FY25

85
dentists engaged

175
employees

More than 30,900 members accessed the no-gap offer at HBF Dental (19% increase from FY25)

HBF Dental

In FY26, HBF Dental continued to strengthen its role as a trusted provider of accessible, high-quality dental care for HBF members and the broader community.

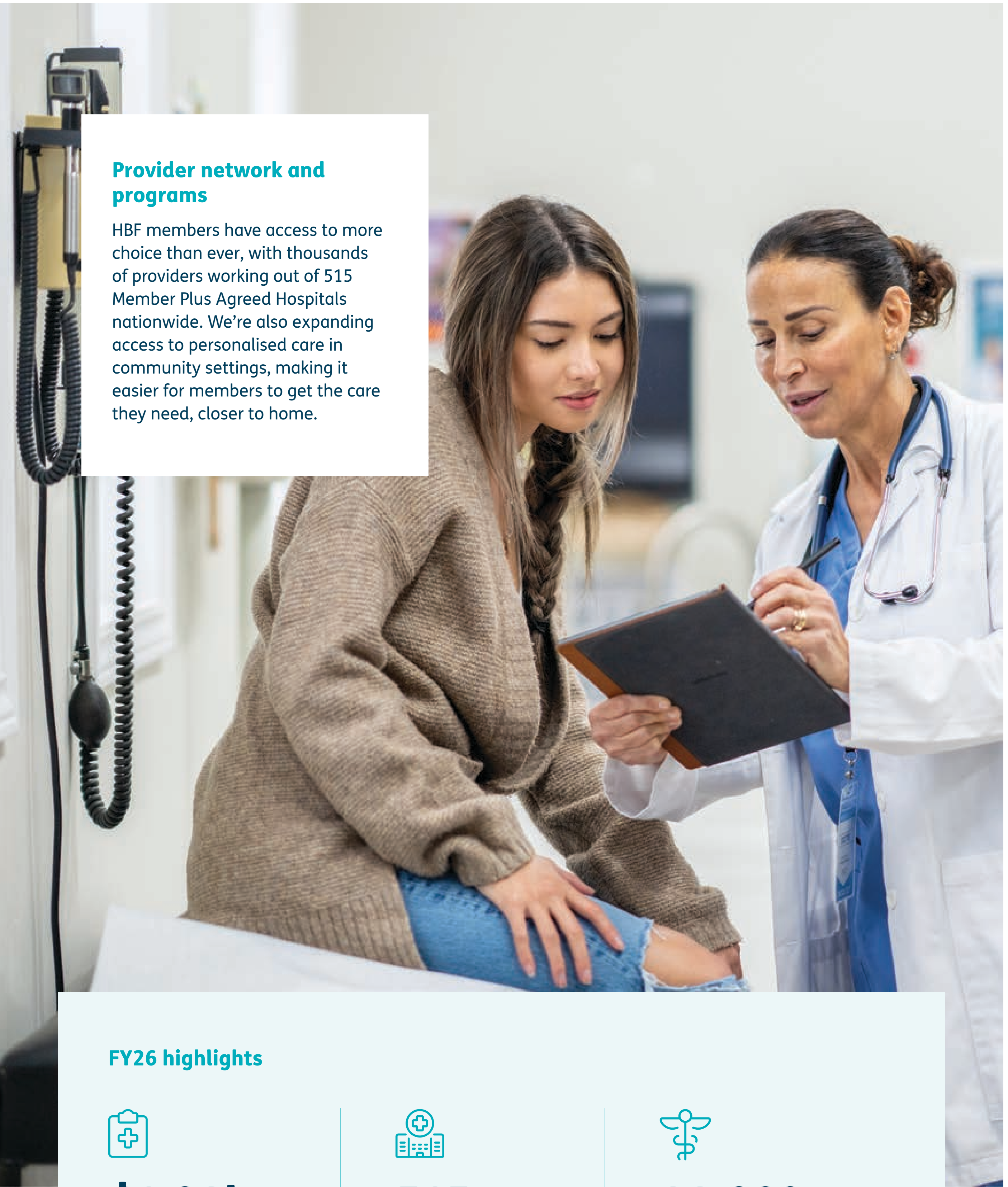
Across its 10 dental centres, the business delivered strong growth in practitioner capacity, patient activity and revenue, supported by a continued focus on improving utilisation and maintaining a compelling member proposition.

Practitioner hours increased by 15 per cent to 65,477, helping support a 13.8 per cent uplift in total appointments to 81,960. HBF member appointments also increased by 9.5 per cent to 64,753, reinforcing the value members continue to place on HBF Dental's convenient locations, quality clinical care and member-focused benefits.

The annual no-gap check-up and clean offer remained an important part of the member experience, with 30,950 eligible members utilising the offer during the year. This continued uptake demonstrates the role HBF Dental plays in supporting preventative oral health and helping members access care with greater confidence.

The business also delivered strong financial performance, with revenue increasing by 33.8 per cent on FY25 to $10.7 million. HBF Dental finished the year with 175 employees and 85 dentists, including one new graduate onboarded through the HBF Dental graduate program.

Our partnership with Pacific Smiles Dental Group continued to offer HBF members access to Member Plus dental benefits at over 130 locations outside of WA.



Provider network and programs

HBF members have access to more choice than ever, with thousands of providers working out of 515 Member Plus Agreed Hospitals nationwide. We're also expanding access to personalised care in community settings, making it easier for members to get the care they need, closer to home.

FY26 highlights

$1.04bn
paid in claims for hospital service

515
Member Plus Hospitals across Australia

44,889
medical network providers in Australia

HBF Patient Pulse

Following the launch of HBF Patient Pulse in late 2024, HBF has continued to build on the program's early foundations to better understand members' experiences in private hospitals and identify opportunities to improve the quality, consistency and value of care across the private health system.

The initiative gives members a confidential way to share feedback following private hospital admissions, using clinically validated Patient Reported Experience Measures (PREMs) and Patient Reported Outcome Measures (PROMs). These measures capture not only how members experienced their care, but also how they felt and functioned during recovery, providing a more complete picture of the healthcare journey from the patient's perspective.

Since November 2024, HBF has received more than 25,000 responses, with the top five condition groups being:

- Musculoskeletal disorders (arthritis and joint trauma),
- Digestive system (screening procedures, some hernias and inflammatory bowel disease),
- Eye diseases (cataracts and retinal conditions),
- Circulatory system (coronary artery disease and abnormal heart rhythms)
- Skin and breast (skin grafts and breast disorders).

This strong response across multiple clinical domains demonstrates that members value the opportunity to have their experiences heard and to contribute to improvements in healthcare delivery.

The data collected through the platform is helping HBF move beyond traditional measures of patient satisfaction to develop a clearer understanding of what outstanding care looks like. With meaningful sample sizes now available across many key procedures, medical providers and private hospitals, HBF can identify strengths, variation and opportunities for improvement across important areas such as communication, shared decision-making and post-discharge support.

Early results show that members generally report strong experiences of care within the private hospital system. The perfect top box score is a measure of the percentage of questions rated as the best answer possible (5 out of 5). The PREM perfect top box scores for facilities ranged from 22% up to 54.9%, with a median of 35.7%. The PREM perfect top box scores for medical practitioners ranged from 0% to 43.5% and a median of 15.4%. Safety and trust have emerged as particular strengths, with 89% of patients saying they felt confident in the safety of their treatment, 95% reporting they experienced no harm, and 88% rating their care positively overall.

The insights also highlight potential for improvement in areas such as communication, particularly when patients transition from hospital to recovery at home and preparing members for surgery.

By combining structured PREMs and PROMs data with sentiment analysis from patient comments, HBF is gaining both a measurable and human understanding of the member experience. This enables HBF to identify not only what patients score highly, but also the language, emotion and context behind their feedback.

As a not-for-profit health fund, HBF is uniquely placed to use these insights to advocate for members and support continuous improvement across the healthcare system.

Over the coming year, HBF will continue working with providers to share deidentified insights from HBF Patient Pulse, recognise areas of strong performance and support targeted action where improvement opportunities are identified.

HBF Patient Pulse is helping HBF listen to members at scale and use their experiences to contribute to a stronger, more transparent and more responsive private healthcare system – one that continues to evolve from consistent care to consistently outstanding care.

Protecting our members' funds

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

Our Payment Integrity function works collaboratively with the vast majority of providers, who deliver high-quality, compliant care to our members. Our role is to protect the system, identifying the small number of cases where claims or billing practices fall outside expected standards, so that trust in the system is maintained for members and providers alike.

Our Payment Integrity team conducts comprehensive desktop and onsite audits to identify and address potential vulnerabilities in the claims process across hospital, medical and ancillary spend, helping to detect errors, prevent fraud, and recover improper claims. In FY26, this resulted in $26.6 million in claims leakage savings being identified.

Where investigations identify non-compliance, HBF takes a proportionate, evidence-based approach. Outcomes over the past year have included compliance notices for lower-level issues, and deregistration from the provider network in cases of significant non-compliance. Where indicators of fraudulent activity are identified, these matters are referred to the relevant authorities for further action.

Fraudulent and non-compliant behaviour across the health sector continues to grow in scale and sophistication. In response, our Payment Integrity function continues to invest in enhanced processes, technology, and specialist resourcing to strengthen our ability to detect and protect against this evolving risk.

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.

Protecting member funds through strong claims oversight helps ensure benefits are paid accurately and deliver genuine value to members.

FY26 highlights

$26.6m in claims leakage savings	**19,567** individual hospital claims reviewed by HBF	**172** ancillary provider, practices, and member policy investigations

Our people

Powered by Purpose

Our people bring our purpose to life every day through the care, courage and commitment they show to members and each other.

1,327

employees (as at June 2026)

43

employees celebrated 10–50 years of service

313

employees participated in leadership programs

14+

unique employee benefits

Creating impact together

Our people bring HBF's purpose to life every day, supporting members in the moments that matter. Guided by a commitment to put members first, this purpose remains central to who we are and how we work.

In FY26, we continued to strengthen the connection between our people, our purpose and our future. As we deliver on our HBF30 strategy, our people are embracing new ways of working, leading with courage, and bringing bold thinking to the opportunities ahead. Across our teams, there is a shared commitment to going one better for our members, our communities, and each other.

Our culture is built on belonging, authenticity and trust. We want every person at HBF to feel supported to show up as their whole self, contribute their best, and create lasting impact together. It is this collective energy, care and commitment that will help us deliver a healthier tomorrow.

Be Bold initiative and leadership behaviours

In FY26, we continued to embed our bold culture into the way we work, lead and deliver for our members. Building on the launch of our Cultural Aspiration Statement in FY25, our focus shifted from defining the culture we aspire to, to bringing it to life through everyday behaviours, decisions and experiences across HBF.

> ***"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."***

Throughout the year, we strengthened the connection between our HBF30 strategy and the behaviours that will help us deliver it. Our three cultural pillars - **Be you, Be bold and Be HBF** - became a clearer part of how teams collaborate, lead through change and make decisions that support better outcomes for members.

Be you encourages our people to show up as their authentic selves and contribute their unique perspectives. Be bold challenges us to think differently, embrace new ideas and continuously improve how we deliver. Be HBF reflects the pride, care and accountability we bring to our work, and the shared commitment we have to each other and our members.

We continued embedding our five leadership behaviours - Impactful, Accountable, Inclusive, Authentic and Self-aware - into leadership routines, development conversations and the way we recognise and support our people.

We also strengthened the foundations that free our people to focus on what matters and deliver with impact, including investment in systems such as Workday, expanded AI capability, and continued focus on learning, development and recognition.

The establishment of the Bold Champions Network created another practical way for our people to share ideas, challenge thinking and lead positive change from every part of HBF. Together, our Cultural Aspiration Statement, cultural pillars and leadership behaviours are helping make 'Be Bold' more than a statement - they are shaping how we work every day, how we support one another, and how we deliver lasting impact for our members and for a healthier tomorrow.

Leadership behaviours:

Impactful

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

Authentic

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

Accountable

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

Self-aware

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

Inclusive

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

Learning, growth and leadership

In FY26, we continued to embed leadership development as a key enabler of HBF30, equipping leaders with the capabilities, mindsets and connections needed to lead through change and deliver impact.

Following the launch of the HBF Leadership Framework, we introduced a tailored suite of leadership programs aligned to our three leadership levels:

AMPLIFY

HBF's flagship program for the Senior and Executive Management Team, delivered through quarterly workshops and supported by structured peer leadership labs.

ELEVATE

A virtual program designed for HBF's People Leaders and Senior Specialists, delivered across five bi-monthly webinars and five corresponding peer leadership labs to share insights and put learnings into practice.

Emerging Leaders Program (ELP)

Over 100 emerging leaders progressed through hybrid learning content which is supported by self-managed small group discussions, an action learning project, Executive presentations, and a CEO connect.

Self-Paced Learning Content

These pathways ensure every employee, regardless of level or role, has access to structured, self-directed development resources aligned to the expectations of the Leadership Framework.

Following the launch of HBF30, over 171 People Leaders convened in Perth for a 2-day Leadership Summit focused on providing clarity on HBF30 priorities while equipping leaders with the tools and mindsets to lead change, drive growth and deliver impact for our people and members.

In FY26, we also enhanced the new starter experience to help our people feel confident, connected, and ready to contribute from day one. Alongside a refreshed three-month onboarding journey, new starters now participate in a dedicated induction day to build awareness of who we are, the industry we operate in, and the role they play in bringing our culture and strategy to life.

Work Health and Safety

In FY26, we continued to strengthen our approach to health and safety, with a focus on preventing harm, supporting psychological wellbeing, and creating safe workplaces for our people.

Key initiatives included:

Psychosocial risk management

Delivered interactive psychosocial hazards training to more than 200 people leaders, resulting in high engagement and a measurable uplift in awareness, confidence, and early risk identification.

Driver and vehicle safety

Implemented telematics technology across our fleet to support the proactive management of vehicle-related risks, and to help improve safety through increased visibility of driving behaviours.

Enhanced confidential support

Consolidated our Employee Assistance Program across subsidiaries, improving the consistency of support and access for employees and their immediate family, with 240 people supported to address personal or professional challenges.

Healthy and connected workplace

Encouraged healthy movement, learning, and social connection through a team-based movement challenge, nutrition education workshops, discounted access to fitness facilities, and participation in Lifeblood donations that helped save 342 lives.

Diversity and inclusion

In FY26, HBF continued to strengthen a workplace culture where every person feels respected, valued and able to belong. Our focus remained on embedding diversity, equity, inclusion and belonging into the way we work, lead and support our people, with continued progress across gender equality, inclusive leadership, accessibility, cultural awareness and support for diverse identities.

Throughout the year, we created opportunities for our people to connect, learn and contribute to inclusion in practical ways. This included continuing our Pride in Diversity membership, supporting Pride-related activities, recognising International Women's Day, advancing women's networking and mentoring initiatives, and continuing conversations on topics such as menopause awareness, gender equity and inclusive leadership.

The operationalisation of our Gender Equality action plan, through improving our leave, DEIB and Anti-Discrimination policies, enhancing our recruitment and talent process to support women in the workplace and promoting our flexible work policies have resulted in continued improvement in our gender pay gap.

We look forward to furthering our gender equality goals through our focus on parental support across the organisation in FY27.

Together, these actions demonstrate our ongoing commitment to building an inclusive HBF - one where diverse experiences, perspectives and identities are recognised, respected and celebrated, and where every person can contribute to delivering for our members and for a healthier tomorrow.

Reward and recognition

In 2026, we strengthened the way recognition happens across HBF with the launch of a refreshed SHINE recognition platform through Achievers. This platform has made it easier for our people to celebrate great work, by enabling team recognition as well as tying recognition directly into our new triannual CEO award process through the creation of a new platinum award category. In the first month of our new platform, we have had 639 unique recognitions sent across HBF which reflects our strong culture of recognition. Creating this ecosystem of recognition drives more regular visibility of the behaviours that bring our Bold culture to life.

We also continue to recognise employees who have made an outstanding contribution to HBF through our annual CEO Service & Excellence Awards, which bring together staff who have received CEO awards throughout the year, as well as those celebrating between 10 and 50 years of service with HBF.

Together, our recognition platform and CEO Awards are reinforcing the behaviours we want to see across HBF - including impact, accountability, inclusion, authenticity and self-awareness - and supporting a culture where our people feel valued for the difference they make every day.

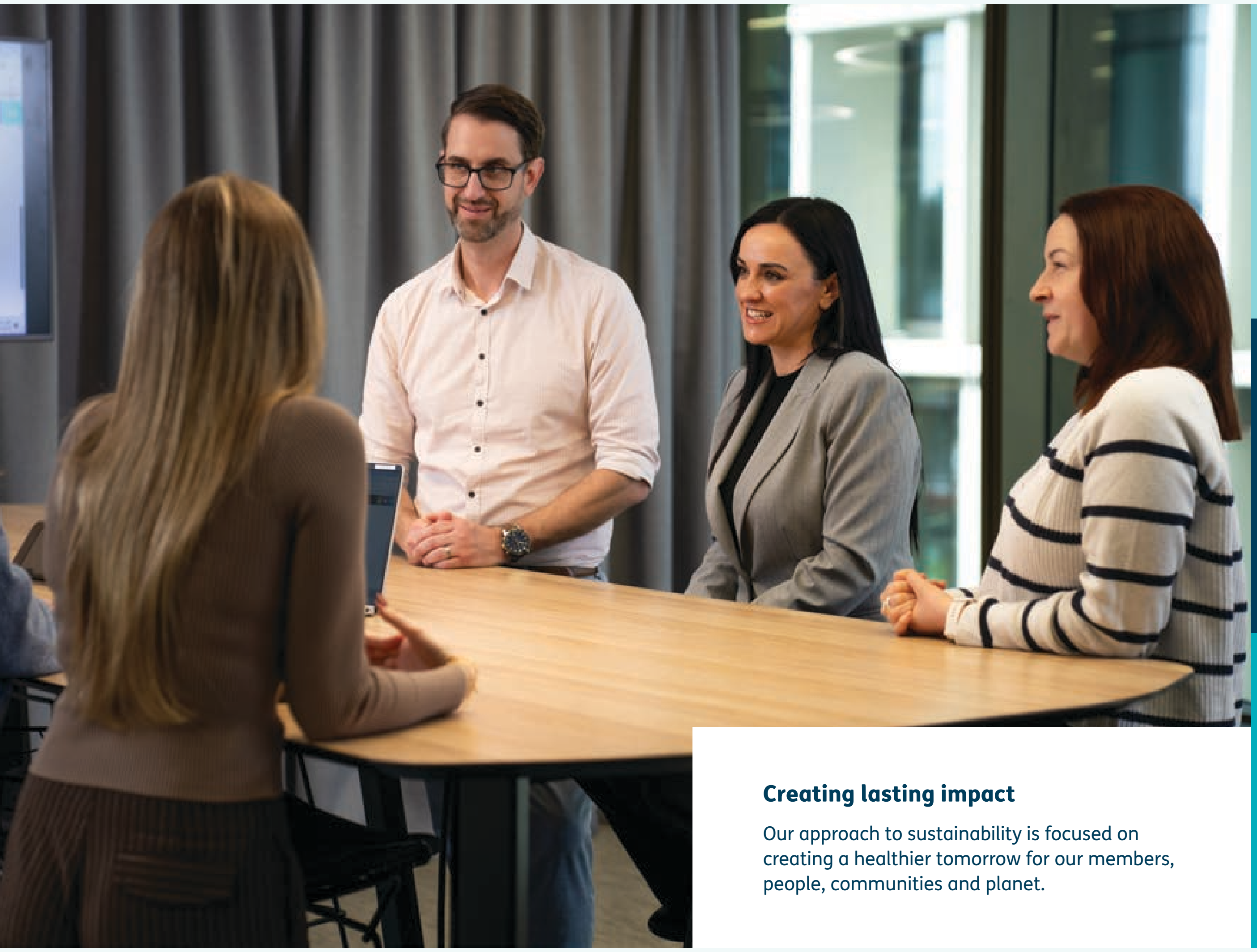
Employee benefits

Our people are essential to delivering HBF's purpose. We are committed to creating a workplace where everyone feels supported, connected and able to thrive.

Through a broad range of benefits, we support wellbeing, financial security and professional growth, helping our people navigate life's opportunities and challenges.

By meeting the diverse needs of our workforce, we create a positive employee experience that enables our people to deliver better outcomes for our members and communities.

