

ESTIA INVESTMENTS PTY LTD

ABN 87 164 350 387

National Approved Provider System (NAPS) ID: 5951

**ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025**

ESTIA INVESTMENTS PTY LTD

ABN 87 164 350 387

CONTENTS

Directors' Report	1
Auditor's independence declaration	4
Consolidated statement of profit or loss and other comprehensive income	5
Consolidated statement of financial position	6
Consolidated statement of changes in equity	7
Consolidated statement of cash flows	8
Notes to the consolidated financial statements	9
Directors' declaration	40
Independent auditor's report	41

DIRECTORS' REPORT

The directors submit their report on Estia Investments Pty Ltd ("the Company") and its subsidiaries (collectively the "Group") for the year ended 30 June 2025.

DIRECTORS

The following persons were directors of the Company during the financial year and until the date of this report, unless otherwise stated.

Norah Barlow ONZM

Sean Bilton

Professor Simon Willcock AM

Harley Wright

JoAnne Stephenson

Charles Lawson

Grace Mollard (Appointed: 29 April 2025)

PRINCIPAL ACTIVITIES

The principal activities of the Group during the year ended 30 June 2025 continued to be the provision of services in residential aged care homes in Australia as an Approved Provider under the *Aged Care Act 1997* (the "Act").

REVIEW OF OPERATIONS

The profit after income tax for the year ended 30 June 2025 amounted to \$21.8 million (2024: loss of \$9.2 million).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Calvary homes acquisition

On 2 December 2024, the Group acquired the freehold land, buildings and business operations of three residential aged care homes from Calvary Aged Care Services Pty Ltd and its associated entities. The total cash consideration was \$42.8 million. The acquired homes, comprising approximately 356 operational places, are located in Robina, Noosa and Gympie (Queensland).

Aurrum homes acquisition

On 1 April 2025, the Group acquired the business operations of seven residential aged care homes from Aurrum Pty Limited and its associated entities. The acquisition included the freehold land and buildings of six homes and a leasehold interest in the seventh home. The total cash consideration was \$73.4 million. The homes, comprising approximately 738 operational places, are located across New South Wales (3 locations) and Victoria (4 locations).

Mark Moran homes acquisition

On 2 June 2025, the Group acquired the freehold land, buildings and business operations of two residential aged care homes from Mark Moran Group Pty Limited and its associated entities. The total cash consideration was \$13.3 million. The acquired homes, comprising approximately 260 operational places, are located in Little Bay and Warrawee (New South Wales).

DIVIDENDS

During the financial year ended 30 June 2025, dividends amounting to \$11.8 million were declared and paid (2024: nil).

SUBSEQUENT EVENTS

On 2 December 2024, the Aged Care Act 2024 received Royal Assent and is scheduled to replace the Aged Care Act 1997, effective from 1 November 2025. The new legislation introduces a reformed regulatory framework for aged care services, including changes to provider obligations, governance standards and consumer protections. While the Act does not impact the Group's operations for the financial year ended 30 June 2025, transitional planning is underway, with ongoing review of the implications for future reporting periods.

On 25 August 2025, the BidCo Syndicated Facilities Agreement, to which the Group are parties, was amended to include a further Accordion feature permitting up to an additional \$200 million of committed funding, subject to customary approvals and consents.

DIRECTORS' REPORT

SUBSEQUENT EVENTS (continued)

On 4 September 2025, the Group executed agreements to acquire the business assets and operations of the Vacenti Aged Care Group in Queensland. The transaction, with an estimated cash consideration of ~\$185.5 million (to be adjusted for the movements from the target RADs to be acquired and working capital), includes seven residential aged care homes (one of which is to be commissioned later in the year) and certain associated property assets. The principal components of the acquisition are expected to settle in October 2025, with certain ancillary agreements expected to be completed and settled later in FY26. On completion, the acquisition will increase the Group's operating places by approximately 750 operational beds.