Sustainability at HBF



Creating lasting impact

Our approach to sustainability is focused on creating a healthier tomorrow for our members, people, communities and planet.

250+ employees

Volunteered at the 2026 HBF Run for a Reason

10,000 clothing items

Donated by participants at the 2026 HBF Run for a Reason start line for Vinnies WA

$500,000+ donated

To HBF Workplace Giving charity recipients since starting in 2019

63% reduction

In HBF's Scope 1 and Scope 2 market-based carbon emissions, against FY24 baseline

Approach to sustainability

As a not-for-profit health fund, we believe our organisation has a responsibility to not only be there for our members but also provide value to the communities in which we operate through the four pillars of HBF's Sustainability Strategy.

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.

Our lead pillar is healthy communities, where we are focused on delivering on initiatives that improve the health of Australians, aligned to our vision to create a *healthier tomorrow*. While doing this, we also continue to identify and implement initiatives that reduce our environmental impact, as well as supporting our people to thrive and operating in a responsible, transparent, and ethical manner.

Healthy communities

In FY26, our focus on how and where we will support the health of the community was sharpened through the development and launch of our 'Social Impact Strategy'.

Underpinned by our flagship community health event, HBF Run for a Reason, our Social Impact Strategy brings together community investment, employee volunteering, workplace giving and reconciliation efforts under a shared commitment to improving health and wellbeing. By focusing on areas where HBF can have the greatest impact, the strategy will guide increased investment in community partnerships and initiatives that deliver meaningful and measurable outcomes for the communities we serve.

Community Partnership

HBF partners with not-for-profit organisations to share our commitment to improving health outcomes and amplifying our impact in the community.

HBF Run for a Reason

HBF's flagship community event that has raised more than $16 million for WA health charities.

Workplace Giving

Our employees can donate part of their wage to local charities, with HBF matching every dollar.

Volunteering & Pro-bono Support

Our people volunteer their time and skills with health-focused and community organisations across Australia.

Reconciliation Action Plan

Our Innovate RAP builds on the foundations of our Reflect RAP and deepens our commitment to reconciliation.

Community Partnerships

Flagship Community Partner: Telethon

Following the launch of our Social Impact Strategy, HBF announced a new two-year flagship partnership in early FY27 with Telethon. The partnership reflects HBF's commitment to improving health and wellbeing outcomes for children and young people, supporting Aboriginal and Torres Strait Islander peoples, regional and remote communities, and those experiencing social, economic, cultural or physical disadvantage.

Through this partnership, HBF will support Telethon's work to improve the lives of children and families facing illness, disability and disadvantage, helping to fund essential services, medical research and frontline programs that deliver meaningful community impact.

Beyond financial support, the partnership will create opportunities for HBF employees to contribute through volunteering, fundraising and community engagement activities, strengthening connections between our people and the communities we serve.

HBF will also become the exclusive naming rights partner of the Telethon Call Centre during Telethon's iconic fundraising weekend in October, helping to support one of Western Australia's most significant community fundraising initiatives.

Additional community partnerships

In FY27, HBF will announce additional community partnerships as we continue to strengthen our contribution to healthier communities. Guided by our partnership principles, these investments will focus on areas where HBF can have the greatest impact, complementing our flagship partnerships while supporting a broader range of organisations delivering meaningful health and wellbeing outcomes.

Brand partnerships

HBF Park

In FY26, 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 31 events, welcoming 190,968 attendees to a mix of football and rugby events, led by Perth Glory home games, Western Force Super Rugby matches, HSBC SVNS Perth (Rugby Sevens) and AFC Women's Asian Cup fixtures.

For the second year running, HBF Park was voted as one of the PFA A-League Men Stadiums of the Season, highlighting the venue's ability to bring fans, families, and the broader community together. 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 Actuarial Science Award

In FY26 HBF entered into a partnership with Curtin University to recognise outstanding graduating students through the HBF Prize in Actuarial & Applied Statistics and the HBF Prize in Actuarial Science. Presented at the University's annual prize ceremony by Scott Meyer on behalf of HBF's Actuarial team, the awards were presented to Asha McDonald and Matthew Lim in recognition of their academic excellence and potential as future actuarial professionals.

The awards reflect a broader partnership focused on developing future talent. HBF works with Curtin University and CCIWA to support workplace integrated learning opportunities and internships for actuarial students, helping to bridge the gap between education and industry. This partnership is also strengthening HBF's talent pipeline, with prize recipient Matthew Lim joining HBF as an Actuarial Analyst.

HBF Run for a Reason

Now in its 14th year, HBF Run for a Reason continues to bring people together across Western Australia to improve their health and wellbeing while supporting causes that matter most to them.

Held in Perth in May 2026, approximately 40,000 people registered for the event, with all three event distances – the Brooks Half Marathon, Specsavers 12km and CommBank 3km – selling out. This not only reinforced the HBF Run for a Reason as one of Australia's largest mass participation running events, it reflected the event's strong community appeal and growing profile.

Fundraising reached almost $1.9 million, benefiting more than 350 charities across Western Australia. Since its inception, HBF Run for a Reason has raised more than $16 million for health and community organisations across the state.

More than 800 volunteers, including over 250 HBF employees, helped bring the 2026 event to life and create a memorable experience for participants, supporters and spectators alike.

The event continues to showcase the power of community, with participants, volunteers, families, friends and charities coming together around thousands of personal stories and causes.

The commitment and generosity on display at the 2026 HBF Run for a Reason reflect the strength of the WA community and the unique platform HBF has created, inspiring people to improve their health while making a meaningful difference for others.

This year's event was also marked by the sad passing of half marathon participant, Luke Prehn, following a medical emergency. We acknowledge the tragic loss experienced by his family and loved ones, and recognise the members of the public, St John WA personnel and hospital staff who provided assistance and care.

Volunteering

Our people play an important role in creating positive community impact. Through two days of paid Community Spirit Leave, team volunteering activities and pro bono support opportunities, employees are encouraged to contribute their time, skills and expertise to causes that matter to them.

Employee volunteering and community connection

Throughout the year, employees participated in a range of volunteering initiatives that supported community organisations while fostering meaningful connections across the business. These included:

Eat Up

Employees from HBF's Perth and Brisbane offices came together to prepare thousands of sandwiches for school lunchboxes, helping children who might otherwise go without a meal at school. Through a friendly team challenge, employees supported Eat Up's mission of ensuring children arrive at school ready to learn, grow and thrive.

Business with a Heart "Build a Bear" initiative

Employees across Perth, Melbourne, Sydney and Townsville connected virtually to create comfort bears for children and families experiencing illness, hardship or challenging circumstances. Each bear was individually personalised before being donated to hospitals across Australia, providing comfort and reassurance to children when they need it most.

Beyond these initiatives, HBF employees volunteered their time with organisations including Dress for Success, Little Things for Tiny Tots, the Salvation Army and the Zambrero Foundation. Our people also contributed hundreds of volunteer hours to support the successful delivery of the HBF Run for a Reason, helping to create a memorable experience for participants while raising funds for charities that improve health and wellbeing outcomes in our community.

Pro Bono dental

Through the HBF Dental Community Care Program, HBF Dental has strengthened its community impact by partnering with the Australian Dental Association's Dental Health Foundation and Derbarl Yerrigan Health Service to improve access to oral health care for people who may otherwise face barriers to treatment.

The partnership with the ADA Dental Health Foundation connects HBF Dental with established community referral pathways supporting vulnerable and disadvantaged people, while the pilot program with Derbarl Yerrigan Health Service supports school-aged Aboriginal children referred through an Aboriginal-led health service, helping to deliver practical, culturally informed action aligned to HBF's broader community and reconciliation commitments.

Sustainability at HBF

Workplace Giving

HBF-matched employee donations

Workplace Giving is an important part of HBF's commitment to creating healthier communities. Through regular payroll donations, matched by HBF, our people support charities delivering vital services and support to communities across Australia.

Since the program began, more than $500,000 has been raised, demonstrating the significant impact that can be achieved when employees and organisations come together behind causes that matter.

Beyond the funds raised, Workplace Giving provides a meaningful way for our people to contribute to positive social change, supporting organisations that address a range of health, wellbeing and community challenges.

'Support of this kind helps ensure families caring for children with brain injuries, illnesses and neurological conditions can access practical assistance at times when support is needed most. Contributions like this enable Brainwave to continue funding therapy, equipment for hospital discharge, and opportunities for families to connect with others who understand what they are going through. We are very grateful to be included in HBF's workplace giving program.'

Kristin Flanagan, Brainwave

'Thanks to your generous donation in 2025, zero2hero has been able to deliver mental health education workshops that empower young people with essential skills to better support themselves and their peers. Support for this delivery is essential and we are incredibly grateful for you empowering this education for the next generation!'

Oscar Wharton, Zero2hero

Charities supported through HBF's Workplace Giving program.

HBF Angels

The HBF Angels are a passionate, employee-led network of goodwill ambassadors dedicated to bringing HBF's purpose to life through community connection. By creating opportunities for our people to engage with and support local causes, they help build a culture of generosity while delivering meaningful impact in the communities we serve.

Throughout the year, the HBF Angels led a range of much-loved employee initiatives, including the annual Lyfe (formerly Wanslea) Christmas Toy Drive, which supports children in foster care, and the Easter and Christmas raffles, which raised more than $10,000 for local charities.

Beyond raising funds and awareness for important community causes, these initiatives help foster a culture of generosity, connection and purpose, empowering our people to make a meaningful difference in the communities where they live and work.

Reconciliation

During FY26, HBF continued to deliver on its second Reflect Reconciliation Action Plan (RAP), building on the foundations established in FY25 while commencing development of our first Innovate RAP, which is expected to launch in early 2027.

Throughout the year, we focused on strengthening cultural awareness, capability and connections across the organisation. In partnership with Indigenous Australian facilitators, we delivered cultural education and awareness sessions for employees, while National Reconciliation Week and NAIDOC Week provided opportunities for learning, reflection and meaningful conversation. We also sought employee feedback to better understand experiences of cultural safety and identify opportunities for improvement.

HBF strengthened its commitment to reconciliation through participation in the Private Health Insurance Reconciliation Industry Network Group, enabling collaboration with peers across the sector to share insights, challenges and opportunities. We also continued to build relationships with Aboriginal and Torres Strait Islander individuals, communities and businesses, helping to deepen our understanding and inform future action.

The experiences, insights and relationships developed during the year are helping shape HBF's Innovate RAP, which will focus on delivering measurable outcomes through stronger partnerships, expanded opportunities for Aboriginal and Torres Strait Islander procurement and supplier diversity, and the continued embedding of cultural capability across the organisation.

Healthy people

Delivering for our members starts with our people.

The Healthy People pillar of our Sustainability strategy reflects our commitment to creating an inclusive, impactful and purpose-driven culture where people are empowered to thrive and make a lasting impact.

Throughout FY26, we continued to strengthen our values-led culture, supporting the wellbeing of our people while embedding the ways of working that bring our vision for a healthier tomorrow to life. While detailed progress is outlined in the Our People section of this Annual Report, key FY26 achievements included:

- Increasing the number of employees who took part in leadership development programs from 59 in FY25 to 313 in FY26.
- Advancing wellbeing and diversity initiatives in gender equality, cultural inclusion, psychosocial safety, and parental support.
- Strengthening the way recognition happens at HBF, allowing our people to celebrate the work that happens across the organisation each day.

By fostering an environment where individuals feel supported, respected and empowered, we are creating a space where our people and our organisation can thrive together.

Healthy practices

This pillar of HBF's Sustainability Strategy reflects our commitment to operate responsibly, ethically, and transparently for our members, people, and wider community, which supports the organisation's long-term sustainability.

This includes:

- Maintaining strong governance and accountability, with clear oversight from the HBF Board and its Committees, established risk and assurance frameworks, and policies that set expectations for ethical conduct across the organisation.
- Continuing to address modern slavery risks through our supplier assessment and due diligence processes. HBF remains committed to rejecting all forms of modern slavery and continues to report on the actions taken to identify and manage risks within our operations and supply chain, as detailed in our sixth Modern Slavery Statement published in FY26.
- Supporting responsible procurement practices, including continued engagement with suppliers on HBF's ESG expectations and ongoing efforts to increase the volume of purchasing from Aboriginal and Torres Strait Islander organisations.
- Demonstrating transparency through public reporting, including our inaugural Sustainability Report and the continued publication of a comprehensive Annual Report. Although HBF is an unlisted, not-for-profit organisation, we continue to proactively provide detailed public reporting on our financial results, non-financial metrics, governance, and CEO remuneration. This gives members and the broader community meaningful visibility of how the organisation is governed, our performance, and how leaders are held accountable.

Further details on HBF's practices can be found in the Governance Report and Remuneration Report, contained within this annual report.

Healthy planet

Reducing our environmental footprint

Lowering carbon emissions

During FY26, HBF launched its commitments to achieve Net Zero Scope 1 and Scope 2 market-based greenhouse gas emissions by 2030, and Net Zero Scope 3 emissions, excluding investments, by 2040. Further information on our Net Zero commitments is available in our inaugural Sustainability Report. Our decarbonisation strategy focuses on practical and proportionate action in areas where HBF has the greatest ability to influence emissions, while maintaining operational resilience and member value.

HBF's Scope 1 and Scope 2 market-based emissions have reduced by 63% against the FY24 baseline, largely due to solar generation at Walburniny, our Perth head office, supplemented by 100% GreenPower at this location. In the year, we also commenced a 100% GreenPower arrangement for our Melbourne office and continued the transition of our vehicle fleet, with hybrid vehicles now accounting for 19% of the fleet.

Looking ahead, opportunities we will be exploring include transitioning lighting at Walburniny to LED, replacing equipment nearing the end of its useful life that currently uses high global warming potential (GWP) refrigerants, and trialling a fully electric vehicle to assess its feasibility for broader adoption.

Scope 3 emissions represent a significant component of HBF's emissions profile. These include purchased goods and services, investments, business travel and employee commuting. Emissions from hospitals and other third-party healthcare providers sit outside HBF's Scope 3 boundary. During FY26, we continued to engage with suppliers, improve emissions transparency and consider lower-emitting alternatives where feasible. This included introducing new procurement processes requiring suppliers to provide relevant data to support HBF's emissions-reduction targets. While investment-related emissions are not included in HBF's current Net Zero targets, as investment data quality and availability improves, we intend to review the carbon intensity of HBF's investment portfolio.

HBF's Sustainabilty Report has further information on the Group's approach to climate-related risks and opportunities and emissions performance.

Minimising waste

HBF continued to reduce the environmental impact of the HBF Run for a Reason in 2026.

In FY26, we partnered with Loop Upcycling to transform surplus event shirts into 900 volunteer packs and 700 lanyards, reducing textile waste while creating employment and skills development opportunities for people experiencing vulnerability.

Through our ongoing partnership with Vinnies WA and the *Flick Your Kit* initiative, participants donated unwanted outerwear at the start line. In 2026, Vinnies collected almost 3,500kg of clothing – around 10,000 items – providing warm clothing for people in need and stock for its network of 54 WA stores.

Additional sustainability 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 2026 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

Across our office and branch network, we expanded waste tracking systems to support our goal of diverting 75% of waste from landfill. The insights generated are helping us better understand waste streams and identify opportunities to improve environmental performance.

In FY27, we will build on this progress through education and awareness initiatives designed to increase waste diversion and embed more sustainable practices across our locations.

For the year ended 30 June 2026, the Group has prepared its inaugural climate-related financial disclosures in accordance with AASB S2 *Climate-related Disclosures*, as required for Group 1 reporting entities under the Corporations Act. The disclosures cover HBF Health Limited and its subsidiaries (the Group) and are structured across Governance, Strategy, Risk Management and Metrics & Targets. Near-term risks are primarily transition-related, with physical risks becoming more material over the medium to long term under higher warming scenarios. The full disclosures, including targets and emissions reduction progress, are set out on pages 33-49 of this report.

Sustainability Report

(Climate-related financial disclosures)

Basis of Preparation

Statement of Compliance

This report presents the climate-related financial disclosures of HBF Health Limited and its subsidiaries for the year ended 30 June 2026 (FY26). The disclosures have been prepared in accordance with AASB S2 *Climate-related Disclosures* and the requirements of the Corporations Act 2001, and cover the same consolidated reporting entity and reporting period as the Group's consolidated financial statements. The report was authorised for issue by the Board on 3 September 2026.

No events after 30 June 2026 require additional disclosure.

First-time Adoption of AASB S2

This is the Group's first sustainability report prepared in accordance with AASB S2. The Group has applied the transitional relief permitted under AASB S2 and has not disclosed comparative information or Scope 3 greenhouse gas emissions for the reporting period. Scope 3 greenhouse gas emissions will be disclosed from FY27.

Consistency with Financial Statements and Key Judgements

The climate-related disclosures have been prepared using data, assumptions and methodologies consistent with those applied in the Group's consolidated financial statements, where relevant. Assumptions used for climate scenario analysis and forward-looking information are used for disclosure purposes only and do not affect amounts recognised in the financial statements.

The preparation of these disclosures required judgement, including the identification of climate-related risks and opportunities, the selection of climate scenarios and time horizons, the assessment of current-period financial effects, and the estimation of potential longer-term impacts. These judgements are subject to uncertainty, particularly over longer time horizons.

Where monetary amounts are disclosed, they are presented in Australian dollars, consistent with the presentation currency of the Group's consolidated financial statements.

Organisational Boundary

The Group applies an operational control approach to define its organisational boundary for greenhouse gas (GHG) emissions reporting, accounting for 100% of emissions from operations over which it has operational control and excluding operations outside its control. In setting its organisational boundary, the Group considered both the equity share and control approaches under the Greenhouse Gas Protocol and selected the operational control approach, as it most appropriately reflects the operations over which the Group has the authority to introduce and implement operating policies. As this is the Group's first sustainability report prepared in accordance with AASB S2, no changes were made to measurement approaches, inputs or assumptions during the reporting period.

Materiality Assessment

A materiality assessment was undertaken to identify climate-related risks and opportunities that could reasonably be expected to affect the Group's prospects. Materiality was assessed using qualitative and quantitative considerations, including potential financial impact, strategic relevance and regulatory context.

The assessment involved evaluating internal and external information, including Management and Board inputs, industry developments, value chain considerations and relevant laws and regulations.

Governance

Board of Directors

The Board has ultimate responsibility for oversight of the Group's strategy, risk management and performance, including climate-related risks and opportunities.

The Board oversees the Group's environmental strategy and emissions targets in accordance with the Board Charter, with relevant Board committees providing support under their approved charters. Climate-related matters, including climate-related risks and opportunities and progress against targets, are reported to the Board twice a year through management reporting. Material issues are escalated as required via the Risk and Audit Committees.

The Board considered climate-related risks and opportunities, alongside other strategic risks and priorities, as part of the development and approval of the HBF30 Strategy.

Risk Committee

The Risk Committee supports the Board in overseeing the management of climate-related risks and opportunities as part of the Group's broader risk framework.

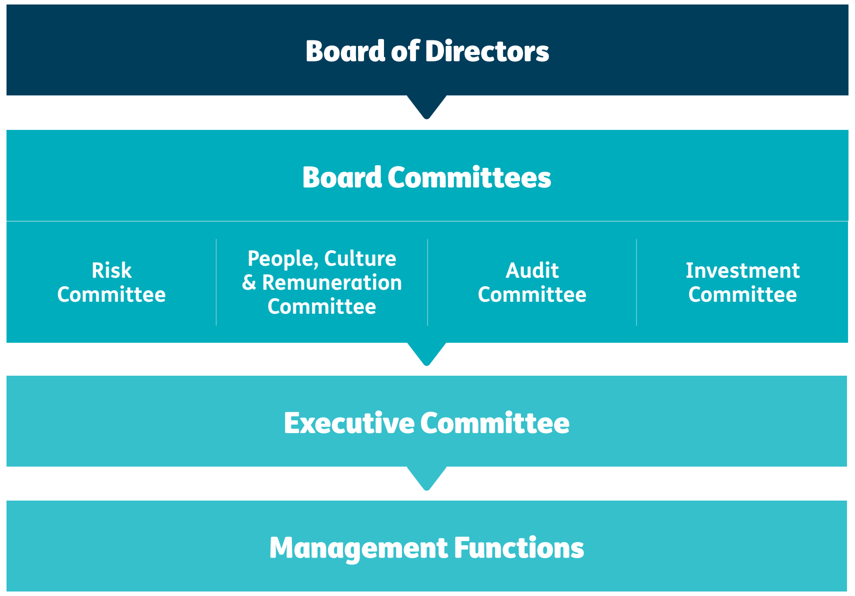
The Board approves the annual climate-related risks and opportunities assessment on recommendation from the Risk Committee[1] and reviews risk assessments, mitigation actions and residual risk exposure through the Group's established risk assessment processes. Climate-related risks are reviewed alongside other material risks during the year, with matters escalated to the Board as required via the Risk Committee.