Other than the matters discussed above, there has not been any matter or circumstance occurring subsequent to the end of the financial period that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

ENVIRONMENTAL REGULATION

The Group is not subject to significant environmental legislation under either Commonwealth or State legislation.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

No matters or circumstances have arisen which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

In accordance with provisions in its constitution, Estia Health TopCo Pty Ltd, the Group's ultimate parent entity, executed deeds of indemnity in favour of current and former directors and officers of the Group in relation to potential liabilities including:

- (a) liabilities incurred by the person in the capacity as an officer where permitted under section 199A(2) of the *Corporations Act 2001*;
- (b) legal costs incurred in relation to civil or criminal proceedings in which the officer becomes involved because of that capacity;
- (c) legal costs incurred in connection with any investigation or inquiry of any nature because of that capacity; and
- (d) legal costs incurred in good faith in obtaining legal advice on issues relevant to the performance of their functions and discharge of their duties as an officer.

The terms of these indemnities require repayment of legal costs incurred in the event that the relevant officer is found to have committed wrongs of a nature the Company is prohibited from indemnifying under section 199A(2) of the *Corporations Act 2001*.

During the year, the Group incurred an insurance premium in respect of a contract insuring directors and directors of controlled entities against liabilities arising as a result of work performed in their capacity as directors of the Group and controlled entities respectively. The details and nature of liabilities covered, and the amount of premiums paid in respect of the insurance contract are not detailed in this report, as the disclosure of these details is prohibited under the terms of the contract.

INDEMNIFICATION OF AUDITORS

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

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 4.

DIRECTORS' REPORT

ROUNDING

Estia Investments Pty Ltd is an entity of the kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*. In accordance with this Corporations Instrument, amounts in the Directors' Report and the consolidated financial statements are rounded off to the nearest thousand dollars (\$'000), unless otherwise indicated.

This report is made on 23 September 2025 in accordance with a resolution of directors.

A handwritten signature in blue ink, appearing to read 'Norah Barlow', is positioned above the printed name.

Norah Barlow ONZM

Director
23 September 2025



**Shape the future
with confidence**

Ernst & Young
8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000
Fax: +61 3 8650 7777
ey.com/au

Auditor's Independence Declaration to the Directors of Estia Investments Pty Ltd

As lead auditor for the audit of the financial report of Estia Investments Pty Ltd for the financial year ended 30 June 2025, I declare to the best of my knowledge and belief, there have been:

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

This declaration is in respect of Estia Investments Pty Ltd and the entities it controlled during the financial year.

A handwritten signature in blue ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in blue ink, appearing to be 'Brett Croft'.

Brett Croft
Partner
23 September 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2025

		2025	2024
	Notes	\$'000	\$'000
Revenue			
Revenues	3	1,216,428	999,045
Other income		2,164	146
Government grants	4	1,435	11,061
Total revenue		1,220,027	1,010,252
Expenses			
Employee benefits expenses and agency staff expenses	5	821,772	661,089
Administrative expenses	6	79,649	70,187
Occupancy expenses	7	32,375	30,558
Resident expenses		80,546	69,127
Amortisation of bed licences		-	80,466
Depreciation, impairment and amortisation		53,357	48,182
Business acquisition related costs		15,272	1,577
Total expenses		1,082,971	961,186
Operating profit for the year		137,056	49,066
Net finance costs	8	100,396	84,583
Profit/(loss) before income tax		36,660	(35,517)
Income tax expense/(benefit)	9	14,858	(26,319)
Net profit/(loss) for the year		21,802	(9,198)
Other comprehensive profit/(loss)		-	-
Total comprehensive profit/(loss) for the year, net of tax		21,802	(9,198)

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2025

		2025	2024
	Notes	\$'000	\$'000
Assets			
Current assets			
Cash and cash equivalents	10	226,090	123,154
Trade and other receivables	11	10,365	8,695
Prepayments and other assets		4,032	3,584
Consumable supplies		2,210	2,087
Assets held for sale		-	1,875
Total current assets		242,697	139,395
Non-current assets			
Property, plant and equipment	12	1,229,539	1,023,608
Investment properties		580	580
Goodwill	13	1,075,360	732,671
Other intangible assets	13	1,312	1,804
Right-of-use assets	14	80,572	53,145
Prepayments and other assets		474	401
Total non-current assets		2,387,837	1,812,209
Total assets		2,630,534	1,951,604
Liabilities			
Current liabilities			
Trade and other payables	15	86,445	71,055
Loans and borrowings	16	-	398,849
Provisions	17	106,142	79,812
Lease liabilities	14	4,528	3,980
Refundable accommodation deposits and bonds	20	1,807,805	1,192,116
Other financial liabilities		401	401
Total current liabilities		2,005,321	1,746,213
Non-current liabilities			
Lease liabilities	14	82,984	55,555
Loans and borrowings	16	381,971	-
Provisions	17	13,676	11,482
Net deferred tax liabilities	9	7,118	9,612
Total non-current liabilities		485,749	76,649
Total liabilities		2,491,070	1,822,862
Net assets		139,464	128,742
Equity			
Issued capital	22	455,987	455,987
Deemed contributions		3,829	3,829
Accumulated losses		(321,036)	(331,074)
Share-based payments reserve	21	684	-
Total equity		139,464	128,742

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2025

	Issued capital \$'000	Deemed contributions \$'000	Share-based payment reserve \$'000	Accumulated losses \$'000	Total equity \$'000
Balance as at 1 July 2023	455,987	3,829	-	(321,876)	137,940
Loss for the period	-	-	-	(9,198)	(9,198)
Balance as at 30 June 2024	455,987	3,829	-	(331,074)	128,742
 Balance at 1 July 2024	 455,987	 3,829	 -	 (331,074)	 128,742
Profit for the year	-	-	-	21,802	21,802
Dividends	-	-	-	(11,764)	(11,764)
Share-based payments	-	-	684	-	684
Balance as at 30 June 2025	455,987	3,829	684	(321,036)	139,464

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2025

	Notes	2025 \$'000	2024 \$'000
Cash flows from operating activities			
Receipts from residents		230,241	199,610
Receipts from Government excluding Government grants received		900,228	739,309
Government grants received		371	29,995
Payments to suppliers and employees		(1,000,965)	(804,919)
Net payments to related parties		(19,478)	-
Net cash flows from operating activities before interest and RAD, accommodation bond and ILU entry contributions		110,397	163,995
Interest received		9,327	4,832
Finance costs paid		(3,770)	(3,870)
Interest expense on lease liabilities		(2,363)	(1,797)
Net cash flows from operating activities excluding RAD, accommodation bond and ILU entry contributions		113,591	163,160
RAD and ILU entry contributions received		559,080	449,802
RAD, accommodation bond and ILU entry contributions refunded		(339,091)	(313,581)
Net cash flows from operating activities	10	333,580	299,381
Cash flows from investing activities			
Payments for intangible assets		(83)	(245)
Purchase of property, plant and equipment		(45,184)	(82,254)
Business combinations, net of cash acquired		(132,574)	(17,380)
Proceeds from sale of assets held for sale		4,051	-
Net cash flows used in investing activities		(173,790)	(99,879)
Cash flows from financing activities			
Net repayment of borrowings		(40,151)	(95,609)
Repayment of lease liabilities		(4,939)	(3,913)
Dividends paid		(11,764)	-
Net cash flows used in financing activities		(56,854)	(99,522)
Net increase in cash and cash equivalents		102,936	99,980
Cash and cash equivalents at the beginning of the year		123,154	23,174
Cash and cash equivalents at the end of the year	10	226,090	123,154

The accompanying notes form part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

1 CORPORATE INFORMATION

The consolidated financial statements of Estia Investments Pty Ltd (the "Company") and its subsidiaries (collectively, the "Group") for the year ended 30 June 2025 were authorised for issue in accordance with a resolution of the directors on 23 September 2025.