Audit Committee

The Audit Committee supports the Board by overseeing the effectiveness of the Group's financial reporting and risk management frameworks, including compliance with AASB S2. The Committee oversees internal and external audit arrangements relevant to climate-related financial disclosures on a quarterly basis.

Investment Committee

The Investment Committee oversees the implications of investment activities for environmental, social and governance (ESG) matters. The Committee considers ESG-related factors within the context of investment oversight and decision-making on an ad hoc basis.



Management's Role in Climate-related Governance

Management has day-to-day responsibility for climate-related risks and opportunities, supported by established controls and processes integrated across the Group. Climate-related responsibilities are carried out through existing Finance, Sustainability, People, Risk and Actuarial functions. These controls and processes are integrated with the Group's existing financial reporting, enterprise risk management and internal audit frameworks, ensuring climate-related information is subject to the same governance and quality standards applied to other material business information. The Board delegates the day-to-day management of HBF to the CEO, and through the CEO, to the executive management and senior management personnel. The following individuals have defined roles and accountabilities as set out below.

Key Management Roles Supporting Board Oversight

Role	Responsibilities
Chief Financial Officer	Oversees integration of climate-related matters into financial planning and climate-related financial disclosures.
Chief Risk Officer	Oversees integration of climate-related risks into the risk management framework, including governance and reporting.
Chief People Officer	Oversees integration of climate-related considerations into workforce, culture and capability planning.

In addition to these individual roles, periodic sustainability updates are provided to the Executive Committee providing an opportunity for the CEO and all Executives to contribute to the development and oversight of the Group's sustainability strategy, including climate-related matters.

Board Skills and Experience

The Board maintains a mix of skills, knowledge and experience relevant to oversight of the Group's strategy and material risks, including climate-related risks and opportunities. Board capability is assessed through a skills and experience matrix used to support Board composition and development.

The skills matrix includes competencies relevant to climate-related oversight, including risk and compliance, financial acumen, environment and social matters, governance, strategy and capital and investment management. The Board's skills and experience are supported through management briefings and external advice on climate-related risks and opportunities, emissions estimates and related disclosures.

1 Effective 4 June 2026, responsibility for recommending the annual climate-related risks and opportunities assessment to the Board transferred from the Risk Committee to the Audit Committee, applying from the next reporting period. The FY26 assessment was recommended by the Risk Committee.

Remuneration

The People, Culture & Remuneration Committee oversees remuneration for senior management. Climate-related performance metrics are not currently explicitly incorporated into remuneration arrangements. For the current reporting period, nil percent (0%) of executive management remuneration was directly linked to climate-related considerations. The remuneration framework incorporates a Risk, Compliance and Conduct Gateway that considers material risks, however, it does not provide an explicit linkage to climate-related performance.

The Board will continue to assess the appropriateness of incorporating specific climate-related measures into the remuneration framework over time, having regard to materiality, regulatory developments and the Group's evolving climate strategy.

Strategy

Business Strategy

The Group's business strategy focuses on providing affordable and accessible private health insurance while maintaining financial sustainability and operational resilience over the short, medium and long term. The Group's primary operations are focused on private health insurance. Ancillary healthcare services, including dental and physiotherapy clinics, are not expected to give rise to climate-related risks or opportunities, beyond those already identified for the Group, that could reasonably be expected to affect the Group's prospects.

Climate-related considerations are assessed alongside other external factors in business planning and risk management processes. The Group considers climate-related impacts across short, medium and long-term time horizons aligned to its emissions reduction commitments.

Time Horizons

- Short term: 2026 – 2030
- Medium term: 2030 – 2040
- Long term: 2040 and beyond

The Group's time horizons reflect the horizons used for strategic and financial planning where applicable. The short-term horizon corresponds to the five-year period of the Group's HBF30 strategy. The medium and long-term horizons extend beyond the current strategic planning period, reflecting the timeframes over which climate-related impacts on population health, claims and affordability are expected to become more evident and over which longer-dated physical climate risks may emerge.

Baseline Planning Assumptions

The Group's strategic planning baseline reflects current government policy settings, observed trends in healthcare demand and costs, and expectations regarding the gradual emergence of climate-related impacts, with the most significant effects expected over the medium to long term. Scenario analysis has been used to assess the resilience of the Group's strategy and business model under alternative climate conditions.

Climate Risks and Opportunities Impacting the Business

Climate-related risks and opportunities affecting the Group arise primarily through indirect impacts on population health outcomes, healthcare system capacity and resilience, and the cost structures of healthcare providers. These impacts may influence claims experience, member affordability, service continuity and the Group's operating environment over the short, medium and long term.

The Group has undertaken an assessment to identify climate-related risks and opportunities that could reasonably be expected to affect its prospects. This assessment considered both physical and transition climate-related risks and opportunities across relevant parts of the value chain, without taking into account the effect of mitigation or adaptation actions.

Identified Climate-related Risks and Opportunities

Risks	Opportunities
• Climate-related impacts on claims and costs (physical and transition) • Climate-related disruptions to operations and service delivery (physical) • Regulatory and reputational risk (transition)	• Climate-driven demand for new product offerings and member support • Government and industry collaboration

The climate-related opportunities identified by the Group are indirect in nature, arising through system-level responses to climate change and evolving approaches to supporting members. These opportunities are expected to emerge gradually and remain subject to regulatory, economic and affordability considerations.

Further detail on the effects of identified climate-related risks on the Group's business model, including their concentration across time horizons, is set out in the following section.

Effects of Identified Risks and Opportunities on Business Strategy

For each of the identified climate-related risks and opportunities, the Group has determined the potential effects on its strategy and business model. This assessment considers the nature of each risk prior to mitigation, the parts of the business model most exposed to those risks, and how those effects may evolve over time.

Physical & Transition Risk	Climate-related impacts on claims and costs
Time Horizon	Medium – Long
Nature of the Risk (Prior to Mitigation)	Climate change is expected to increase the frequency and severity of climate-sensitive health conditions, including heat-related illness, respiratory conditions, vector-borne disease and mental health impacts, leading to higher claim volumes and costs over time. Concurrently, decarbonisation across the healthcare sector may increase provider and supplier costs through carbon pricing, compliance requirements and investment in lower-emissions infrastructure, with these costs expected to be passed through to insurers. Where climate-related factors contribute to delays in treatment or reduced availability of preventive care, claims may become more complex and costly as conditions progress or require higher-acuity intervention. Together, these factors may reduce member affordability, increasing the likelihood of members downgrading or discontinuing cover.
Effects on the Group's Business Model	Sustained increases in claims expenditure and volatility may place upward pressure on pricing and margins over time, driven by both physical health impacts and transition-related cost pressures. Higher premiums, combined with broader household cost pressures, may contribute to membership attrition, shifts in risk pool composition and reduced premium revenue growth. Reduced coverage may also result in members delaying or foregoing preventive care, contributing to poorer health outcomes and higher-cost claims profiles over time.
Mitigation or Adaptation Efforts	The Group continues to enhance its understanding of emerging health and claims trends through engagement with healthcare partners and ongoing investment in digital, preventive and member-focused health services to support earlier intervention and more efficient care pathways. Affordability is treated as a core strategic consideration, with the Group monitoring provider cost trends and managing emerging pressures through disciplined pricing and product design within regular pricing cycles.

Physical Risk	Climate-related disruptions to operations and service delivery
Time Horizon	Medium – Long
Nature of the Risk (Prior to Mitigation)	Extreme weather events may disrupt the Group's operations by affecting call centres, information technology systems, premises or critical third-party providers, for example through power outages, telecommunications failures, property damage or reduced workforce availability. These disruptions may coincide with periods of increased member demand. Climate-related disruption to healthcare infrastructure, particularly in regional areas, may also limit the availability of providers and facilities, constraining members' ability to receive timely care during or following extreme weather events.
Effects on the Group's Business Model	Disruption to operational systems and third-party services may affect the Group's ability to process claims and respond to member needs in a timely manner. Where premises are affected, increased operating costs may arise from property repair, insurance or temporary relocation, though the Group's direct exposure is limited due to its asset-light operating model. Reduced access to healthcare services may also lead to delayed or deferred treatment, which may affect the timing of claims, and have potential reputational impacts if members perceive insufficient support during periods of disruption. While individual events may be episodic, the frequency and severity of disruptions are expected to increase over the medium to long term.
Mitigation or Adaptation Efforts	The Group maintains business continuity and disaster recovery arrangements and works with key suppliers to enhance operational resilience and continuity of critical services. Climate considerations are progressively being incorporated into property and insurance decisions. The Group also invests in digital and remote-care pathways and collaborates with healthcare providers to support continuity of care during disruption events.

Transition Risk	Regulatory and reputational risk
Time Horizon	Short – Medium
Nature of the Risk (Prior to Mitigation)	Evolving climate-related regulation, including mandatory disclosures under AASB S2, and increasing stakeholder expectations may increase compliance obligations, reporting complexity and scrutiny of the Group's climate-related actions and disclosures. The pace and scope of regulatory change create ongoing requirements for governance, data, assurance and reporting capability, with expectations likely to increase as industry practice and comparability mature.
Effects on the Group's Business Model	Failure to meet regulatory or stakeholder expectations may result in reputational damage, loss of member trust or increased costs, which may affect membership retention and the Group's social licence to operate. Ongoing investment in governance, reporting and assurance capability is required, with associated costs expected to increase as the scope and depth of disclosure requirements expand over time.
Mitigation or Adaptation Efforts	The Group is strengthening governance, policies and controls to support compliance with AASB S2 and enhanced climate-related reporting and assurance. Regulatory developments are actively monitored, with external advisors engaged where appropriate to support alignment with evolving requirements.

The Group's climate-related risks are primarily concentrated in claims and underwriting exposure, reflecting indirect impacts on population health and healthcare costs. This exposure is geographically weighted to Western Australia, where the majority of members are located, with increasing exposure outside of WA as HBF's membership base becomes increasingly national. Additional risk concentration exists within regional areas where service availability and system capacity may be more vulnerable to disruption. Direct exposure within corporate operations is limited due to the Group's asset-light model, with physical exposure mainly related to the Perth head office and leased premises.

The Group has separately considered climate-related transition exposure within its investment portfolio. On qualitative grounds, including peer disclosures and industry research, the Group considers this exposure could reasonably be expected to affect its prospects over the long term, principally through the potential impact of transition dynamics on the value and performance of investment assets. However, given current limitations in the availability and maturity of underlying data, and the resulting high level of measurement uncertainty, the Group is not yet able to reliably quantify the anticipated financial effects of this exposure or assess those effects across the defined time horizons applied to the risks above. The level of measurement uncertainty associated with estimating those effects would result in quantitative information that would not be useful to users of the report. The Group intends to develop this assessment in future reporting periods as data quality and availability improve.

Opportunity	Climate-driven demand for new product offerings and member support
Time Horizon	Medium – Long
Nature of the Opportunity	Climate change may influence member demand for health and wellness products and services that respond to climate-sensitive health risks, such as heat-related illness cover, mental health support during extreme weather events and preventive health programs; together with remote and targeted member support that maintains access to care during climate-driven disruption.
Effects on the Group's Business Model	Responding to these developments may support member attraction and retention, differentiate the Group's offering, and reduce long-term claims volatility through timely and preventive care, while strengthening member trust and brand reputation.
Management Response	The Group continues to develop its health and wellness services and member support programs, informed by member insights and emerging health trends. The relevance of climate-related factors will be considered as these offerings evolve.

Opportunity	Government and industry collaboration
Time Horizon	Medium – Long
Nature of the Opportunity	Partnering with government agencies, healthcare providers and industry groups to improve climate resilience in the health sector, including through joint emergency response, public health campaigns and data sharing.
Effects on the Group's Business Model	Collaboration may strengthen stakeholder relationships, enhance sector-wide resilience to the benefit of members and the Group, and improve the Group's reputation as a proactive health partner.
Management Response	The Group participates in industry and government forums relevant to health system resilience and continues to explore partnership opportunities aligned with its strategy and member interests.

Current and Anticipated Financial Effects

For the current reporting period, the Group has not identified material financial impacts, nor any significant risk of material adjustment in the next reporting period, that are directly attributable to climate-related risks or opportunities.

Climate-related factors were assessed in the context of current-period claims experience, insurance contract liabilities and property carrying amounts, and no material adjustments to recognised assets, liabilities, income or expenses were required for the year ended 30 June 2026.

Anticipated financial effects are presented predominantly on a qualitative basis, supported by selective quantitative analysis where sufficiently robust data and modelling are available.

The anticipated financial effects of climate-related risks are not expected to result in material adverse changes to the Group's asset base, capital structure or liquidity position over the short to medium term. Over the long term, and particularly under higher-warming scenarios, these effects may become more pronounced.

Where quantitative financial effects have not been disclosed for a specific risk or opportunity, this reflects the measurement uncertainty, long-dated time horizons and dependence on future events and management actions described below, which mean the effects cannot yet be reliably quantified or separately identified in dollar terms.

Risk or Opportunity	Anticipated Financial Effects over the Short, Medium & Long Term
Climate-related impacts on claims and costs (physical and transition risk)	Climate-related health impacts are expected to place upward pressure on claims expenditure as utilisation, severity and provider costs increase, with quantitative modelling indicating hospital claims uplift of approximately 3.5–6% by 2040 and 4–9% by 2050, and total claims uplift (including provider cost impacts) of approximately 4–11% by 2050. Decarbonisation-related cost pressures across the healthcare sector may further increase provider and supplier costs as these are passed through to insurers, influencing claims expenditure and operating costs as transition policies and market responses mature. Where access to care is delayed or reduced, claims may become more complex and costly over time. Sustained increases in claims costs, together with broader household cost pressures, may reduce affordability for some members, with quantitative modelling indicating a potential net reduction in membership of approximately 1.3–3.3% by 2050. These pressures are expected to contribute to higher pricing, increased claims volatility and potential changes in risk pool composition if affordability pressures are not managed through pricing and product design.
Climate-related disruptions to operations and service delivery (physical risk)	Severe climate events may increase the likelihood of episodic operational disruption, potentially affecting claims processing, customer service and operating costs during disruption periods. Extreme weather events may also result in higher operating costs associated with property repair, insurance or temporary relocation, though given the Group's asset-light operating model these impacts are not expected to be material to the overall financial position. Disruption to healthcare infrastructure may constrain the availability of providers and facilities, particularly in regional areas, with financial effects largely concentrated around individual events and primarily affecting the timing of claims and continuity of member support. While these impacts are expected to be episodic rather than structural in nature, their frequency and severity may increase over the medium to long term.
Regulatory and reputational risk (transition risk)	Evolving regulatory, supervisory and disclosure requirements are expected to increase ongoing compliance, governance and reporting costs over time. Reputational impacts may indirectly affect membership and revenue if stakeholder expectations are not met, particularly as climate-related disclosures become more comparable and subject to increased scrutiny. These effects are inherently difficult to quantify with precision.
Climate-driven demand for new product offerings and member support (opportunity)	Over the medium to long term, evolving member health needs may support demand for health and wellness products, services and member support offerings. Where developed effectively, these may support member retention and premium revenue and assist in managing long-term claims costs through timely and preventive care. These effects are indirect, dependent on future strategic and product decisions, and have not been quantified for the reporting period.
Government and industry collaboration (opportunity)	Collaboration with government, healthcare providers and industry on health system resilience may, over time, support more efficient care pathways and contribute to management of claims costs and continuity of member services. Any financial effects are indirect, longer-term in nature, contingent on the scope and outcomes of future collaboration, and have not been quantified for the reporting period.

Sustainability report

The quantitative estimates disclosed above are subject to a high level of measurement uncertainty and are expected to affect specific financial statement line items over time. In particular, estimated claims uplift associated with climate-related health impacts would primarily affect net claims incurred and insurance contract liabilities, while potential changes in membership levels would primarily affect premium revenue. These impacts have not been translated into dollar-denominated financial effects due to the long-dated time horizons involved and the dependency of outcomes on future management actions to mitigate these impacts, including pricing, product design and provider engagement, as well as broader macroeconomic and demographic factors that cannot be reliably isolated or estimated in dollar terms at this stage of the Group's reporting maturity. As a prudent measure, the estimates also include margins for risks not separately modelled.

For certain climate-related risks, quantitative financial effects have not been estimated. These impacts are expected to be episodic, highly variable and dependent on the nature and timing of future events or regulatory responses, making reliable quantification impracticable at this stage.

Climate Scenario Analysis

The Group has conducted climate-related scenario analysis in FY26 to assess the resilience of its strategy and business model under different climate outcomes over the short, medium and long term. The analysis considers the Group's Australian private health insurance operations and associated support functions.

The Group assessed two climate scenarios that represent materially different climate outcomes. These scenarios reflect the inverse relationship between the pace and ambition of global decarbonisation efforts and the severity of physical climate impacts and are used to explore a range of potential future conditions relevant to the Group's operating environment.

The scenario analysis has been undertaken using all reasonable and supportable information available at the reporting date and is not intended to predict future outcomes.

Key areas of uncertainty that influence the assessment of climate resilience include:

- the ability to reliably quantify long-term financial impacts on revenue, expenses, assets and liabilities;
- the geographic distribution and severity of physical climate impacts, including extreme weather events; and
- the timing, nature and stringency of future government policy and regulatory responses.

These uncertainties increase over longer time horizons and are reflected in the predominantly qualitative nature of the scenario analysis, with selective quantitative outputs provided where modelling is sufficiently robust.

Assumptions and Inputs

Climate-related scenario analysis was informed by published climate scenarios, epidemiological research, internal actuarial modelling and management judgement. The analysis considered projected changes in temperature and extreme weather under each scenario and the implications for population health outcomes, healthcare utilisation and healthcare provider cost structures.

Internal actuarial modelling focused on key transmission channels relevant to private health insurance, including:

- direct health impacts associated with extreme heat and other extreme weather events;
- broader impacts on member health and claims severity informed by qualitative research, including chronic disease progression and longer lengths of stay for vulnerable cohorts;
- healthcare provider cost pressures associated with energy prices, regulatory requirements and decarbonisation investment that may be passed through to insurers; and
- affordability effects on membership arising from premium pressures and broader household cost impacts.

Impacts are expressed as percentage uplifts relative to a historical baseline to isolate climate-related effects from underlying demographic and membership growth. A constant-population assumption was applied for modelling purposes.

For Western Australia, which represents the majority of the Group's membership base, climate exposure was operationalised using changes in the frequency of extreme heat events, informed by projected increases in the annual number of days exceeding 35°C in the Perth region. This exposure metric increases materially under the assessed scenarios over the medium to long term. To avoid understating potential impact, these uplifts were applied across total claims rather than only to exposed locations.

Due to inherent uncertainty and long time horizons, modelling outputs are expressed as ranges rather than point estimates.

Climate Scenarios Assessed

Scenario #1	Orderly
Sources	SSP1-2.6 RCP 2.6 NGFS Net Zero 2050
Description	A bold, unified transition aligned with a 1.5 °C pathway
Key Assumptions	• Collective global action toward a low-carbon economy, supported by immediate and stringent climate policies, rapid technology adoption and behavioural change. • Strong growth in renewable energy, electric vehicle uptake and electrification. • Carbon pricing rises steadily, reinforcing decarbonisation. • Physical risks remain relatively low, but transition risks are significant.
Risk Profile	Physical: Low Transition: High
Reason for Inclusion	Mandated 1.5°C pathway under the Corporations Act, aligned with the latest international agreement on climate change (the Paris Agreement) and the most relevant low-warming scenario to test HBF's resilience under strong transition settings.

Scenario #2	Hot House
Sources	SSP5-8.5 RCP 8.5 NGFS Current Policies
Description	Continuation of current policies, resulting in unmitigated temperature rise exceeding 3 °C
Key Assumptions	• Minimal climate action beyond existing policies. • Fossil fuel use remains high, and renewable adoption is slow. • Severe physical risks materialise, including irreversible impacts such as sea level rise and extreme weather. • Transition risks are low due to lack of policy change.
Risk Profile	Physical: High Transition: Low
Reason for Inclusion	Required second scenario under the Corporations Act ("well above 2°C") and represents a materially adverse physical risk trajectory for the health insurance sector.

SSP = Shared Socioeconomic Pathway; RCP = Representative Concentration Pathway; NGFS = Network for Greening the Financial System.

Risk Ratings by Scenario

The table below provides a summary view of the risk rating levels for each risk under each climate scenario.

		Orderly (1.5°C)		Hot House (3.0°C+)	
Risk Type	**Risk**	**Short Term**	**Long Term**	**Short Term**	**Long Term**
Physical and Transition Risk	Climate-related impacts on claims and costs	LOW	MEDIUM	MEDIUM	HIGH
Physical Risk	Climate-related disruptions to operations and service delivery	LOW	LOW	LOW	HIGH
Transition Risk	Regulatory and reputational risk	HIGH	MEDIUM	MEDIUM	MEDIUM

Risk ratings reflect Management's qualitative assessment of the relative likelihood and potential magnitude of impact for each risk under each scenario, informed by internal stakeholder consultation and consideration of available climate projections. Ratings are expressed on a three-point scale (Low, Medium, High) to indicate the assessed level of climate-related risk exposure at each time horizon.

Strategic Implications and Response

The implications for the Group's strategy and business model have been considered in the table below, which includes the Group's response to the effects identified.

	Orderly (1.5°C) Scenario
Short Term (2026 – 2030)	Climate-related impacts arise primarily through transition-related pressures including evolving regulatory and disclosure obligations, increased compliance costs, and heightened market expectations. The pace and breadth of regulatory change represent a large near-term compliance focus. The Group is responding through dedicated resourcing and engagement with external advisors to meet its reporting obligations. The Group's existing strategy and business model remain appropriate, with climate considerations incorporated into business planning, pricing and risk management processes.
Medium Term (2030 – 2040)	Transition-related cost pressures and gradual changes in population health outcomes become more evident and may influence claims experience and operating costs. These impacts are expected to be managed through existing strategic levers, including pricing and benefit design, investment in digital and preventive health services, and engagement with healthcare providers. The Group's strategy remains resilient, with incremental adaptation rather than fundamental change required.
Long Term (2040+)	Climate-related risks become more pronounced but remain driven predominantly by transition dynamics rather than acute physical disruption. No material asset redeployment or decommissioning is anticipated given the Group's limited physical asset base. Overall, the strategy is assessed as resilient under an orderly transition pathway, with manageable adaptation required over time.

	Hot House (3.0°C+) Scenario
Short Term (2026 – 2030)	Transition-related impacts remain limited due to the absence of significant additional policy action. Physical climate impacts increase but are largely episodic. Existing business continuity arrangements and operational resilience measures remain effective in managing near-term disruption.
Medium Term (2030 – 2040)	More severe and persistent physical climate impacts affect population health outcomes, healthcare service availability and system capacity, resulting in sustained pressure on claims experience and affordability. Greater emphasis is required on operational resilience, continuity of care and affordability, including expanded use of digital and remote-care pathways and closer collaboration with healthcare providers.
Long Term (2040+)	Severe physical climate impacts materially affect healthcare system stability and capacity. While the Group does not own major healthcare infrastructure, systemic impacts constrain strategic flexibility and place sustained upward pressure on claims costs and member affordability. The measures outlined in the medium term would need to be scaled and sustained, supported by disciplined pricing and product design to manage affordability pressures and strengthened business continuity arrangements. The strategy remains viable but requires more significant and ongoing adaptation to manage heightened physical climate risks.

Based on the scenario analysis, the Group considers its strategy and business model to be resilient over the short to medium term, particularly under an orderly transition pathway. Over longer time horizons, and especially under higher-warming scenarios, climate-related risks are expected to become more pronounced and will require continued strategic adaptation.

Climate Resilience Assessment

The Group maintains a strong capital position and liquidity profile, which supports its ability to absorb increases in claims costs and operating pressures over time. As at 30 June 2026, the Group maintained a capital adequacy multiple of 2.9 times its prescribed capital amount, providing a substantial buffer to absorb potential increases in claims costs or operating pressures arising from climate-related impacts. The Group's asset-light model, diversified provider network and flexible product design provide a degree of resilience to both physical and transition-related climate risks.

Current investments in operational decarbonisation, digital health delivery and business continuity arrangements support service continuity during climate-related disruption. While climate-related risks are expected to become more pronounced over longer time horizons, the Group considers its business model to be resilient, with adaptation expected to occur progressively rather than through fundamental change.

Decarbonisation Strategy and Transition Approach

HBF's decarbonisation strategy supports its purpose of creating a healthier tomorrow for members, people and communities while maintaining operational resilience and member value. The strategy reflects HBF's role as a private health insurer and prioritises practical and proportionate actions in areas where the Group has the greatest ability to influence outcomes.

HBF is committed to achieving:

- Net Zero Scope 1 and Scope 2 (market-based) greenhouse gas emissions by 2030; and
- Net Zero Scope 3 greenhouse gas emissions (excluding investments) by 2040.

Progress during the reporting period focused on reducing operational emissions, including:

- securing 100% GreenPower arrangements for the Perth head office and Melbourne office;
- continuing the transition of the vehicle fleet to hybrid models, with full conversion targeted by 2030;
- rolling out bin tracker systems to the HBF branches, building on the system implemented at the Perth head office with a target of 75% landfill diversion;
- engaging with landlords across leased premises to explore opportunities for emissions reduction.

The Group is also exploring additional emissions reduction opportunities, including the transition of lighting at the Perth head office to LED, the phased replacement of high global warming potential (GWP) refrigerant gas equipment as assets reach end of life, and trialling a fully electric vehicle within the fleet to assess feasibility for broader adoption.

Scope 3 emissions represent a significant component of HBF's emissions profile. Progress toward the Net Zero 2040 target is supported through supplier engagement, improved emissions transparency, consideration of lower-emitting alternatives where feasible, and the introduction of new procurement processes to ensure suppliers provide relevant data to support the Group's emissions reduction targets.

Separately, as investment data quality and availability improve, HBF intends to review the carbon intensity of its investment portfolio while acting in members' best interests. Investment-related emissions are not included in the Group's current Net Zero targets.

Achievement of the Group's Net Zero targets is partially dependent on factors outside the Group's direct control, including the pace of decarbonisation across the healthcare sector, availability of suitable low-emissions technologies, cooperation from landlords in leased premises, stability of emissions factors and the evolution of measurement methodologies. Accordingly, the Group will continue to review and adapt its approach as required, as detailed in the 'Climate-related Targets' section of this Report.

Climate Risk and Opportunity Integration into Business Strategy

The Group considers climate-related risks and opportunities as part of the development and execution of its business strategy, recognising that climate change may influence claims experience, member affordability, service continuity and the broader operating environment of the Australian healthcare system over time.

To date, the Group has not made material changes to its business model in response to identified climate-related risks and opportunities. Climate-related activities are funded within existing operating and capital budgets and are not expected to require material changes to overall resource allocation in the short term. Expenditure on emissions reduction activities during the reporting period was not material relative to total operating and capital expenditure.

Risk Management

Climate-related risks and opportunities are managed within the Group's existing Risk Management Framework and Strategy. This ensures climate-related considerations are integrated into established risk governance and decision-making processes, and assessed consistently alongside other material business risks. Governance, oversight and accountabilities are described in the Governance section of this report.

Approach to Risk Management

The Group's risk management process for climate-related risks and opportunities is outlined below:

This process is applied on an ongoing basis and informs strategic planning, operational decision-making and consideration of longer-term climate resilience.

Identification & Assessment → **Response** → **Monitoring & Reporting**

Continuous process improvement across all stages

Identification & Assessment

Climate-related risks and opportunities are identified through the Group's enterprise risk assessment and strategic planning processes, drawing on internal inputs including operational insights, regulatory monitoring and climate scenario analysis, as well as external inputs such as regulatory guidance, peer disclosures and industry analysis.

Identified risks and opportunities are assessed using the Group's established risk assessment criteria, evaluating likelihood, potential magnitude of impact, time horizon and degree of uncertainty. Quantitative information is used where available; qualitative judgement is applied where impacts are emerging, longer-term or subject to higher uncertainty.

Response

Climate-related risks are responded to using the Group's existing risk prioritisation methodology and considered alongside other material business risks. Risk responses, including mitigation measures, controls and adaptation actions, are applied in proportion to the assessed risk level and in accordance with the Group's risk appetite.

Climate-related opportunities are considered separately but in parallel, with responses assessed for feasibility, alignment with strategic objectives and potential to support operational resilience, efficiency or improved member outcomes over the short, medium and long term.

Monitoring & Reporting

Climate-related risks and opportunities are monitored through established risk monitoring and reporting processes, focusing on changes in risk exposure, emerging climate-related developments and the effectiveness of actions in place.

Where climate-related actions or targets have been established, progress is tracked through existing performance monitoring processes and informs ongoing management decision-making. Processes are reviewed periodically and refined over time as understanding, data availability and regulatory expectations evolve.

Metrics and Targets

Greenhouse Gas Emissions

The Group's total greenhouse gas emissions for the year are as follows:

Category	2026 Tonnes of CO_2e
Scope 1	
Stationary Fuel	12
Transport Fuel	175
Refrigerant Gases	84
Anaesthetic Gases	29
Subtotal	300
Scope 2	
Electricity Usage (Location-Based)	1,199
Electricity Usage (Market-Based)	783
Total Location-Based	1,499
Total Market-Based	1,083

Scope 1 and Scope 2 emissions under each method are summarised below:

	Location-Based		Market-Based	
2026	**Tonnes of CO_2e**	**% of Total**	**Tonnes of CO_2e**	**% of Total**
Scope 1	300	20%	300	28%
Scope 2	1,199	80%	783	72%
Total	**1,499**	**100%**	**1,083**	**100%**

All Scope 1 and Scope 2 greenhouse gas emissions disclosed relate to the Group's consolidated reporting entity. The Group does not have Scope 1 or Scope 2 emissions attributable to unconsolidated associates or joint ventures.

Greenhouse gas emissions have been measured in accordance with the *Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004)*.

The Group has elected to apply the transitional relief available under AASB S2 and has not disclosed Scope 3 greenhouse gas emissions for the reporting period. Scope 3 emissions will be assessed and disclosed from FY27 in line with regulatory requirements.

Climate-related Exposure of Assets and Activities

The Group does not own or operate hospitals or large-scale healthcare infrastructure and has limited reliance on climate-sensitive physical assets. As a result, Management considers the proportion of the Group's assets and activities directly exposed to climate-related physical and transition risks to be limited. Climate-related impacts are therefore expected to arise predominantly through indirect effects on claims experience, affordability and healthcare system capacity rather than through direct impacts on the Group's asset base. Accordingly, this direct asset exposure has not been separately quantified for the reporting period.

The Group's identified climate-related opportunities are indirect in nature and are not associated with specific assets or capital deployed and, on that basis, this metric has also not been separately quantified for the reporting period.

Measurement Methodology

The Group has measured its greenhouse gas emissions in accordance with the *Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004)*. In calculating its emissions, the Group has applied Australian Government emission factors and global warming potential values published in the National Greenhouse Accounts (NGA) Factors as reference sources within the GHG Protocol framework. This approach was selected to support consistency with Australian regulatory frameworks, maximise data reliability and leverage available activity data in the Group's first year of reporting under AASB S2.

The Group applies an operational control consolidation approach, as this most accurately reflects the emissions sources over which the Group has the authority to introduce and implement operating policies, consistent with the operational control approach under the GHG Protocol.

As this is the Group's first sustainability report prepared in accordance with AASB S2, there were no changes to the measurement methodologies, inputs or assumptions applied across Scope 1 and Scope 2 emissions during the reporting period.

Certain greenhouse gas emissions disclosed in this report are subject to higher levels of measurement uncertainty. In particular, refrigerant gas emissions are subject to greater measurement uncertainty than other Scope 1 emission categories, as emissions are estimated using assumed leakage rates applied to equipment inventories, which may vary from actual leakage depending on equipment age, condition and maintenance practices.

Measurement of Scope 1 Emissions

The Group measures its Scope 1 emissions using both internal and external data sources. Key assumptions used to measure Scope 1 emissions are as follows:

Category	Activity	Data Source	GWP and Emissions Factor Source	Methodology, Data Quality and Uncertainty
Stationary Fuel	Quantity of fuel used for stationary energy purposes	Invoices	Emissions factors sourced from DCCEEW NGA Factors 2025	Methodology aligned to the GHG Protocol, i.e. quantity of fuel consumed multiplied by the associated emission factor for each fuel type. High data quality, low uncertainty.
Transport Fuel	Quantity of fuel used for transport energy purposes	Fuel purchase transaction history	Emission factors sourced from DCCEEW NGA Factors 2025	Methodology aligned to the GHG Protocol, i.e. quantity of fuel consumed multiplied by the associated emission factor for each fuel type. High data quality, low uncertainty.
Refrigerant Gases	Estimated leakage rates of refrigerant-containing equipment	Asset registers and equipment specifications	GWP sourced from DCCEEW hydrofluorocarbon refrigerants global warming potential values	Methodology based on equipment inventory and estimated leakage rates per equipment type. Medium data quality due to estimation assumptions; uncertainty depends on equipment age and maintenance records.
Anaesthetic Gases	Consumption of nitrous oxide units	Consumption report	GWP sourced from the Clean Energy Regulator	Consumption of units multiplied by global warming potential. High data quality, low uncertainty.

The Group has measured the use of fuel for transport and stationary combustion using a primary data source because this will provide the most accurate measure of its Scope 1 emissions. The Group has estimated refrigerant leakage rates where direct measurement is not currently practicable.

Measurement of Scope 2 Emissions

The Group measures its Scope 2 greenhouse gas emissions using both location-based and market-based methods, in accordance with the Greenhouse Gas Protocol.

Key assumptions used to measure emissions are as follows:

Category	Activity	Data Source	GWP and Emissions Factor Source	Methodology, Data Quality and Uncertainty
Electricity Usage	Electricity consumption for controlled premises	Invoices	Emissions factors sourced from DCCEEW NGA Factors 2025	Location-based and market-based methods. High data quality and low uncertainty due to high percentage coverage of invoice sets.

The Group has solar panels installed at its Perth head office to reduce electricity usage and purchases GreenPower from its electricity retailer, Alinta Energy, for residual electricity requirements at this site, under which renewable electricity certificates are purchased to match electricity consumption. In May 2026, the Group also commenced a 100% GreenPower arrangement for its Melbourne office through Origin Energy. These arrangements meet the definition of qualifying contractual instruments under the Greenhouse Gas Protocol.

For the reporting period, the Group has disclosed Scope 2 emissions on both a location-based and market-based basis. Location-based emissions reflect grid-average emission factors applied to all sites across the Group. Market-based emissions reflect the Group's renewable electricity contractual arrangement for the Perth head office; for other sites, market-based emissions are calculated using the applicable residual mix emission factors. As the Melbourne office arrangement commenced towards the end of the reporting period, its effect has not been reflected in FY26 market-based emissions and will be reflected from FY27.

Climate-related Targets

The Group has set an internal climate-related target for its absolute net greenhouse gas emissions, as well as a specific target for its Scope 1 and Scope 2 (market-based) emissions. The Group has not set a separate gross emissions target; its targets are expressed on a net basis.

	Target 1	Target 2
Description	Reduction in absolute greenhouse gas emissions (excluding investments)	Reduction in absolute Scope 1 and Scope 2 (market-based) greenhouse gas emissions
Scope of target	The entire Group, including subsidiary dental and physiotherapy operations, within the operational control boundary. This excludes hospitals and other third-party healthcare providers	
Target type	Absolute	
Target basis	Net greenhouse gas emissions target. Carbon credits may be used only to offset residual emissions where direct abatement is not practicable	
Metric used to set target	Total Scope 1, Scope 2 (market-based) and Scope 3 greenhouse gas emissions (excluding investments)	Total Scope 1 and Scope 2 (market-based) greenhouse gas emissions
Target timeframe	By 2040	By 2030
Target level	Reduce total emissions by 100%	Reduce Scope 1 and Scope 2 (market-based) emissions by 100%
Base period	2024	
Interim target	2030 – Reduce Scope 3 emissions (excluding investments) by 25%	No
Metric used to monitor progress towards target	Total Scope 1, Scope 2 (market-based) and Scope 3 greenhouse gas emissions (excluding investments)	Total Scope 1 and Scope 2 (market-based) greenhouse gas emissions
Performance against target	Not reported for FY26[2]	63% reduction against FY24 baseline
Third-party validation of target	No	
Process for reviewing target	Reviewed annually by the Board as part of the sustainability report approval process	

The Group acknowledges that there is inherent uncertainty associated with long-term Scope 3 emissions trajectories, given the multi-year horizon involved and reflecting the extent to which outcomes depend on external developments in supplier actions, policy, technology and market practice. The Scope 3 target and its underlying assumptions will be reviewed annually by the Board and may be updated as the Group's understanding of its emissions profile develops. Any revisions will be disclosed in the Annual Report for the period in which they are made.

The Group's climate-related targets are informed by the objectives of the Paris Agreement and Australia's Nationally Determined Contribution, including the goal of limiting global warming to well below 2°C and pursuing efforts to limit warming to 1.5°C. The targets were not derived using a sectoral decarbonisation approach and have not been validated by a third party. The targets cover carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O) and hydrofluorocarbons (HFCs), being the greenhouse gases included in the Group's Scope 1 and Scope 2 emissions inventory.

While Scope 3 emissions are not disclosed for the reporting period under transitional relief, the Group has established longer-term Scope 3 targets (excluding hospitals, other third-party healthcare providers, and investments) to guide future measurement and emissions reduction efforts to match our strategy.

Internal Carbon Price

The Group does not apply an explicit internal carbon price in decision-making, however, in accordance with its internal climate-related targets, the Group remains committed to reducing its absolute GHG emissions.

Planned Use of Carbon Credits to Achieve Targets

The Group's primary focus is on reducing greenhouse gas emissions through direct abatement actions. Carbon credits may be used where appropriate to support achievement of emissions reduction targets when direct abatement is not feasible, such as residual anaesthetic gas emissions in the Group's dental operations. No carbon credits were utilised during the reporting period.

If carbon credits are utilised in future periods, the Group intends to source credits verified under recognised certification schemes such as the Australian Carbon Credit Unit (ACCU) scheme or equivalent internationally recognised standards. Any use of carbon credits would consider both nature-based and technology-based options, and both emissions reduction and removal credits, with a focus on high-integrity credits assessed against criteria such as additionality, permanence and avoidance of double counting.

2 This target includes our Scope 3 emissions. As Scope 3 is not disclosed for FY26 under transitional relief, progress will be reported from FY27 onwards.

Directors' Declaration

In the opinion of the directors of HBF Health Limited, I state that the Company has taken reasonable steps to ensure that the substantive provisions of the Sustainability Report of the Company and its subsidiaries (collectively the Group) for the year ended 30 June 2026, as presented on pages 33 to 48, are in accordance with the Corporations Act 2001, including:

(a) Complying with Australian Sustainability Reporting Standard AASB S2 Climate-related Disclosures and any further requirements determined under section 296C(2) of the Corporations Act 2001; and

(b) Containing the climate statement disclosures required by section 296D of the Corporations Act 2001.

Made in accordance with a resolution of the directors of HBF Health Limited pursuant to section 296A(6) of the Corporations Act 2001, as modified by section 1707C(2) of the Corporations Act 2001.

On behalf of the Board,

Diane Smith-Gander AO
Perth, 3 September 2026

Operating and financial review

Sustainable Growth, enduring value

Despite ongoing cost-of-living pressures, we continued to invest in affordability, member value and long-term health outcomes.