The Company is a for-profit company limited by shares incorporated in Australia. The registered office is at 227 Elizabeth Street Sydney NSW 2000. The nature of the operations and principal activities of the Group are described in the Directors' Report.

2 MATERIAL ACCOUNTING POLICIES, JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

(a) BASIS OF PREPARATION

This financial report is a general purpose financial statement which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards - Simplified Disclosures and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has been prepared on a historical cost basis, except for investment properties and derivative financial instruments which have been measured at fair value.

The Company is an approved provider of residential aged care services with a National Approved Provider Service ID of 5951. The Company delivers only residential aged care services in Australia and this general purpose financial statement therefore relates only to such operations.

The Company is an entity of the kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*. In accordance with this Corporations Instrument, amounts in the consolidated financial statements are rounded off to the nearest thousand dollars (\$'000), unless otherwise indicated.

(b) STATEMENT OF COMPLIANCE

The financial report also complies with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

(c) BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Group and its controlled subsidiaries as at and for the year ended 30 June 2025. Control is achieved when the Group is exposed, or has rights, to the variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of profit or loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

All intercompany balances and transactions, and any unrealised gains and losses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(d) CURRENT OR NON-CURRENT CLASSIFICATION

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Expected to be realised within twelve months after the reporting period;
- Held primarily for trading; or
- Cash and cash equivalents, unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

2 MATERIAL ACCOUNTING POLICIES, JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

(d) CURRENT OR NON-CURRENT CLASSIFICATION (continued)

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is due to be settled within twelve months after the reporting period;
- Held primarily for trading; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

(e) GOING CONCERN

The financial report has been prepared on a going concern basis which assumes that the Group will be able to meet its obligations as and when they fall due. The Group's current liabilities exceed current assets by \$1,762,624,000 as at 30 June 2025 (2024: \$1,606,818,000) resulting in a net deficiency of current assets. This mainly arises because of the requirement to classify Refundable Accommodation Deposits ("RADs") and Bonds of \$1,807,805,000 (2024: \$1,192,116,000) as current liabilities. Refer to Note 16 for details of related party loans and Note 27 for explanation of a Deed of Cross Guarantee entered into by the Company.

RADs and Bonds are classified as a current liability because the Group does not have an unconditional right to defer settlement of any specific RAD or Bond for at least twelve months after the reporting date. The total RAD and Bond liability represents the sum of separate payments from individual residents in different locations with differing circumstances, and frequently a departing RAD and Bond-paying resident may be replaced quickly with a new RAD-paying resident. The repayment of individual balances that make up the total current balance will be dependent upon the actual tenure of individual residents, which can be more than ten years but averages approximately 2 - 3 years (see Note 20 for further details).

On 9 February 2024, the Group acceded as borrower, guarantor and obligor to the \$820,000,000 BidCo Syndicated Facility Agreement (SFA), as amended on 2 June 2025. Under the terms of the SFA, funding can be drawn for a variety of purposes which includes funding RADs and Bond refunds should the Group experience significant RAD and Bond net outflows.

(f) MATERIAL ACCOUNTING POLICIES

Changes in accounting policy, disclosures, standards and interpretations

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended 30 June 2024, except for the adoption of amendments to standards effective as of 1 July 2024.

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

New and amended accounting standards and interpretations

None of the new standards, amendments and interpretations have a significant impact on the financial statements of the Group.

Standards issued but not yet effective

A number of other accounting standards and interpretations have been issued and will be applicable in future periods. While these remain subject to ongoing assessment, no significant impacts have been identified to date. These standards have not been applied in the preparation of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

2 MATERIAL ACCOUNTING POLICIES, JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

(f) MATERIAL ACCOUNTING POLICIES (continued)

Material accounting policies

The following section provides a list of material accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

(i) Revenue

The Group recognises revenue under AASB 15 *Revenue from Contracts with Customers* ("AASB 15") which applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The Group uses the five-step model as set out in AASB 15 to account for revenue arising from contracts with customers.

The transaction price is allocated to performance obligations on the basis of their relative standalone selling prices and recognised as revenue as those performance obligations are fulfilled over time on a daily basis as the customer receives and consumes the benefits provided by the Group.

The provision of care to a resident is a single performance obligation. Other services, such as Additional Services (including services such as additional menu choices) and accommodation charges contain a number of different performance obligations.

The Group has applied the practical expedient not to disclose the transaction price allocation to unperformed performance obligations because all performance obligations are considered to be met on a daily basis. Therefore, the Group does not have any outstanding performance obligations that have not been met at the reporting date.

The following recognition criteria must be met before revenue is recognised:

Government fees and subsidies

Revenue from the rendering of services is recognised upon delivery of the performance obligations to the residents, which is based on daily services for daily fees.

Resident fees

Revenue from the rendering of a service or supply of goods to residents is recognised upon delivery of the performance obligations to the residents, which is based on daily services for daily fees.

Other resident fees include income arising from provision of accommodation and is accounted for in accordance with AASB 16 *Leases* ("AASB 16") on a straight-line basis over the length of stay.

Imputed revenue on RAD and Bond balances

The Group has determined that the arrangement in which residents who choose to pay a RAD or a Bond for their accommodation services meets the definition of a lease under AASB 16. The Group has recognised as revenue an imputed non-cash charge for accommodation representing the resident's right to occupy a room under the arrangement, referred to as the Imputed Daily Accommodation Payment ("DAP"). The Maximum Permissible Interest Rate ("MPIR"), as set by the Australian Government, has been used as the interest rate in calculating the imputed DAP. The accounting treatment results in a non-cash increase in revenue for accommodation and a corresponding non-cash increase in finance costs on the outstanding RAD and Bond balance, with no net impact on profit and loss for the year.

(ii) Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions have been complied with. Monetary grants relating to compensation for expenses already incurred or for the purpose of giving immediate financial support with no future related costs are recognised in the profit or loss of the year in which the Group determines receipt is reasonably assured in accordance with AASB 120 *Accounting for Government Grants and Disclosure of Government Assistance* ("AASB 120").

For non-monetary assets received from the Government, the replacement cost of the underlying assets received are initially recognised as assets and deferred grant income, which is subsequently released to profit or loss based on the pattern of consumption of the benefits of the underlying asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

2 MATERIAL ACCOUNTING POLICIES, JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

(f) MATERIAL ACCOUNTING POLICIES (continued)

(iii) Net finance costs

Interest income

Interest income is recognised using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Borrowing costs

Borrowing costs comprise interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Note 8 contains further details relating to interest expenses recognised under AASB 16.

Imputed interest on RAD and Bond balances

Note 2(f)(i) contains details in relation to imputed DAP revenue on RAD and Bond balances under AASB 16.

(iv) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of GST, except:

- when the GST incurred on a purchase of goods or services is not recoverable from the Australian Taxation Office ("ATO"), in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and,
- receivables and payables which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the consolidated statement of financial position. Commitments and contingencies are disclosed net of the amount of GST, where the GST is expected to be recoverable.

(v) Income taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the ATO. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the consolidated statement of profit or loss and other comprehensive income. Positions taken in the tax returns are evaluated with respect to situations in which applicable tax regulations are subject to interpretation and the Group establishes a tax asset or liability where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- When the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

2 MATERIAL ACCOUNTING POLICIES, JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

(f) MATERIAL ACCOUNTING POLICIES (continued)

(v) Income taxes (continued)

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

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax consolidation

On 15 December 2023, the Group entered into new tax funding and tax sharing agreements with its ultimate Australian parent entity, Estia Health TopCo Pty Ltd, which is the head entity of the income tax consolidated group. On the same date, the Group ceased to be a member of the former Estia Health Pty Ltd tax consolidated group.