Group Income Statement

Year ended 30 June 2026	2026 $m	2025 $m
Insurance revenue	2,332.4	2,281.0
Net claims expense	(1,972.0)	(1,866.7)
Underwriting margin result	**360.4**	**414.3**
Other insurance service expense	(312.4)	(300.4)
Insurance service result	**48.0**	**113.9**
Health and Wellness revenue	44.7	41.6
Health and Wellness expenses	(70.6)	(64.6)
Health and Wellness result	**(25.9)**	**(23.0)**
Total investment income	108.7	99.9
Other expenses	(2.0)	(55.3)
Income tax expense	(0.6)	(4.3)
Profit after income tax	**128.2**	**131.2**

HBF delivered profit after income tax of $128.2 million in FY26. Revenue and investment income both increased and the insurance service result moderated as claims returned toward more normal levels. The Health Insurance business in FY26 returned to market share growth which resulted in higher marketing and broker commission type expenses. The result reflects HBF's continued focus on member affordability and investment for long term member value.

Insurance revenue

Group insurance revenue increased 2.3% to $2,332.4 million, supported by an average premium increase of 2.15%, below the industry average, and policy growth of 3.2% across the year. Growth was partly tempered by a shift in business mix, as new entrants and existing members increasingly selected HBF's competitively priced and more affordable product offerings.

Claims

Net claims expense increased 5.6% to $1,972.0 million, driven by a combination of hospital indexation and higher utilisation across both hospital and extras, as claims activity continued to normalise. The result also reflects the impact of targeted member benefit enhancements introduced during the year. This pattern of returning claims activity was consistent with the broader experience reported across the private health insurance industry.

Underwriting margin

Underwriting margin compressed from 18.2% to 15.4%, reflecting higher payments to members and providers across both hospital and extras, representing a focus on member affordability and a return towards more normalised claims activity.

Health and Wellness

Health and Wellness revenue grew to $44.7 million in FY26, up $3.1 million (7.5%) on FY25, driven by higher productive hourly rates and increased utilisation in our Dental business, partly offset by NDIS pricing changes affecting our Physiotherapy businesses.

HBF continues to invest strategically in new capability to support long term member health outcomes, consistent with our HBF30 strategy.

Investment income

Investment income increased 8.9% to $108.8 million in FY26. The portfolio delivered a return of 6.7% for the year, ahead of HBF's long term objective, with performance well diversified across our major asset groupings of Equities, Mid-risk assets and Defensive assets.

Investment markets were dominated by two themes this year: artificial intelligence and geopolitics. Equities was the strongest performing asset grouping for the year, Mid-risk assets such as infrastructure provided reasonable returns in a stable pattern and Defensive assets were a major contributor to performance despite shifting inflation and interest rate expectations.

The portfolio transitioned from historically defensive settings with a high cash allocation into fixed interest and mid-risk assets over the course of the year, resulting in capital gains comprising a larger component of overall performance this year.

Other expenses

Other expenses declined to $2.0 million in FY26, from $55.3 million in FY25. The FY25 result included a goodwill impairment charge of $56.3 million related to see-u, which did not recur in FY26.

Financial Position

HBF's Net Asset position increased by $127.7 million, or 8.8%, to $1,578.5 million, largely reflecting an increase in the value of our investment portfolio across the year.

Capital Management

HBF's financial position is classified as strong under APRA's capital standards for the private health insurance industry, with eligible capital exceeding its prescribed capital amount. As a not-for-profit health fund without access to capital markets, HBF's capital position allows us to support 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 defined in our Risk Management Framework and Strategy (RMFS) and is summarised below.

Material Risk Types	Risk Management Approach
Strategic Risks HBFs strategic risks relate to those internal or external events that may impede the achievement of strategic objectives and goals.	To effectively understand and assess key strategic risks, HBF undertakes an analysis of threats and opportunities that specific scenarios may pose to our business. Underpinned by policy and governed by key committees, these risks inform the prioritisation of investments and resources in the business strategy and plan, which is approved by the Board. HBF regularly evaluates business plan performance and appropriately responds to internal and external changes to mitigate execution risk.
Financial Risk HBF is exposed to financial 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.	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 is regularly monitored and reported. Management of financial risk is overseen by the Board's Investment and the Board's Audit and Risk Committees.
Operational Risk Operational Risk is the risk of loss arising from inadequate or failed internal processes, systems, people, or from external events. Operational risks include the important areas of business continuity, data governance, cyber and information security, technology, third-party, and people health and safety risks.	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, methods and data required for the effective management and reporting of our material risks. The Three Lines of Accountability model organises our accountabilities to manage risks by separating the roles: • 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. Management of operational risk is overseen by the Board's Risk Committee
Compliance Risk Compliance risk is the risk of legal or regulatory fines, material financial loss, or loss of reputation that HBF may incur because of its failure to comply with new and existing legal and regulatory requirements. HBF is exposed to compliance risk primarily through: • Laws, regulations, rules, licence conditions, and statements of regulatory policy • Poor conduct and culture (product design and distribution, market conduct and employee misconduct) • Privacy laws and regulations regarding the collection, handling and protection of personal information of individuals	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. Compliance systems and policies are maintained with the aim of achieving the following goals: • 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 management and the Board with relevant compliance information to support informed decision-making. All business managers are responsible for compliance with prudential requirements that apply to their areas of responsibility. Management of regulatory compliance is overseen by the Board's Risk Committee.

Governance report

Strong accountability and corporate governance are fundamental to how HBF operates.

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 and Board and Committee Charters, which are available on the HBF website.

HBF Council

Formal members of HBF

6 Elected Councillors	12 General Councillors	6 Board Councillors
(elected by Registered Policy Holders)	*(elected by General Councillors)*	*(appointed by the Board)*

HBF Board

Diane Smith-Gander AO (Chair), Brent Stewart, Gai McGrath, Jennifer Seabrook, Mary Anne Stephens, Sami Yalavac, Isar Mazer, Russell Baskerville and Dr Lachlan Henderson

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.

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), Isar Mazer, Mary Anne Stephens, Sami Yalavac.	**Members:** Mary Anne Stephens (Chair), Gai McGrath, Sami Yalavac.	**Members:** Diane Smith-Gander AO (Chair), Russell Baskerville, Lachlan Henderson, Gai McGrath, Isar Mazer, Jennifer Seabrook, Mary Anne Stephens, Brent Stewart, Sami Yalavac.	**Members:** Gai McGrath (Chair), Russell Baskerville, Brent Stewart, Sami Yalavac.	**Members:** Brent Stewart (Chair), Jennifer Seabrook.

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 2026.

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

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.

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.

Executive Committee

Chief Executive Officer (Dr Lachlan Henderson) (Chair), Chief Financial Officer (Sarah Graf), Chief Risk Officer (Natalie Walker), 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).

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
Simon Callahan	*Vacancy*	*Vacancy*	Sami Yalavac

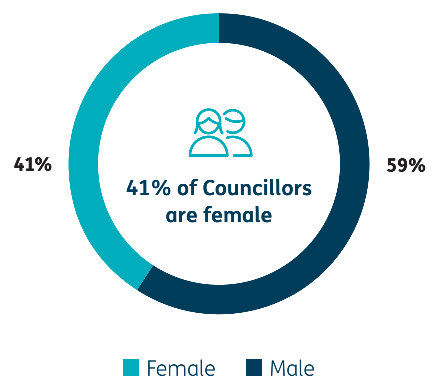
Appointments during the financial year

Elected Councillors	Simon Callahan	23.09.2025
General Councillors	Nil	

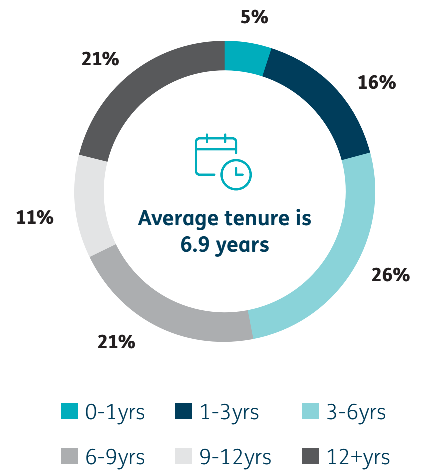
Retirements during the financial year

Elected Councillors	Gail Russell	03.07.2025
General Councillors	Nil	

Council diversity



Council tenure



HBF Board

As at 30 June 2026, the Board comprised an independent Non-Executive Chair, seven 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.

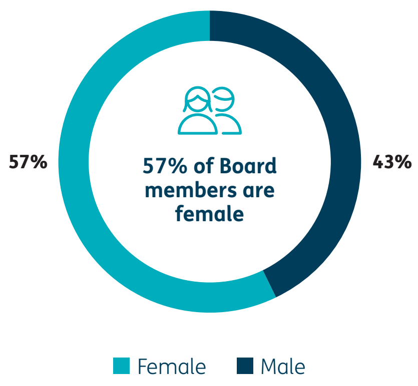
Board skills and experience

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:

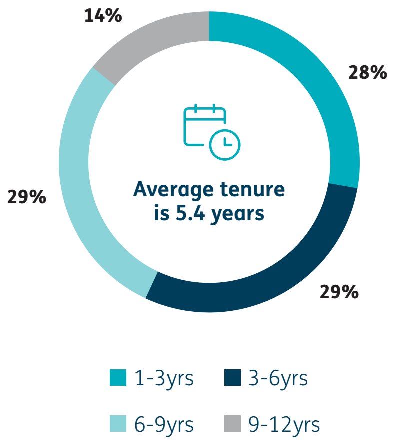
- key skills and experience it seeks to achieve in its membership collectively to allow effective Board deliberations and processes;
- desirable skillset for future Director appointments; and
- focus areas for continued education and development of Directors.

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

Board diversity



Board tenure



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 FY26.

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 2025, an internal performance evaluation focusing on the key themes of board leadership, alignment to HBF's purpose, strategy and risk and its composition, effectiveness and culture was undertaken.

2023
Internal Performance Evaluation

2024
External Performance Evaluation

2025
Internal Performance Evaluation

- Survey completed by directors and executives.
- Evaluation outputs discussed by the Board and respective Board Committees.
- The Board Chair met with each of the directors to share two-way feedback.
- 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

HBF's Risk Management Framework and Strategy (RMFS) supports the identification and management of material business risks. The RMFS brings together the systems, structures, policies, processes and people required to identify, assess, monitor, report and mitigate key risks across HBF. These risks are considered in the context of HBF's strategic priorities and objectives. The RMFS also sets out the key elements required to manage risk effectively and meet APRA requirements together with compliance with regulatory and legal obligations.

The Board is responsible for HBF's RMFS, including setting the level of risk HBF is prepared to accept. The Board-approved Risk Appetite Statement defines the level of risk HBF is willing to accept in delivering its strategic and business plans. It also outlines how HBF oversees, monitors and reports performance against its risk appetite.

The Board reviews the RMFS at least annually and confirms that management has established effective risk management and internal control arrangements across the business. HBF's material business risks are described in the Material Business Risks section of the Operating and Financial Review.

Internal audit

HBF's Internal Audit function is led by the Head of Internal Audit and, since December 2025, has been delivered through a material outsourcing arrangement with Deloitte. HBF retains oversight and accountability for the Internal Audit function which is an integral component of HBF's governance framework and provides independent and objective assurance organisational outcomes. 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 annually using a risk-based methodology and is jointly approved by the Audit Committee and Risk Committee. The Head of Internal Audit has unrestricted access to all HBF records, properties, and personnel as required. The Head of Internal Audit reports administratively to the Chief Risk Officer and functionally to the Audit Committee. This approach supports the independence and objectivity of the Internal Audit function.

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.
- 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 2026 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 2026.

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 senior executive at Westpac Banking Corporation and a Partner at McKinsey & Company in the United States before becoming a professional Non-Executive Director. Her extensive experience includes as a Non-Executive Director of Wesfarmers Ltd, NBN Co Ltd, CBH group companies and Chair of Broadspectrum Limited.

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 an Honorary Doctorate in Economics. She joined the ASIC Corporate Governance Consultative Panel in 2026.

Diane is a member of Chief Executive Women and served as National President 2015 – 17.

Current External Appointments

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

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

Retired as Deputy Chair and Non-Executive Director effective 30 June 2026

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 acquirer, 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:

Committees legend: Nominations | Audit | Risk | People, Culture & Remuneration | Investment | Committee Chair

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 over 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) 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 ASX 200-listed Deterra Royalties Limited and the BGC Group, one of Australia's largest private companies. She is also an independent member of the Audit and Risk Committee of Minderoo Foundation Limited, one of Australia's largest philanthropic organisations.

Board Committees:

Mary Anne Stephens
Non-Executive Director
FGIA, FCPA, BA, GAICD, FAIM, MAcc, DipFD

Appointed: Non-Executive Director from October 2023

Retired as a Non-Executive Director effective 30 June 2026

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 the 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 Chair of VenuesWest and Diabetes WA and is a Board Member of the Child and Adolescent Health Service (CAHS) and the Perth Children's Hospital Foundation.

Board Committees:

Committees legend: Nominations | Audit | Risk | People, Culture & Remuneration | Investment | Committee Chair

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 Pathways Residents Aged Care Group, 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:

Isar Mazer
Non-Executive Director
BEng, MBA, GAICD

Appointed: Non-Executive Director from February 2026

Contribution to the Board
Isar has over 25 years' experience as a senior executive, founder, director and investor, working across Australia, Asia and the Americas, principally in the technology sector. He has extensive experience across strategy, technology, digital innovation and business growth, and has held a number of senior leadership and executive positions, including Managing Director of SEEK International and Chief Operating Officer of SEEK Investments, where he was responsible for driving significant global operational transformation.

Current External Appointments
Isar is currently Chair of EstimateOne Pty Ltd and Tacklit Group Pty Ltd and an Advisory Committee Member of Ausmed.

Board Committees:

Russell Baskerville
Non-Executive Director
Dip Tech (Electronic Engineering)

Appointed: Non-Executive Director from February 2026

Contribution to the Board
Russell has over 20 years' experience as a corporate leader with expertise in strategy development and execution, consulting, corporate transactions and technology services. He was the founder, Managing Director and CEO of Empired Limited, which he built into one of Australia and New Zealand's leading digital services firms prior to its acquisition by Capgemini in 2021.

Current External Appointments
Russell is currently Chair of Bravura Solutions Limited, One Click Group Limited, Monvia Limited and BigRedSky Pty Ltd and Deputy Chair of Infotrust Limited.

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 Deputy Chair of Private Healthcare Australia and a Non-Executive Director of Cricket Australia and the Members Health Fund Alliance.

Board Committees:

Committees legend: Nominations | Audit | Risk | People, Culture & Remuneration | Investment | Committee Chair

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, insurance and access has been provided to each Director of HBF, which:

- Indemnifies each Director, to the extent not precluded by law, on substantially the same terms as 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 any further period 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 and as part of the terms of its audit engagement agreement, HBF has agreed to indemnify its auditors EY 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 21, 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 15 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		Investment Committee		Nominations Committee	
	Held[1]	Attended	Held[1]	Attended	Held[1]	Attended	Held[1]	Attended	Held[1]	Attended	Held[1]	Attended
Non-Executive Directors												
Diane Smith-Gander AO	7	7	-	-	-	-	-	-	-	-	3	3
Brent Stewart	7	7	-	-	6	6	-	-	5	5	3	3
Gai McGrath[2]	7	6	-	-	6	6	7	7	-	-	3	3
Jennifer Seabrook	7	7	6	6	-	-	-	-	5	5	3	3
Mary Anne Stephens[3]	7	7	6	6	-	-	7	7	1	1	3	2
Sami Yalavac	7	7	6	6	6	6	7	7	-	-	3	3
Isar Mazer[4]	2	2	2	2	-	-	-	-	-	-	2	2
Russell Baskerville[5]	2	2	-	-	1	1	-	-	-	-	2	2
Managing Director												
Lachlan Henderson	7	7	-	-	-	-	-	-	-	-	3	3

1. The number of meetings held during the time the Director was a member of the Board or of the relevant Board Committee.
2. The meeting which was not attended related to out-of-cycle Board meeting called for a special purpose that did not form part of the Board or Board Committee approved yearly planner.
3. Retired as a Member of the Investment Committee on 22 October 2025.
4. Appointed as a Director and a Member of the Nominations Committee on 4 February 2026. Appointed as a Member of the Audit Committee on 28 April 2026.
5. Appointed as a Director and as a Member of the Nominations Committee on 11 February 2026. Appointed as a Member of the People, Culture and Remuneration Committee on 28 April 2026.

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 2026/183 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 18 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 114 and forms part of this report.

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

Diane Smith-Gander AO
Perth, 3 September 2026

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 (Psyc), 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.

Natalie Walker

Chief Risk Officer

BBus and GAICD

Natalie Walker is an accomplished senior risk and compliance executive with over 20 years' experience in banking and financial services. She is recognised for her strategic leadership, ability to drive cultural change, and her collaborative, results-oriented approach.

Prior to HBF, Natalie served as Chief Privacy and Data Ethics Officer at National Australia Bank, where she led the development of comprehensive privacy and ethical data use policies, rebuilt the Global Privacy Office, and enhanced privacy risk management and compliance across the organisation.

Her career includes key leadership roles at Commonwealth Bank of Australia and Bankwest, where she drove major risk transformation initiatives, led large teams, and delivered significant improvements in risk culture and compliance.

Natalie holds a Bachelor of Business (Economics and Finance) from Curtin University and is a graduate of the Australian Institute of Company Directors.

Board and CEO remuneration report

On behalf of the Board, I am pleased to present our 2026 Board and CEO Remuneration Report, covering remuneration outcomes for the FY26 financial year and the framework that will apply for FY27.

FY26 marked our first full financial year operating under the Financial Accountability Regime (FAR), which commenced for HBF in March 2025. Throughout the year, the People, Culture & Remuneration Committee (PCRC) and the Board maintained a clear focus on a remuneration framework that rewards responsible behaviours and aligns reward with performance outcomes and regulatory obligations. Embedding accountability, including accountability statements, consequence management, and the deferral of variable remuneration consistent with FAR and CPS 511 has been central to the Committee's work.

I would like to thank Gai McGrath for her leadership and contribution as Chair of the PCRC. Gai will continue to make an important contribution to HBF's governance as she takes up the role of Chair of the Risk Committee.

A framework aligned to member interests

We recognise the expectations of our members and the broader community and are committed to Executive reward outcomes that align with balanced financial and non-financial performance. In assessing performance, the Board looks beyond traditional metrics. Outcomes must reflect our leadership behaviours and principles, strategic goals, member impact, reputation, and environmental, social and governance priorities. Reputation, risk and conduct are considered throughout. This focus on strong governance is directed at sustainable results that serve the long-term interests of our members.

FY26 remuneration outcomes

HBF delivered a stronger result in FY26 than in FY25, driven by member growth, profitability and improved employee engagement. The Corporate Incentive Scorecard retains a balanced range of financial and non-financial measures, spanning member expectations, people, delivery of key initiatives, and financial sustainability. Based on the Board's assessment against the scorecard, an outcome of 120% of target was approved for FY26 (FY25 was 93.8%). Further detail is set out in section 4.

The Committee continued to refine the framework, building on the FY26 enhancements to strengthen the alignment between reward and strategic objectives. This work retained a continued emphasis on simplicity, transparency and strategic coherence.

Non-Executive Director's remuneration

The PCRC periodically reviews fees for Non-Executive Directors (NEDs), together with subsidiary board and committee fees, to ensure they remain appropriate. These reviews are informed by benchmarking from independent remuneration consultants, and any recommended adjustments are put to the Board for approval. HBF's NED fee structure is designed to attract and retain directors with the necessary skills and experience, and the Board continues to monitor market practice among comparable Australian organisations. Following an external review of comparative Board fees, the Board approved a 3.5% increase to Board and Committee fees to maintain alignment with market. Any adjustment remains within the maximum aggregate remuneration for NEDs approved by the Council.

Consequence management

Consequence management is a core component of HBF's accountability and remuneration framework and a key expectation under FAR and CPS 511. Supported by the PCRC and the Risk Committee, the Board oversees a structured process to ensure conduct, risk and compliance outcomes are appropriately reflected in remuneration. Where a material risk, conduct or compliance matter arises, the Board has a range of tools available. These include in-period adjustments to variable remuneration, application of the Risk, Compliance and Conduct Gateway at a company level, and the reduction or forfeiture of unvested deferred remuneration for accountable persons and other in-scope employees. Together, these mechanisms keep reward outcomes aligned with the standards of behaviour and risk management expected across HBF.