In accordance with tax consolidation accounting, each entity in the tax consolidated group continues to account for its own current and deferred tax amounts as if it were a standalone taxpayer.

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

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

(vi) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the consolidated statement of cash flows, "cash and cash equivalents" are as defined above. Cash and cash equivalents are presented net of any outstanding bank overdrafts only where a legally enforceable right of offset exists, and the overdrafts are repayable on demand in accordance with AASB 107 *Statement of Cash Flows*.

Operating cash flow

Daily inflows and outflows of RADs are considered by the Group to be a normal part of the operations of the business and are utilised by the Group within the guidelines set out by the Prudential Compliance Standards, and are therefore classified as an operating activity for the purposes of cash flow reporting.

(vii) Trade and other receivables

Trade receivables are recognised and carried at original invoice amount less an allowance for estimated future lifetime credit losses.

The Group uses a provision matrix based on days past due for categories of receivables with similar credit risk characteristics, adjusted to reflect any material expected changes in the future credit risk of that category of receivables to determine the lifetime expected credit losses at the reporting date.

(viii) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated. Such cost includes the cost of replacing parts of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. All other repair and maintenance costs are recognised in profit or loss as incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

2 MATERIAL ACCOUNTING POLICIES, JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

(f) MATERIAL ACCOUNTING POLICIES (continued)

(viii) Property, plant and equipment (continued)

Property, plant and equipment acquired through a business combination are initially measured at fair value at the date on which control is obtained.

Depreciation is calculated using the straight-line method over the estimated useful life of the asset as follows:

Buildings and property improvements	4 - 50 years
Furniture, fittings and equipment	3 - 20 years
Motor vehicles	4 - 8 years

Assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively, if appropriate, at each reporting period end.

Derecognition and disposal

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of an asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss and other comprehensive income at the date of derecognition.

Impairment

Property, plant and equipment are tested for impairment at the lowest level of Cash Generating Unit ("CGU"). Each Mature Home is determined to be a separate CGU because it generates cash flows which are largely independent of other assets.

The Group also assesses the indicators for impairment at each reporting period end. If impairment indicators exist, an impairment test will be performed. The impairment test consists of comparing the recoverable amount of a CGU against its carrying value. Recoverable amount is the higher of the CGU's fair value less costs of disposal or value in use. The carrying value is determined on a basis consistent with the way the recoverable amount of the CGU is determined. The carrying value of the CGU represents those assets that can be attributed directly or allocated on a reasonable and consistent basis.

(ix) Goodwill and other intangible assets

Bed licences

Bed licences were initially recognised at cost, or if acquired through a business combination, at fair value in accordance with AASB 3 *Business Combinations* and AASB 138 *Intangible Assets*.

Following the Australian Government's decision to abolish the Aged Care Allocation Framework effective 1 July 2024, the Group's bed licences no longer have any economic value. Accordingly, the bed licences were fully amortised as at 30 June 2024. Prior to this, bed licences were measured at cost less accumulated amortisation and accumulated impairment losses.

Goodwill

Goodwill is initially measured at cost and represents the excess of the total consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed.

Goodwill is tested for impairment annually as at 30 June and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of the group of CGUs to which the goodwill relates. When the recoverable amount of the group of CGUs is less than its carrying amount, an impairment loss is recognised. In accordance with AASB 136 *Impairment of Assets* ("AASB 136"), impairment losses recognised for goodwill are permanent and cannot be reversed in future periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

2 MATERIAL ACCOUNTING POLICIES, JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

(f) MATERIAL ACCOUNTING POLICIES (continued)

(ix) Goodwill and other intangible assets (continued)

Other intangible assets

Intangible assets acquired separately are initially measured at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangible assets, other than capitalised development and software costs, are not capitalised and the related expenditure is recognised in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Software costs are amortised over the estimated useful life of 3 - 5 years.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, which is a change in accounting estimates and are applied prospectively.

Derecognition and disposal

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of profit or loss and other comprehensive income at the date of derecognition.