On behalf of the Committee, I thank my fellow directors and management for their continued commitment to a remuneration framework that is fair, transparent and aligned with the interests of our members. We remain confident it positions HBF well to deliver on its HBF30 ambitions while upholding the accountability and governance standards our members expect.

Sami Yalavac

Chair, HBF People, Culture & Remuneration Committee

1. HBF's remuneration philosophy and principles

Our remuneration framework is guided by HBF's Group 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.

HBF's purpose

To deliver for our members in moments that matter

Our leadership behaviours

Impactful	Authentic	Accountable	Self-Aware	Inclusive

HBF's remuneration philosophy and principles

Our approach to remuneration considers all stakeholders, including our members, regulators, communities, and employees, with a commitment to fairness, appropriateness, simplicity, and transparency.

• Align our people's interests by linking remuneration to HBF performance. • Offer competitive remuneration and equitable pay.	• Reward performance with a balanced approach across financial and non-financial measures. • Reinforce our risk, culture and conduct expectations.	• Ensure performance and rewards align with both outcomes and methods, reinforcing our purpose, and leadership behaviours. • Remuneration aligns with prudent risk taking.	• Ensure our people understand the purpose and value of remuneration and how their rewards are linked to their impact on HBF.

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 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 to ensure it complies with regulatory requirements and, to align it with broader changes to the remuneration framework.

The policy also establishes the connection between the HBF remuneration strategy and the management of remuneration related risks within the framework. It supports our Consequence Management Framework (CMF), performance management framework, and Risk Management Framework and Strategy (RMFS), ensuring alignment between HBF's strategy and the outcomes of risk, reward, and performance. All variable remuneration is subject to risk gateways and conduct assessments to ensure alignment with the RMFS.

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.

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. The Board assess the CEO's performance against these objectives.

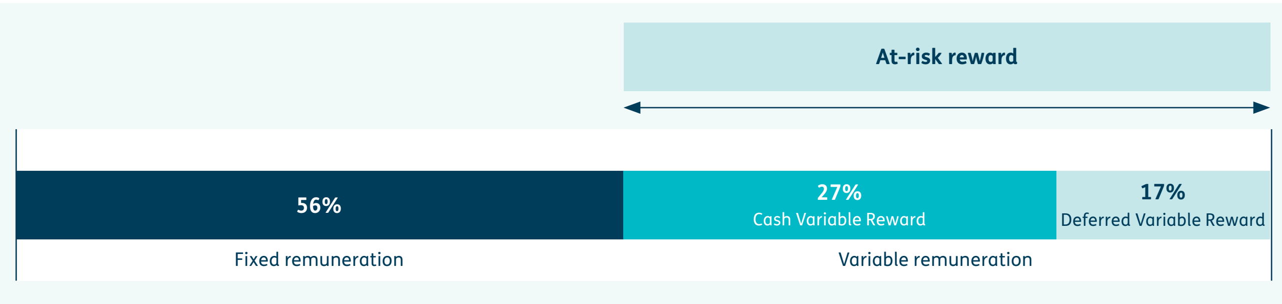
CEO remuneration components

Dr Henderson, the CEO, has a variable remuneration target of 80% of fixed remuneration in addition to his base salary and superannuation (Fixed remuneration). The CEO did not receive an increase in fixed remuneration in FY26 however the CEO's variable remuneration target was increased from 70% recognising the significant impact the role plays in driving the performance of HBF. This target has two components: 60% based on short-term measures and 40% deferred for a further three years post grant subject to risk and conduct gateways assessed by the Board.

FY26 CEO Remuneration Framework

Design			Approach		
Fixed Remuneration	Base salary & superannuation		Comprises of cash base salary, statutory superannuation contributions, and other non-monetary benefits.	Annual review against a peer benchmark of relevant companies.	Reflects the accountabilities and scope of the role.
Annual Variable Reward	60% paid as cash[1]	40% paid 3 years after grant[2]	Target Annual Variable Reward (Annual VR) opportunity of 80% of fixed remuneration. Maximum opportunity of 150% of target.	Range of Financial and non-financial measures, weighted 90% company and 10% individual performance, with the outcome assessed by the Board, considering contribution to the delivery of annual goals, leadership and risk management.	Reward for contribution to the delivery of annual goals that drive the strategy, based on a balanced scorecard.

The FY26 CEO's on-target remuneration mix is:



Executive performance and remuneration philosophy

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

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

Executive remuneration components

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 Reward Incentive (EVRI) aims to align Executive reward with HBF's strategic objectives. Under the EVRI plan, Executives are eligible for variable remuneration equal to a fixed percentage of their fixed pay at target.

This is split into:

- 60% Short-Term Cash – linked to annual performance outcomes based on a balanced scorecard
- 40% Deferred Cash – deferred for three years following grant and subject to the applicable risk and conduct gateways

1 Cash variable reward is paid after the end of the financial year
2 Subject to the applicable risk and conduct gateways assessed by the Board

2. Remuneration governance

The role of the Board in remuneration

The Board holds ultimate accountability and responsibility to approve the remuneration policy and framework. The People, Culture and Remuneration Committee (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.

HBF Board

Responsible for the governance of the company, including ensuring HBF's remuneration framework is aligned with the interests of HBF, its policyholders, and its stakeholders. Sets risk appetite and considers remuneration outcomes in the context of reward risk.

People, Culture & Remuneration Committee

Provides objective review and oversight to the Board on the design, operation and monitoring of HBF's people and remuneration frameworks, including policies and practices, organisation culture, remuneration arrangements and outcomes and Non-Executive Director fees.

The CEO and Chief People Officer are invited to attend meetings on matters not associated with their own performance and remuneration.

Risk Committees

Assess and report to the PCRC on any risk matter impacting the performance and remuneration outcomes for the CEO, their direct reports and other personnel as applicable.

External Advisors

Provision of independent remuneration and governance advice and information.

External advisors do not make any decisions on behalf of the PCRC.

Executive Director

Makes recommendations on remuneration outcomes for Executives and Specified Roles (excluding their own), including the impact of risk, conduct, performance and other issues.

Management

Implement and adheres to the remuneration and risk management framework.

Board oversight, challenge and discretion

The Board, supported by the PCRC, actively reviews performance outcomes to ensure remuneration decisions reflect both results achieved and the way they were delivered. In determining final remuneration outcomes, the Board considers performance against agreed objectives, risk and compliance outcomes, customer and employee impacts, and broader organisational performance. The Board retains discretion to adjust outcomes where warranted, ensuring remuneration remains aligned with prudent risk management, sustainable performance and HBF's values.

Board Adjustment Guidelines

In line with HBF's remuneration policy, the Board approves remuneration arrangements, including variable reward 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.

HBF's remuneration framework incorporates both upward and downward discretion to recognise exceptional contributions or address circumstances where outcomes are inconsistent with HBF's expectations. Adjustments may be considered where there is evidence of significant risk management failures, compliance breaches, poor conduct, or outcomes that are inconsistent with HBF's values, even where financial objectives have been achieved. Conversely, exceptional leadership, delivery of strategic priorities, strong risk stewardship and sustained organisational impact may be taken into account when determining final remuneration outcomes. This approach reinforces the importance of both performance outcomes and the behaviours demonstrated in achieving them.

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

Alignment to strategy and performance outcomes

Performance scorecards are designed to support delivery of the annual strategy by aligning measures to HBF's strategic priorities, including member value, sustainable growth, people outcomes and financial performance with a risk overlay. Measures are reviewed annually to ensure they remain relevant and balanced, with an appropriate mix of financial and non-financial objectives.

3. Risk and remuneration

Risk culture

The Board and PCRC are responsible for ensuring that HBF's remuneration framework, policies, and practices are aligned 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.

In assessing outcomes, the Board considers not only achievement against scorecard measures but also significant risk, compliance and conduct matters that may influence the overall assessment of performance.

HBF is committed to maintaining high standards of risk governance and complying with all relevant legislative and prudential requirements. We ensure our remuneration practices support effective risk management through thoughtful design and ongoing oversight.

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, such as 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 Board retains ultimate oversight, ensuring that consequences are fair, proportionate, and consistently enforced across the organisation.

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 Risk Gateway (Gate) 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 Gate 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 Gate, 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 the Financial Accountability Regime (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 positive risk outcomes.

During the FY26 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 downward adjustments with three made to variable reward for conduct and risk issues and eight positive risk adjustments were considered with seven made to non-executive employees. The Board considered the materiality and accountability of the individual involved in determining any adjustments.

Employees covered by the enterprise agreement 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, Executives 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.

FY26 Corporate incentive scorecard outcome

The Group's priorities are set out in the Corporate Incentive Scorecard. This 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	FY26 Outcome	Commentary
Group Net Policy Growth	Group Net Policy Growth excluding HBF Broker sales	Target	HBF Group delivered 2.2% net policy growth, reflecting strong and coordinated execution
Operational Expense Management	Operational Management Expense Ratio	Target	Group management expense ratio was at target
HBF Bold Performance Index	% score improvement including benchmark data from Gallup Cultural measure	Target	HBF delivered an exceptional 11.7% improvement against a target of 5.0%, reflecting significant strengthening in the culture
Complete Broker Platform within the Board defined parameters	Be ready for the broker sales by 30 June 2026	Target	HBF delivered the broker program, including onboarding and sales ahead of set targets
Complete health program within the Board defined parameters	Approval of business case by Board with business case and member value proposition	Target	The health program proof of concept progressed materially

Individual performance objective

The Board reviewed the CEO's individual performance, weighted at 10%. The CEO was assessed as meeting individual performance objectives resulting in an outcome of 83% of maximum target. 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 Programme 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.

The Board considered the scorecard outcome and concluded that it appropriately reflected performance, with no amendments required. In FY26, 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.

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, complies with CPS 511 and FAR requirements, and meets legislative and regulatory expectations particularly for the CEO and Executives. The Board considered risk and conduct outcomes in determining deferred remuneration release and concluded that no adjustments were warranted.

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 FY26 year for transparency.

Statutory remuneration[1] paid to the CEO

		Total fixed remuneration			Variable remuneration	
CEO	Year	Cash salary $	Non-monetary benefits[1] $	Superannuation $	Cash[2] $	Total actual remuneration $
Dr Lachlan Henderson	FY26	1,224,708	44,469	30,000	530,464	1,829,640
	FY25	1,224,708	19,039	29,932	358,144	1,631,823

Note 1: Reflects the estimated monetary value of car parking bay, Personal Accident Insurance, Corporate Gold Hospital Cover and Expense Payment Benefits.

Note 2: Includes FY23 deferred remuneration payable in FY26.

Awarded variable remuneration for the CEO

CEO	Year	Target % of Fixed Remuneration	Target $	Achieved %	Total amount $	Non Deferred $	Deferred $
Dr Lachlan Henderson	FY26	EVRI 80%	1,003,769	125%	1,254,709	752,825	501,884[1]
	FY25	EVRI 70%	878,248	95%	834,860	483,561	526,949[2]

Note 1: Reflects 40% deferral into cash for three years after grant, subject to risk and conduct.

Note 2: FY25 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 Corporate Incentive Scorecard	Annual performance against Board pre-agreed weighted financial and non-financial performance corporate measures with a risk gateway. 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%, with the CRO having 35% individual. If the performance measures for Corporate Incentive Scorecard and individual objectives are satisfied, then 60% of the variable reward opportunity for the CEO and Executives 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 with reference to the following considerations:

- To attract and compensate suitably qualified NEDs, 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 subsidiary boards 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 or subsidiary board appointments.

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, its standing committees, and subsidiary boards. At the 2019 AGM, the 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 $
Diane Smith-Gander AO	Chair	FY26	324,537	3,637	7,500	335,674
		FY25	312,893	3,301	7,281	323,475
Brent Stewart	Deputy Chair	FY26	167,766	6,943	20,132	194,841
		FY25	174,399	6,331	20,056	200,786
Gai McGrath	NED	FY26	183,397	8,574	4,583	196,554
		FY25	189,912	7,714	735	198,361
Jennifer Seabrook	NED	FY26	167,766	8,282	20,132	196,180
		FY25	163,270	7,622	18,776	189,668
Sami Yalavac	NED	FY26	167,722	10,097	20,127	197,945
		FY25	165,265	9,252	19,005	193,522
Mary Anne Stephens	NED	FY26	172,006	621	20,641	193,267
		FY25	171,394		19,710	191,104
Russell Baskerville		FY26	50,437		6,052	56,489
		FY25				
Isar Mazer		FY26	52,892		6,347	59,239
		FY25	0	0	0	0
Former NEDs[3]		FY26				
		FY25	621		71	692
Total		**FY26**	**1,286,523**	**38,154**	**105,514**	**1,430,191**
		FY25	1,177,754	34,220	85,634	1,297,608

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.

Note 3: Tony Crawford (FY25).

HBF Health Limited

Financial report

for the year ended 30 June 2026

Contents

HBF Health Limited
Consolidated statement of comprehensive income - Year ended 30 June 2026

	Notes	2026 $m	2025 $m
Insurance revenue	4(a)	2,332.4	2,281.0
Insurance service expense	4(b)	(2,284.4)	(2,167.1)
Insurance service result		**48.0**	**113.9**
Interest revenue calculated using the effective interest method		25.9	41.1
Other interest and similar income		23.4	22.1
Net fair value gains on financial assets at fair value through profit or loss		59.8	36.4
Net foreign exchange (expense)/income		(0.4)	0.3
Total investment income	**7**	**108.7**	**99.9**
Insurance finance income for insurance contracts issued		-	1.9
Net insurance financial result		**156.7**	**215.7**
Health and Wellness revenue	5(a)	44.7	41.6
Health and Wellness expenses	5(b)	(70.6)	(64.6)
Other income		0.8	1.6
Other expenses	6	(2.8)	(58.8)
Profit before income tax		**128.8**	**135.5**
Income tax expense	17	(0.6)	(4.3)
Profit after income tax		**128.2**	**131.2**
Other comprehensive income			
Change in fair value of equity instruments	7	-	0.8
Total comprehensive income		**128.2**	**132.0**
Attributable to:			
Entity's members		125.7	131.4
Non-controlling interests		2.5	0.6
		128.2	**132.0**

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 2026

	Notes	2026 $m	2025 $m
Assets			
Current assets			
Cash and cash equivalents		79.4	128.7
Receivables	10(a)	19.1	16.0
Financial assets at fair value through profit or loss	8(a)	1,270.2	758.6
Term deposits	8(b)	178.7	533.2
Assets held for sale		-	0.9
Total current assets		**1,547.4**	**1,437.4**
Non-current assets			
Financial assets at fair value through profit or loss	8(a)	182.8	162.4
Term deposits	8(b)	157.5	155.0
Intangible assets	12	179.6	199.3
Property, plant and equipment	13	67.8	76.1
Investment property		4.7	4.7
Total non-current assets		**592.4**	**597.5**
Total assets		**2,139.8**	**2,034.9**
Liabilities			
Current liabilities			
Trade and other payables	10(b)	72.6	47.8
Insurance contract liabilities	4(c)	450.3	495.4
Lease liabilities		5.9	5.1
Financial liabilities	14	3.4	5.2
Employee benefits	15(a)	15.8	15.5
Provisions	16	2.5	4.4
Total current liabilities		**550.5**	**573.4**
Non-current liabilities			
Insurance contract liabilities	4(c)	1.5	1.3
Lease liabilities		6.0	6.9
Employee benefits	15(a)	3.3	2.5
Total non-current liabilities		**10.8**	**10.7**
Total liabilities		**561.3**	**584.1**
Net assets		**1,578.5**	**1,450.8**
Equity			
General reserve	11	111.5	111.5
Retained earnings	11	1,455.9	1,331.0
Asset revaluation reserve	11	9.3	9.3
Purchase commitment for NCI shares reserve	11	(4.6)	(5.4)
Equity attributable to the entity's members		**1,572.1**	**1,446.4**
Non-controlling interests		6.4	4.4
Total equity		**1,578.5**	**1,450.8**

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

Financial report

HBF Health Limited
Consolidated statement of changes in equity - Year ended 30 June 2026

	Notes	Retained earnings $m	Reserves (Note 11) $m	Total $m	Non-controlling interests $m	Total equity $m
At 30 June 2024		**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 FVTOCI		(10.7)	10.7	-	-	-
At 30 June 2025	**11**	**1,331.0**	**115.4**	**1,446.4**	**4.4**	**1,450.8**
Profit for the year		125.7	-	125.7	2.5	128.2
Total comprehensive income		**125.7**	**-**	**125.7**	**2.5**	**128.2**
Dividends paid		-	-	-	(0.6)	(0.6)
Derecognition of interests on acquisition of business		(0.8)	0.8	-	0.1	0.1
At 30 June 2026	**11**	**1,455.9**	**116.2**	**1,572.1**	**6.4**	**1,578.5**

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 2026

	Notes	2026 $m	2025 $m
Operating activities			
Receipt of health insurance premium revenue		2,338.1	2,284.9
Receipt of health services revenue		44.3	41.5
Receipt of other income		1.3	1.7
Payment of claims		(2,033.0)	(1,980.6)
Payments of unused Gap Saver entitlements		(88.1)	-
Risk equalisation receipts		102.2	108.9
Payments to suppliers and employees		(346.0)	(312.8)
Payments to suppliers and employees for transformation expenses		-	(22.1)
Income taxes paid		(0.7)	(0.8)
Interest received		28.0	47.8
Payment of interest portion of lease liabilities		(0.6)	(0.6)
Goods and services tax received (net)		11.7	11.8
Net cash inflow from operating activities	**10(c)**	**57.2**	**179.7**
Investing activities			
Distributions received		25.9	22.8
Proceeds from sale of financial assets		688.1	1,026.7
Proceeds from disposal of equity investments		-	31.2
Purchase of financial assets		(812.1)	(1,352.2)
Proceeds from sale of property, plant and equipment		2.3	-
Acquisition of property, plant and equipment		(2.7)	(6.2)
Payment for intangible assets		(0.1)	(1.2)
Payment for acquisition of subsidiary	14	(0.8)	-
Net cash outflow from investing activities		**(99.4)**	**(278.9)**
Financing activities			
Dividends paid to non-controlling interests		(0.6)	(0.6)
Payment of principal portion of lease liabilities		(6.5)	(6.0)
Net cash outflow from financing activities		**(7.1)**	**(6.6)**
Net decrease in cash and cash equivalents		**(49.3)**	**(105.8)**
Cash and cash equivalents at beginning of the year		128.7	234.5
Cash and cash equivalents at end of the year		**79.4**	**128.7**

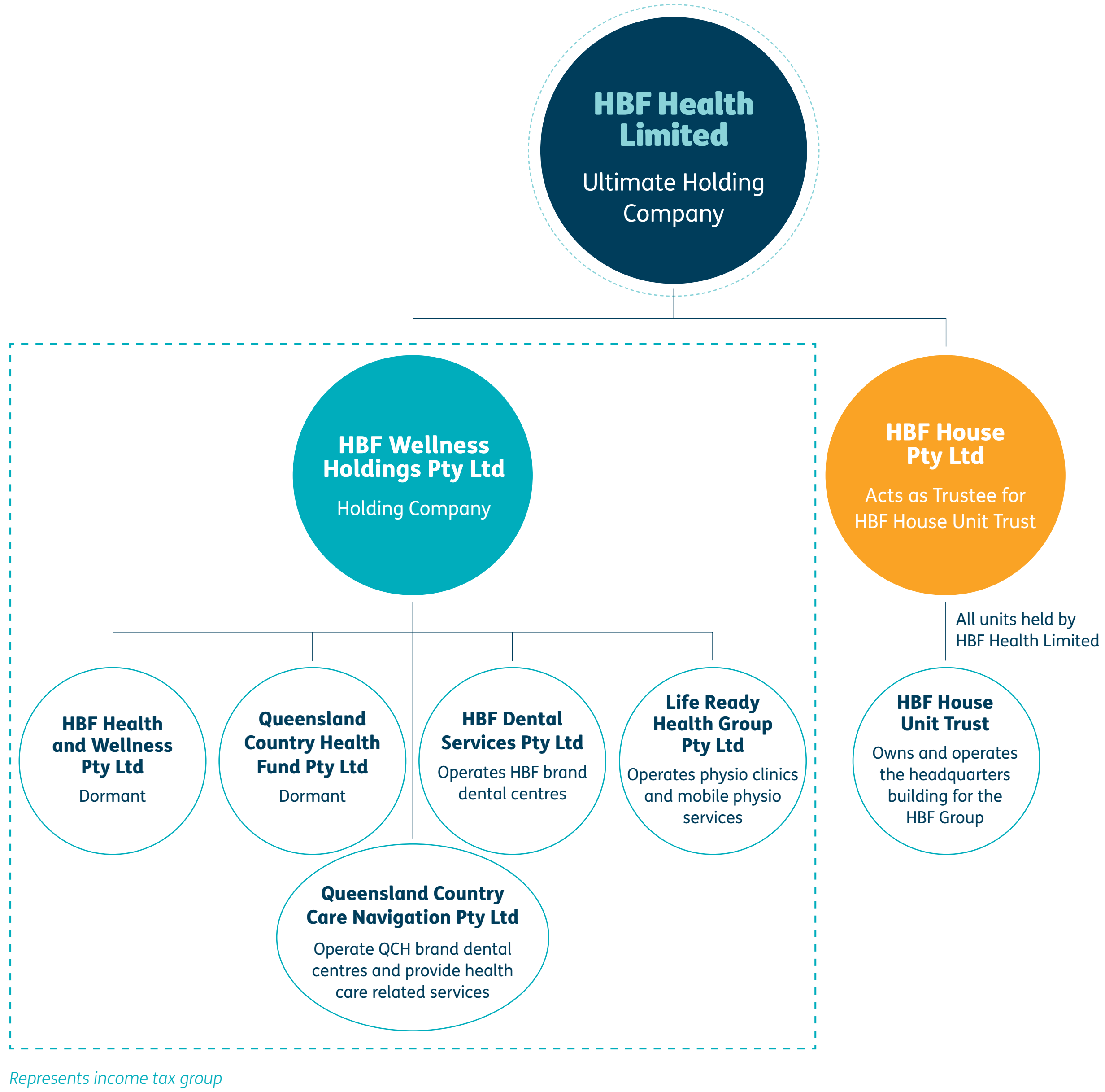
The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

HBF Health Limited
Notes to the financial statements - Year ended 30 June 2026

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. The consolidated financial statements include the entities listed below.



A full list of subsidiaries and their ownership interests is provided in Note 20 of the financial statements.

HBF Health Limited
Notes to the financial statements - Year ended 30 June 2026

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:

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

The cost of an asset is the amount of cash paid or the fair value of other consideration 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 2026/183.

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of HBF Health Limited and its subsidiaries as at 30 June 2026. 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 12: Intangible assets

Note 13: Property, plant and equipment

Note 14: Financial liabilities

HBF Health Limited
Notes to the financial statements - Year ended 30 June 2026

Section 2: Operating performance

4. Insurance underwriting result

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

(a) Insurance revenue

	2026 $m	2025 $m
Gross written premiums	2,339.1	2,287.7
Movement in unearned premiums (a component of liability for remaining coverage)	(6.7)	(6.7)
Insurance revenue	**2,332.4**	**2,281.0**

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.

	2026 $m	2025 $m
Claims and benefits	2,016.7	1,958.9
Health benefits risk equalisation special account recoveries	(93.8)	(109.5)
State ambulance levies	3.8	3.5
Losses on onerous contracts and reversals of those losses	48.6	20.7
Changes to liabilities for incurred claims relating to past service	(3.3)	(6.8)
Employee benefits expense [i]	136.9	141.1
Professional services fees	37.9	34.8
IT expenses	38.9	35.9
Depreciation and amortisation expenses	26.6	28.0
Office and administration expenses	14.6	16.5
Marketing expenses	55.0	36.4
Other expenses	2.5	7.6
Insurance service expense	**2,284.4**	**2,167.1**

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 the expected cost of providing future insurance coverage is greater than the amount held in the liability for remaining coverage (LRC), the Group recognises the difference immediately as a loss component. The loss component represents expected losses on the remaining coverage and is released as that coverage is provided. As all remaining coverage is delivered by the end of the coverage period, the loss component is fully utilised and reduces to nil.

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 2026

4 Insurance underwriting result (continued)

(b) Insurance service expense (continued)

(i) Employee benefits expense

	2026 $m	2025 $m
Included in the employee benefits expense are the following:		
Short-term employee benefits [i]	136.0	136.3
Long-term employee benefits	0.9	0.9
Termination benefits	-	3.9
	136.9	**141.1**

(i) Includes superannuation expense of $14.1m (2025: $11.9m)

Employee benefits accounting policy

Short-term employee benefits include wages and salaries, bonuses and the value of fringe benefits provided 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 include 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 are 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 insurance contract liabilities presented in the consolidated statement of financial position comprise:

	2026 $m	2025 $m
Liabilities for remaining coverage	290.3	263.6
Liabilities for incurred claims (i)	161.5	233.1
Total insurance contract liabilities	**451.8**	**496.7**
Current	450.3	495.4
Non-current	1.5	1.3
	451.8	**496.7**

(i) Liabilities for incurred claims

	2026 $m	2025 $m
Outstanding claims liability	167.6	156.8
Gap Saver liability	-	92.0
Risk equalisation receivable on paid claims	(18.2)	(26.0)
Other	12.1	10.3
	161.5	**233.1**

In December 2025, the Gap Saver feature was withdrawn. Members with unused Gap Saver entitlements received payments totalling $88.1m. Remaining unpaid member benefits are recognised separately from liabilities for incurred claims, as the amounts are fixed and no longer contingent on future claims.

HBF Health Limited
Notes to the financial statements - Year ended 30 June 2026

4 Insurance underwriting result (continued)

(c) Insurance contracts (continued)

(i) Liabilities for incurred claims (continued)

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.

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 with a coverage period longer than one year, the Group has determined that measurement under the PAA does not differ materially from measurement under 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, contracts with no significant possibility of becoming onerous; and all 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 for 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 2026

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 percentile.

Other Measurement Policies

- Acquisition Costs: All costs associated with acquiring new insurance contracts, such as commissions and marketing, 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

Based on input from management and advice from the Appointed Actuary, the following assumptions have been used to determine the LIC and LRC.

	2026	2025
LIC Outstanding Claims:		
Claims handling expenses	2.0%	2.0%
Risk equalisation	(6.7)%	(7.5)%
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. The risk equalisation percentage decreased from 7.5% to 6.7%, driven by growth in lower-cost products and younger member cohorts. A 10% increase/(decrease) in the outstanding claims central estimate would result in a $16.8m (decrease)/increase to profit before tax (2025:$15.7m). A 1% movement in other key variables, including risk adjustment, claims-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 LRC loss component include the forecast product-level margins, expense rate and risk adjustment. A 2% increase/(decrease) in forecast margins results in a $12.4m increase and $12.8m decrease respectively to profit before tax (2025: $5.7m increase, $6.5m decrease respectively). A 1% movement in other key variables, including risk adjustment and expense rate, would result in an insignificant (decrease)/increase to profit after tax.

HBF Health Limited
Notes to the financial statements - Year ended 30 June 2026

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.

	2026 $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 2025	**234.2**	**29.4**	**224.2**	**8.9**	**496.7**
Insurance revenue	(2,332.4)	-	-	-	(2,332.4)
Insurance service expense	-	21.0	2,263.5	(0.1)	2,284.4
Incurred claims and other expenses	-	(27.6)	2,266.6	0.1	2,239.1
Losses on onerous contracts and reversals of those losses	-	48.6	-	-	48.6
Changes to liabilities for incurred claims relating to past service	-	-	(3.1)	(0.2)	(3.3)
Insurance service result	**(2,332.4)**	**21.0**	**2,263.5**	**(0.1)**	**(48.0)**
Insurance finance (income)/ expense (i)	-	-	-	-	-
Total changes in the statement of comprehensive income	**(2,332.4)**	**21.0**	**2,263.5**	**(0.1)**	**(48.0)**
Other movements (ii)	**-**	**-**	**(24.4)**	**-**	**(24.4)**
Cash flows					
Premiums received (iii)	2,338.1	-	-	-	2,338.1
Claims and other expenses paid	-	-	(2,310.6)	-	(2,310.6)
Total cash flows	**2,338.1**	**-**	**(2,310.6)**	**-**	**27.5**
Net insurance contract liabilities as at 30 June 2026	**239.9**	**50.4**	**152.7**	**8.8**	**451.8**

HBF Health Limited
Notes to the financial statements - Year ended 30 June 2026

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)

	2025 $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 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**

(i) The Group is not required to 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. 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 consolidated statement of financial position.

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

HBF Health Limited
Notes to the financial statements - Year ended 30 June 2026

5 Health and Wellness result

(a) Health and Wellness revenue

	2026 $m	2025 $m
Physiotherapy revenue	34.0	33.6
Dental revenue	10.7	8.0
	44.7	**41.6**

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 from physiotherapy services is recognised when services are provided to customers. Revenue comprises fees charged for physiotherapy services and is measured based on the consideration to which the Group expects to be entitled.

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 expenses

	2026 $m	2025 $m
Direct costs		
Employee benefits expense	21.1	20.3
Office and administration expense	0.1	0.1
Consumables	2.7	2.4
Total direct costs	**23.9**	**22.8**
Indirect costs		
Employee benefits expense	26.3	23.6
Professional services fees	3.6	3.3
Depreciation and amortisation	6.0	5.6
Office and administration expenses	3.1	2.3
IT expenses	2.8	1.8
Marketing expense	2.7	2.6
Other expenses	2.2	2.6
Total indirect costs	**46.7**	**41.8**
Total	**70.6**	**64.6**
(i) Employee benefits expense		
Employee benefits expense includes the following:		
Short-term employee benefits [(a)]	47.3	43.7
Long-term employee benefits	0.1	0.2
	47.4	**43.9**

(a) Includes superannuation expense of $4.2m (2025: $3.8m)

6 Other expenses

	Notes	2026 $m	2025 $m
Operating expenses [(a)]		1.4	0.7
Depreciation and amortisation		1.1	1.1
Movement in financial liabilities		0.3	0.7
Impairment of goodwill	12(c)	-	56.3
		2.8	**58.8**

(a) Operating expenses include employee benefits, professional fees, administration expenses and finance costs.

HBF Health Limited
Notes to the financial statements - Year ended 30 June 2026

Section 3: Investment portfolio and capital

7 Total investment income including OCI

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

	2026 $m			2025 $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	24.6	1.3	25.9	39.1	2.0	41.1
Other interest and similar income	23.4	-	23.4	22.1	-	22.1
Net fair value gains on financial assets at fair value through profit or loss	59.8	-	59.8	36.4	-	36.4
Net foreign exchange income/(expense)	(0.4)	-	(0.4)	0.3	-	0.3
Total amounts recognised in the profit or loss	**107.4**	**1.3**	**108.7**	**97.9**	**2.0**	**99.9**
Amounts recognised in OCI	-	-	-	0.8	-	0.8
Total investment income	**107.4**	**1.3**	**108.7**	**98.7**	**2.0**	**100.7**

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 (FVTPL) or fair value through other comprehensive income (FVTOCI), 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 FVTPL.
- 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 2026

8 Financial assets

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

	2026 $m	2025 $m
Defensive		
Fixed interest (i)		
- Holdings via segregated mandates	91.0	41.8
- Holdings in unlisted unit trusts	566.7	279.3
Alternative debt	246.8	109.7
	904.5	**430.8**
Growth		
Australian equities	172.8	162.3
International equities	195.2	165.5
Infrastructure	180.5	162.4
	548.5	**490.2**
Current (ii)	1,270.2	758.6
Non-current (ii)	182.8	162.4
	1,453.0	**921.0**

(i) The Group's financial assets measured at FVTPL 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 FVTPL are held indirectly through unlisted unit trusts. Further details on the Group's investments in unlisted unit trusts are provided in Note 8(d).

(ii) All financial assets at FVTPL, 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 FVTPL on 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 and substantially all the risks and rewards of ownership to another party.

(b) Term deposits

	2026 $m	2025 $m
Cash investments		
Cash investments - Deposits with ADIs	336.2	688.2
Total Gross Amount	**336.2**	**688.2**
Total Net Amount	**336.2**	**688.2**
Current	181.3	533.2
Non-current	154.9	155.0
	336.2	**688.2**

HBF Health Limited
Notes to the financial statements - Year ended 30 June 2026

8 Financial assets (continued)

(b) Term deposits (continued)

Term deposits 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(d)(iii).

(c) Portfolio composition of the Health Insurance Fund:

	Target	2026	2025
Defensive			
Cash investments	20.0%	18.8%	42.7%
Fixed interest	30.0%	36.7%	20.0%
Alternative debt	15.0%	13.8%	4.4%
	65.0%	**69.3%**	**67.1%**
Growth			
Australian equities	10.0%	9.7%	10.1%
International equities	10.0%	10.9%	12.7%
Real assets	15.0%	10.1%	10.1%
	35.0%	**30.7%**	**32.9%**

The Group's investments are managed in accordance with the respective Investment Management Policy and prescribed strategic asset allocations.

HBF Health Limited
Notes to the financial statements - Year ended 30 June 2026

8 Financial assets (continued)

(d) 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 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 and reference to 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 certain classes of 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.

The Group did not hold any financial assets classified within Level 1 of the fair value hierarchy at 30 June 2026 or 30 June 2025. The following table presents Group's financial assets at fair value:

	Level 2 $m	Level 3 $m	Total $m
As at 30 June 2026			
Fixed interest	657.7	-	657.7
Alternative debt	89.4	157.4	246.8
Australian equities	170.5	2.3	172.8
International equities	195.2	-	195.2
Infrastructure	-	180.5	180.5
	1,112.8	**340.2**	**1,453.0**
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**

There were no transfers between levels during the 30 June 2026 or 30 June 2025 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.

HBF Health Limited
Notes to the financial statements - Year ended 30 June 2026

8 Financial assets (continued)

(d) Fair value hierarchy (continued)

Level 3 fair value

Reconciliation of level 3 fair value	Infrastructure 2026 $m	Infrastructure 2025 $m	Alternative debt 2026 $m	Alternative debt 2025 $m	International Equities 2026 $m	International Equities 2025 $m
Opening balance	162.4	149.7	109.7	31.0	-	-
Purchases	-	-	39.5	74.0	2.3	-
Net investment income	18.1	12.7	8.2	4.7	-	-
Closing balance	**180.5**	**162.4**	**157.4**	**109.7**	**2.3**	**-**

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 $34.0m increase/(decrease) to profit (2025: $27.2m).

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 2026 ($336.2m) and 2025 ($688.2m). 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.

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) and maintaining the financial integrity of HBF (being its ability to continue as a going concern and serve member interests into the future).

HBF Health Limited
Notes to the financial statements - Year ended 30 June 2026

9. Risk management (continued)

(b) Internal Capital Adequacy Assessment Process (continued)

(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 table below relates to HBF Health Limited (the "Parent"), which has one health benefits fund and no assets or operations in its general fund.

	2026 $m
Common Equity Tier 1 capital	1,466.5
Additional Tier 1 capital	-
Tier 2 capital	-
Capital Base	**1,466.5**
Net assets, before applying regulatory adjustments	**1,600.8**
Regulatory adjustments applied in the calculation of Common Equity Tier 1 Capital	(134.3)
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	**1,466.5**
Insurance risk charge	321.5
Asset risk charge	272.0
Asset concentration risk charge	-
Operational risk charge	46.7
Aggregation benefit	(132.7)
Prescribed capital amount	507.5
Capital adequacy multiple of the fund	2.89
Excess Capital % of Revenue	41.1%

(c) 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.

The Group determines concentrations of insurance risk by assessing its in-force portfolio across shared characteristics, including geographic location, product type and member cohort. The most significant concentration relates to the geographic location of membership, with the majority of members located in Western Australia. These concentrations are monitored as part of the Group's risk management framework.

(i) Approach to risk management

The Product and Pricing Committee (a committee of management) oversees insurance risk with the aim of maintaining 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.

HBF Health Limited
Notes to the financial statements - Year ended 30 June 2026

9. Risk management (continued)

(c) Insurance risk (continued)

(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 or overstated 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.

(d) 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. When surplus cash is available, it is 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	1-5 Year $m	>5 Year $m	Total contractual cash flows $m	Carrying amount $m
Year ended 30 June 2026					
Trade and other payables	72.6	-	-	72.6	72.6
Insurance contract liabilities	450.3	1.5	-	451.8	451.8
Lease liabilities	6.1	12.7	0.6	19.4	11.9
	529.0	**14.2**	**0.6**	**543.8**	**536.3**
Year ended 30 June 2025					
Trade and other payables	47.8	-	-	47.8	47.8
Insurance contract liabilities	495.4	1.3	-	496.7	496.7
Lease liabilities	5.1	9.3	0.7	15.1	12.0
	548.3	**10.6**	**0.7**	**559.6**	**556.5**

HBF Health Limited
Notes to the financial statements - Year ended 30 June 2026

9. Risk management (continued)

(d) Financial risk management (continued)

(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 investment asset class, 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, however this exposure is not material to the Group.

The Group also has indirect foreign-currency exposure through unlisted unit trusts that 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.

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 (2026: $79.4m; 2025: $128.7m);
- Fixed interest assets measured at FVTPL which are sensitive to changes in market interest rates (2026: $91.0m; 2025: $41.8m).

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) in interest rates over the reporting period, with all other variables remaining constant, would have resulted in a $1.9m increase/(decrease) to profit before tax (2025: $1.6m).

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 indirectly exposed to market-price movements through financial instruments held by unlisted unit trusts, reflected in changes in each 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 FVTOCI.

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

	2026 $m		2025 $m	
	+10%	-10%	+10%	-10%
Alternative debt	15.7	(15.7)	11.0	(11.0)
Australian equities	17.1	(17.1)	16.2	(16.2)
International equities	28.7	(28.7)	16.6	(16.6)
Infrastructure	18.1	(18.1)	16.2	(16.2)

In relation to fixed interest assets, a 1% increase/(decrease), with all other variables remaining constant, would have resulted in a $6.6m increase/(decrease) to profit before tax (2025: $3.2m).

HBF Health Limited
Notes to the financial statements - Year ended 30 June 2026

9. Risk management (continued)

(d) 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 contract liability balance includes $87.8m (2025: $95.1m) of receivables (i.e. risk equalisation, government rebates and Medicare receivables) 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	BB+ and below $m	Not rated $m	Total $m
As at 30 June 2026							
Cash and cash equivalents		79.4	-	-	-	-	79.4
Financial assets at FVTPL	8(a)						
Fixed interest (i)		382.1	117.4	142.5	12.8	2.9	657.7
Alternative debt (i)		-	-	-	-	246.8	246.8
Term deposits	8(b)	240.5	48.8	46.9	-	-	336.2
Receivables	10(a)	-	-	-	-	19.1	19.1
		702.0	**166.2**	**189.4**	**12.8**	**268.8**	**1,339.2**
As at 30 June 2025							
Cash and cash equivalents		128.7	-	-	-	-	128.7
Financial assets at FVTPL	8(a)						
Fixed interest (i)		87.6	31.8	3.9	-	197.8	321.1
Alternative debt (i)		-	-	-	-	109.7	109.7
Term deposits	8(b)	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**

(i) The 'Not rated' category mainly reflects investments in managed 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 2026

10 Working capital

(a) Receivables

	2026 $m	2025 $m
Trade receivables	2.0	1.7
Other receivables	6.1	3.5
Prepayments	11.2	11.0
Total gross receivables	**19.3**	**16.2**
Expected credit loss allowance	(0.2)	(0.2)
Net receivables	**19.1**	**16.0**

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

	2026 $m	2025 $m
Trade creditors	9.4	5.3
Accrued expenses	37.7	23.7
Employee-related payables	18.4	13.2
Other payables	7.1	3.7
Return to members for surplus COVID-19 deferred claims	-	1.9
	72.6	**47.8**

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 2026

10 Working capital (continued)

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

	2026 $m	2025 $m
Profit for the year	128.2	131.2
Non-cash items:		
Depreciation and amortisation	33.7	34.7
Loss on disposal of assets	2.0	-
Movement in financial liabilities	(1.0)	0.7
Impairment expense	-	56.3
Investing and financing items:		
Net gain on financial assets at FVTPL	(60.7)	(36.4)
Trust distributions	(25.4)	(22.0)
Changes in assets and liabilities:		
(Increase)/decrease in trade and other receivables	1.0	8.0
Decrease in other operating assets	0.9	(0.9)
Increase/(decrease) in net deferred tax assets/liabilities	(0.5)	3.4
Increase in trade and other payables	24.9	2.2
(Decrease)/increase in insurance contract liabilities	(45.0)	8.3
(Decrease) in provisions	(2.0)	(3.3)
(Decrease)/increase in employee entitlements	1.1	(2.5)
Net cash flows from operating activities	**57.2**	**179.7**

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

	2026 $m	2025 $m
Attributable to HBF Health Limited		
General reserve (i)	111.5	111.5
Retained earnings	1,455.9	1,331.0
Asset revaluation reserve (ii)	9.3	9.3
Purchase commitment for NCI shares reserve (iii)	(4.6)	(5.4)
Net reserves and retained earnings	**1,572.1**	**1,446.4**

(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. The merger was a combination of funds. The resulting reserve forms part of the Group's permanent capital base and cannot be transferred to retained earnings.