(x) Leases

When a contract is entered into, the Group assesses whether a contract is, or contains, a lease. A lease arises when the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease arrangements are accounted for in accordance with AASB 16 *Leases* ("AASB 16").

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease which is when the underlying asset is available for use. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred if any, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of the estimated useful life of the assets and the lease term. Right-of-use assets are tested for impairment in accordance with AASB 136.

Lease liabilities

At the commencement date of a lease, the Group recognises lease liabilities measured at the present value of lease payments over the lease term, discounted using the Group's incremental borrowing rate ("IBR") where rate implicit in the lease cannot be readily determined. Lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. Lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. Lease payments that vary based on an index or a rate are included in the measurement of lease liabilities at commencement date using the index or rate in effect at that date. Variable lease payments that do not depend on an index or rate are recognised in profit or loss when the triggering event or condition occurs.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

2 MATERIAL ACCOUNTING POLICIES, JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

(f) MATERIAL ACCOUNTING POLICIES (continued)

(x) Leases (continued)

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of minor office equipment (that is, those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Interest expense on lease liabilities

Interest expense on lease liabilities is reported as a component of total finance costs, which is recognised over the term of the lease using the Group's IBR.

(xi) Provisions

General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Long service leave and annual leave

Although long service leave and annual leave entitlements are not expected to be settled fully within the next 12 months, they are classified as current liabilities where the Group does not have an unconditional right to defer settlement beyond 12 months after the reporting date, in accordance with AASB 101, *Presentation of Financial Statements*. The liability for long service leave and annual leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method.

Consideration is given to expected future wage and salary levels, experience of employee departures, and years of service. Expected future payments are discounted using market yields of Australian corporate bonds at the reporting date, with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

Workcover provision

The Group operates as an approved self-insurer for workers compensation in New South Wales and South Australia. Provisions are recognised based on claims reported and an estimate of claims which may have been incurred but may not yet have been reported. The workcover provision is measured at present value and is based on independent actuarial valuations performed at each reporting date. The valuation considers both reported claims and an estimate of claims incurred but not yet reported.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

2 MATERIAL ACCOUNTING POLICIES, JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

(f) MATERIAL ACCOUNTING POLICIES (continued)

(xii) Fair value measurement

The Group measures certain financial instruments such as derivatives, and non-financial assets such as investment properties, at fair value at each reporting date. All other financial instruments on the balance sheet are measured at amortised cost.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

(xiii) Management equity plan

Selected members of the Group's leadership team receive remuneration through the Management Equity Plan (MEP), where employees receive remuneration in the form of share-based payments. These share-based payments are classified as equity-settled transactions.

The cost is measured at fair value on the grant date, determined by an external valuer using the Monte Carlo simulation model. The cost is recognised in employee benefit expense, with a corresponding increase to the share-based payments reserve, over the period in which the service and performance conditions are satisfied. At each reporting date, the cumulative expense reflects the proportion of the vesting period completed and the Group's best estimate of the number of equity instruments that will ultimately vest, with movements recognised in employee benefit expense.

Service and non-market performance conditions are excluded from the grant date fair value but are considered when estimating the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the fair value at the date of grant. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and result in immediate recognition of the award in profit or loss unless there are also service and/or performance conditions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

2 MATERIAL ACCOUNTING POLICIES, JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

(g) SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts and are reviewed regularly.

Uncertainty associated with these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities impacted in future years.

(i) Incremental borrowing rate for leases

Where the Group cannot readily determine the interest rate implicit in a lease, it estimates the Incremental Borrowing Rate ("IBR") based on the Group's estimated incremental borrowing rate, with regard to market conditions and the term and security of the lease. The IBR is reassessed when there is a lease modification or change in lease term.

(ii) Capitalisation of costs

The Group capitalises costs relating to the construction and refurbishment of aged care facilities. The initial capitalisation of costs is based on the Group's judgement that the project is expected to generate future economic benefits. Subsequent to determining the initial eligibility for capitalisation the Group re-assesses on a regular basis whether projects remain sufficiently probable of completion and are expected to deliver the desired economic benefits.