(ii) The asset revaluation reserve is used to record increments and decrements on revaluation of non-current assets as described in Note 13.

(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.

HBF Health Limited
Notes to the financial statements - Year ended 30 June 2026

Section 4: Other assets and liabilities

12 Intangible assets

	Customer contracts $m	Brand $m	Goodwill $m	Transformation program (i) $m	Computer software $m	Work in progress $m	Total $m
30 June 2026							
Cost							
Opening balance	54.4	24.7	146.9	91.0	18.8	-	335.8
Additions	-	-	-	-	0.1	-	0.1
Closing balance	**54.4**	**24.7**	**146.9**	**91.0**	**18.9**	**-**	**335.9**
Amortisation and impairment							
Opening balance	15.1	-	75.8	27.3	18.3	-	136.5
Amortisation	4.7	-	-	14.9	0.2	-	19.8
Closing balance	**19.8**	**-**	**75.8**	**42.2**	**18.5**	**-**	**156.3**
Net book value at end of the year	**34.6**	**24.7**	**71.1**	**48.8**	**0.4**	**-**	**179.6**
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**	**-**	**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**	**-**	**199.3**

(i) Transformation intangibles include the core infrastructure platform, a mobile application, an enhanced member portal, redesigned website, and a cloud service platform.

HBF Health Limited
Notes to the financial statements - Year ended 30 June 2026

12 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 QCH 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 2026

12 Intangible assets (continued)

(c) Impairment assessment - goodwill

The table below summarises the Group's goodwill tested for impairment and other intangible assets and the key assumptions used to determine recoverable amounts.

	Goodwill $m	Other intangible assets $m	Terminal growth rate %	Pre-tax discount rate %	Amount by which VIU is above/ (below) carrying value of CGU $m	2025 Pre-tax discount rate %
2026						
see-u	25.9	17.1	2.0%	9.0%	16.9	10.0%
QCH	36.5	42.2	2.0%	9.0%	47.2	9.5%

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 are based on the expected growth of the CGUs and consider the respective industries' long-term growth outlooks. In performing the recoverable amount calculations for each CGU, the Group's estimated future cash flows 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.

Goodwill is allocated to each CGU at the lowest level monitored by management, reflecting the CGUs expected to benefit from the combination's synergies.

Sensitivity to changes in key assumptions

As part of the annual impairment assessment, management performed sensitivity analyses on key assumptions, including the discount rate, terminal growth rate and forecast cash flows. For the QCH CGU, management concluded that no reasonably possible change in key assumptions would result in the carrying amount of the CGU exceeding its recoverable amount. For the see-u CGU, management determined that reasonably possible changes in certain key assumptions could result in the reduction of the estimated headroom. The resulting impact on the value in use (VIU) surplus over the CGU's carrying amount is presented in the table below:

				Consequential impact of adverse movement ($m)		
	Terminal growth rate %	Pre-tax discount rate %	Amount by which VIU is above/ (below) carrying value of CGU $m	Terminal growth rate -1%	Pre-tax discount rate +1%	Forecast margin result -2%
2026						
see-u	2.0%	9.0%	16.9	(6.9)	(8.5)	(6.0)

The sensitivity analysis indicates that the see-u CGU at 30 June 2026 retains headroom under all reasonably possible adverse scenarios modelled. Of the sensitivities tested, a 1% increase in the pre-tax discount rate has the greatest impact, reducing the value in use surplus from $16.9m to $8.5m. Despite these adverse movements, the recoverable amount continues to exceed the carrying amount in all scenarios, and accordingly no impairment has been identified.

Change in key assumptions

The table below presents the changes in key assumptions required for the recoverable amount of the see-u CGU to equal its carrying amount. Management does not consider changes of this magnitude to be reasonably possible.

	Terminal growth rate %	Pre-tax discount rate %	Forecast margin result %
30 June 2026			
see-u	(3.1)	2.4	(5.7)

HBF Health Limited
Notes to the financial statements - Year ended 30 June 2026

13 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 2026							
Cost or valuation							
Opening balance	92.7	22.8	29.4	1.0	37.7	0.4	184.0
Additions	-	3.5	2.2	-	0.5	-	6.2
Revaluations	-	2.1	-	-	-	-	2.1
Transfer to assets held for sale	-	-	-	-	-	(0.3)	(0.3)
Disposals	-	(1.6)	(2.5)	(1.0)	(4.1)	-	(9.2)
Closing balance	**92.7**	**26.8**	**29.1**	**-**	**34.1**	**0.1**	**182.8**
Depreciation and impairment							
Opening balance	53.3	11.1	21.6	0.2	21.7	-	107.9
Depreciation expense	1.1	5.9	3.5	-	3.4	-	13.9
Revaluations	-	(1.1)	-	-	-	-	(1.1)
Depreciation on disposals	-	(0.7)	(1.9)	(0.2)	(2.9)	-	(5.7)
Closing balance	**54.4**	**15.2**	**23.2**	**-**	**22.2**	**-**	**115.0**
Net book value at end of the year	**38.3**	**11.6**	**5.9**	**-**	**11.9**	**0.1**	**67.8**
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)
Transfers 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**

HBF Health Limited
Notes to the financial statements - Year ended 30 June 2026

13 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:	**0.5% - 1.0%**
Plant and equipment:	**10% - 33%**
Leasehold improvements:	**6.7% - 28.6%**

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 comprise the Group's head office property, the Walburniny building, located at 570 Wellington Street, Perth.

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 2026, the Walburniny building is held at its net book value of $38.3m.

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.

Property	Fair value hierarchy	Fair Value $m	Valuation technique	Unobservable Input	Adopted rate
570 Wellington Street, Perth	Level 3	39.8	Discounted cash flow approach (income approach)	Discount rate	7.07%
				Terminal capitalisation rate	7.14%

HBF Health Limited
Notes to the financial statements - Year ended 30 June 2026

13 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.

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 $2.5m and $4.5m, respectively. Conversely, a 50 basis point decrease in these rates would increase the building's fair value by $2.7m and $5.2m, 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 $38.3m as at 30 June 2026 (2025: $39.4m).

14 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 level three liabilities.

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

	2026 $m	2025 $m
Balance at beginning of year	5.2	4.5
Purchases during the year	(0.8)	-
Fair value movement recognised within other expenses	(1.0)	0.7
	3.4	**5.2**

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	3.40	Market approach	EBITDA multiple	4.0x - 5.0x

A 0.5x increase/(decrease) in the range of EBITDA multiple would result in a $0.4m (decrease)/increase to profit (2025: $0.5m).

HBF Health Limited
Notes to the financial statements - Year ended 30 June 2026

15 Employee benefit liabilities

(a) Employee benefit liability

	2026 $m	2025 $m
The aggregate employee benefit liability is comprised of:		
Annual leave	9.2	8.6
Long service leave	9.9	9.4
	19.1	**18.0**
Current	15.8	15.5
Non-current	3.3	2.5
	19.1	**18.0**

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.

16 Provisions

	2026 $m	2025 $m
Opening balance	4.4	7.7
Arising during the year	0.6	4.1
Utilised	(2.5)	(7.4)
Closing balance	**2.5**	**4.4**
Current	2.5	4.4
Non-current	-	-
	2.5	**4.4**

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.

HBF Health Limited
Notes to the financial statements - Year ended 30 June 2026

17 Taxation

(a) Income tax expense

	2026 $m	2025 $m
Current tax	0.6	0.7
Deferred tax	-	4.4
Adjustment for tax of prior period	-	(0.8)
Income tax expense reported in the statement of comprehensive income	**0.6**	**4.3**

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

	2026 $m	2025 $m
Total profit before income tax	128.8	135.5
Tax at the Australian tax rate of 30% (2025: 30%)	38.6	40.7
Tax effect of tax-exempt entity	(41.1)	(43.9)
Non-deductible expenses for tax purposes:		
Other non-deductible expenses	3.1	7.5
Aggregate income tax expense	**0.6**	**4.3**
Income tax expense reported in the consolidated statement of comprehensive income	0.6	4.3

(c) Deferred tax assets and liabilities

Temporary differences originated in the Group's subsidiaries for which a deferred tax asset has not been recognised, on the basis that they are not expected to be recoverable with no foreseeable future taxable profits for the Group, aggregate in 2026 to $0.5m (2025: $1.4m).

(d) Unrecognised deferred tax assets associated with tax losses

	2026 $m	2025 $m
Gross tax losses - Revenue	34.4	22.5
Gross tax losses - Capital	47.1	47.1
	81.5	69.6

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 2026

17 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 2026

18 Auditor's remuneration

	2026 $'000	2025 $'000
Amounts received or due and receivable by Ernst & Young for:		
Audit of the financial reports	727.0	800.0
Other assurance services for regulatory reporting	257.0	229.0
Audit and assurance services	**984.0**	**1,029.0**
Consulting advice	-	-
Tax compliance	-	-
Other services	32.0	-
Total auditors' remuneration	**1,016.0**	**1,029.0**

In the opinion of the Board, there has been no impairment to the external auditor's independence.

19 Commitments

	2026 $m	2025 $m
Commitments		
Within one year	24.2	16.4
After one year but not more than five years	51.1	41.2
More than five years	-	-
	75.3	**57.6**

As at 30 June 2026, the Group had operating contractual commitments of $75.3m (2025: $57.6m). The Group has no capital contractual commitments (2025: nil). 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 2026

20 Group structure

Subsidiaries

The consolidated financial statements of the Group include:

Name	Principal Activities	Country of incorporation	% Equity interest 2026	% Equity interest 2025
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	Owns and operates the headquarters building	Australia	100%	100%
Queensland Country Health Fund Pty Ltd	Dormant	Australia	100%	100%
Queensland Country Care Navigation Pty Ltd	Health care and dental services	Australia	100%	100%
HBF Physiotherapy Services Pty Ltd	Physiotherapy	Australia	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	100%	80%
HLR (Bull Creek) Pty Ltd	Physiotherapy	Australia	100%	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 2026

21 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
Mr B Stewart (ceased: 30 June 2026)
Ms G McGrath
Ms J Seabrook
Ms M Stephens (ceased: 30 June 2026)
Mr S Yalavac
Mr I Mazer (commenced: 4 February 2026)
Mr R Baskerville (commenced: 11 February 2026)
Dr L Henderson - Chief Executive Officer

Executives and senior management:

Mr J Avila
Ms S Graf
Mr S Gupta
Dr D Heredia
Ms J O'Keefe
Ms A Stanley
Ms N Walker (commenced: 11 December 2025)
Ms T Warren - Acting CRO (ceased: 11 December 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

	2026 $'000	2025 $'000
Directors		
Short-term benefits	3,124.3	2,814.0
Superannuation	135.5	115.0
	3,259.8	2,929.0
Other key management personnel		
Short-term employee benefits	4,197.2	4,257.0
Superannuation	213.3	211.0
Termination benefits	-	232.0
	4,410.5	4,700.0
Total	**7,670.3**	**7,629.0**

HBF Health Limited
Notes to the financial statements - Year ended 30 June 2026

22 Information relating to HBF Health Limited (the "Parent")

(a) Summary financial information

	2026 $m	2025 $m
Current assets	1,570.4	1,555.2
Non-current assets	576.8	471.8
Total assets	**2,147.2**	**2,027.0**
Current liabilities	535.0	556.2
Non-current liabilities	11.4	10.8
Total liabilities	**546.4**	**567.0**
Net assets	**1,600.8**	**1,460.0**
General reserve	111.5	111.5
Retained earnings	1,480.0	1,339.2
Financial asset fair value reserve	-	-
Asset revaluation surplus	9.3	9.3
Total equity	**1,600.8**	**1,460.0**
Gain/(loss) of the parent entity	140.8	146.8
Change in fair value of equity instruments	-	0.8
Revaluation of land and buildings	-	-
Total comprehensive income/(loss) of the parent entity	**140.8**	**147.6**

(b) Guarantees entered into by the parent entity

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

(c) Contingent assets and liabilities of the parent entity

A contingent asset exists at the reporting date in relation to legal proceedings that are expected to be settled in FY27. The settlement remains subject to the finalisation of formal documentation. The estimated recovery in respect of the proceedings is up to $9.5 million. The parent entity has no contingent liabilities as at 30 June 2026 (2025: nil).

(d) Contractual commitments of the parent entity

The parent entity has no contractual obligations to purchase plant, equipment and software (2025: nil) and no short-term leases (2025: nil).

23 Significant events after reporting date

There have been no significant events since the reporting date.

24 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
Consolidated entity disclosure statement - Year ended 30 June 2026

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%
HBF Physiotherapy Services 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	100%
HLR (Bull Creek) Pty Ltd	Company	Australia	Australia	100%
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

Financial report

HBF Health Limited
Directors' declaration - Year ended 30 June 2026

In accordance with a resolution of the directors of HBF Health Limited (the Company), 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 2026 and its 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, 3 September 2026

HBF Health Limited
Auditor's independence declaration

Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

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 and for the review of the selective sustainability information in the sustainability report for the financial year ended 30 June 2026, I declare to the best of my knowledge and belief, there have been:

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

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

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

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

Ernst & Young

Louise Burns
Partner
Sydney
03 September 2026

HBF Health Limited
Independent auditor's report

Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

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 2026, 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 2026 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 audits of the financial report of public interest entities in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

The directors are responsible for the other information. The other information comprises the information included in the Company's Annual Report other than 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 this auditor's report. We have issued a separate auditor's report on selective sustainability information included in the Sustainability Report. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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.

Financial report

HBF Health Limited
Independent auditor's report

Shape the future
with confidence

Page 2

Responsibilities of the directors for the financial report

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

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

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

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

In preparing the financial report, the directors are responsible for assessing the 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.

HBF Health Limited
Independent auditor's report

Shape the future
with confidence

Page 3

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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

Louise Burns
Partner
Sydney
03 September 2026

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

HBF Health Limited
Independent auditor's review report

Shape the future with confidence

Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

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

Conclusion

We have conducted a review of the following information in the Sustainability Report of HBF Health Limited (the Company) and its subsidiaries (collectively the Group) for the year ended 30 June 2026 (the 'selective sustainability information') as required by Australian Standard on Sustainability Assurance ASSA 5010 *Timeline for Audits and Reviews of Information in Sustainability Reports under the Corporations Act 2001* issued by the Auditing and Assurance Standards Board (AUASB):

Selective sustainability information	Criteria: Reporting requirement of AASB S2 Climate-related Disclosures (AASB S2) (including related general disclosures required by Appendix D)	Location in Sustainability Report
Governance	Paragraph 6	Pages 35 to 36
Strategy (risk and opportunities)	Subparagraphs 9(a), 10(a) and 10(b)	Pages 37 to 39 up to and without including 'Current and Anticipated Financial Effects'
Scope 1 and 2 emissions	Subparagraphs 29(a)(i)(1) to (2) and 29(a)(ii) to (v)	Paragraphs under 'Greenhouse Gas Emissions' heading on page 46 to 47

The requirements of AASB S2 identified in the table above form the criteria relevant to the selective sustainability information and apply under Division 1 of Part 2M.3 of the *Corporations Act 2001* (the Act).

We have not become aware of any matter in the course of our review that makes us believe that the selective sustainability information specified in the table above does not comply with Division 1 of Part 2M.3 of the *Corporations Act 2001*.

Basis for conclusion

Our review has been conducted in accordance with Australian Standard on Sustainability Assurance ASSA 5000 *General Requirements for Sustainability Assurance Engagements* (ASSA 5000) issued by the AUASB. Our review includes obtaining limited assurance about whether the selective sustainability information is free from material misstatement.

In applying the relevant criteria, we note that subsection 296C(1) of the Act includes a requirement to comply with AASB S2.

Our conclusion is based on the procedures we have performed and the evidence we have obtained in accordance with ASSA 5000. The procedures in a review vary in nature and timing from, and are less in extent than for, an audit. Consequently, the level of assurance obtained in a review is substantially lower than the assurance that would have been obtained had an audit been performed. See the *Summary of the Work performed* section of our report.

HBF Health Limited
Independent auditor's review report

Shape the future with confidence

Our responsibilities under ASSA 5000 are further described in the *Auditor's responsibilities* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the Act and the ethical requirements of *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* issued by the Accounting Professional & Ethical Standards Board Limited (November 2018 incorporating all amendments to June 2024) (the Code) that are relevant to reviews of the selective sustainability information of public interest entities in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the Code.

Our firm applies Australian Standard on Quality Management ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management, including policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

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

Other information

The directors of the Company are responsible for the other information. The other information comprises the Company's Annual Report, but does not include the selective sustainability information and our review report thereon.

Our conclusion on the selective sustainability information does not cover the other information and we do not express any form of assurance conclusion thereon in this review report. We have issued a separate auditor's report on the Financial Report.

In connection with our review of the selective sustainability information, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the selective sustainability information, or our knowledge obtained when conducting the review, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities for the selective sustainability information

The directors of the Company are responsible for:

- The preparation of the selective sustainability information in accordance with the Act; and
- Designing, implementing and maintaining such internal control necessary to enable the preparation of the selective sustainability information, in accordance with the Act that is free from material misstatement, whether due to fraud or error.

Inherent limitations

As discussed on page 45 of the Report, climate-related risk management is an emerging area, and often uses data and methodologies that are developing and uncertain. The Report contains forward

HBF Health Limited
Independent auditor's review report

EY
Shape the future with confidence

looking statements, including climate-related scenarios, targets, assumptions, climate projections, forecasts, statements of future intentions and estimates and judgements that have not yet occurred and may never occur. We do not provide assurance on the achievability of this prospective information.

Greenhouse gas emissions quantification is subject to significant measurement uncertainty, which arises because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases. The comparability of sustainability information between entities and over time may be affected by inconsistencies in the methods to estimate or measure those emissions, due to different, but acceptable, methods applied.

Auditor's responsibilities

Our objectives are to plan and perform the review to obtain limited assurance about whether the selective sustainability information, defined in the *Conclusion* section of our report, is free from material misstatement, whether due to fraud or error, and to issue a review report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the selective sustainability information.

As part of a review in accordance with ASSA 5000, we exercise professional judgement and maintain professional scepticism throughout the engagement. We also:

- Perform risk assessment procedures, including obtaining an understanding of internal control relevant to the engagement, to identify and assess the risks of material misstatements, whether due to fraud or error, at the disclosure level but not for the purpose of providing a conclusion on the effectiveness of the entity's internal control.
- Design and perform procedures responsive to assessed risks of material misstatement at the disclosure level. 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.

Summary of the work performed

A review is a limited assurance engagement and involves performing procedures to obtain evidence about the selective sustainability information. The nature, timing and extent of procedures selected depend on professional judgement, including the assessed risks of material misstatement at the disclosure level, whether due to fraud or error.

In conducting our review, the procedures we performed included, but were not limited to:

- Considered the completeness of the Group's assessment of climate-related risks and opportunities
- Conducted interviews with key personnel to understand the process for collecting, collating and reporting the selective sustainability information during the reporting period
- Read minutes of relevant committees to understand matters discussed and decisions made with respect to climate-related disclosures

Financial report

HBF Health Limited
Independent auditor's review report

EY
Shape the future with confidence

- Assessed the appropriateness of the reporting boundaries applied
- Undertook analytical review procedures to support the reasonableness of the selective sustainability information
- Evaluated the appropriateness of emission factors applied in the greenhouse gas emission processes
- Agreed the selective sustainability information disclosures made in the report with the underlying records
- Evaluated the presentation and disclosure of the selective sustainability information against the requirements of AASB S2

Ernst & Young

Ernst & Young

Louise Burns
Partner
Sydney
03 September 2026