(iii) Impairment of goodwill and other intangible assets

In accordance with AASB 136, goodwill, brand names and other intangible assets are tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

Impairment is determined by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses recognised for goodwill are permanent and cannot be reversed in future periods.

The recoverable amount is determined using value-in-use (VIU) methodology, which is calculated by discounting cash flow projections over a five-year forecast period plus a terminal value reflecting the cash flow beyond the forecast period. The valuation is based on forward-looking assumptions and considers the future impacts of the new Aged Care Act, such as the funding adjustments resulting from care minute performance and RAD retentions.

The most sensitive assumptions used in the calculation of the value in use are the discount rate, long term growth rate, and the assumption that Government funding increases keep pace with increased input costs. Sensitivity analysis on reasonably likely changes to these assumptions did not result in an outcome where impairment would be required.

A discount rate was applied to the cash flow forecasts, including the terminal value. This rate reflects the current market assessments of the risks specific to the industry the Group operates in and takes into consideration the time value of money. The calculation of the rate is based on the specific circumstances of the asset and is derived from its weighted average cost of capital.

The long-term growth rate applied reflects the Group's assessment of inflation and perpetual growth using market and economic data.

The discount and growth rates used at the respective dates in assessing the recoverable amount are as follows:

	2025	2024
	%	%
Post-tax discount rate	8.6	8.6
Long term growth rate	2.3	2.3

(iv) Lease term

The Group determines the lease term as the non-cancellable term of a lease, together with any periods covered by an option to extend if it is reasonably certain to be exercised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

2 MATERIAL ACCOUNTING POLICIES, JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

(g) SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

(iv) Lease term (continued)

Where the Group has the option to extend a lease for additional terms, judgement is applied in evaluating whether it is reasonably certain to exercise the option to renew, taking into account relevant factors that create an economic incentive to exercise the renewal option. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not exercise) the option to renew.

(v) Discount rates

Where the Group cannot readily determine the interest rate implicit in the lease, it uses its IBR to calculate the present value of future lease payments. The Group estimates the IBR using market interest rates and adjusts these rates to reflect the Group's stand-alone credit profile.

(vi) Long service leave and annual leave

The provision for annual leave is recognised at the amounts expected to be paid to settle the obligation including associated on-costs.

The provision for long service leave is measured based on the relevant regulations of each State. Judgement is required in determining the following key assumptions used in the calculation of the long service leave provision at the reporting date:

- future increases in salaries and wages;
- future probability of employee departures and periods of service; and
- an appropriate discount rate.

(vii) Workcover provision

The workcover provision is measured at present value and is based on independent actuarial valuation performed at each reporting date. The valuation considers both reported claims and an estimate of claims incurred but not yet reported. It is based on a number of estimates and assumptions including, but not limited to, the number of reported claims, discount rates, wage inflation, average claim size, superimposed inflation (i.e., inflation above wage inflation) and claims administration expenses.

These assumptions are reviewed periodically, and reassessment of these assumptions may impact the size of the provision required.

(viii) Business combinations

The Group recognises the identifiable assets and liabilities of businesses acquired based on fair values at the date of acquisition. Where a significant amount of property, plant and equipment is recognised in the business combination, the fair value determination is supported by an independent external valuer using the market or income method for real property and the direct costs approach for plant and equipment.

(ix) Management equity plan

The valuation of awards under the MEP involves estimation uncertainty, including assumptions about share price volatility, dividends, and the likelihood of meeting performance conditions. These are determined using external valuation advice.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

3 REVENUE

	2025 \$'000	2024 \$'000
Revenue		
Government funded subsidies and supplements	873,101	715,951
Resident daily care fees	190,651	166,812
Other resident fees	72,773	60,928
Imputed DAP revenue on RAD and bond balances under AASB 16	79,903	55,354
Total Revenue	1,216,428	999,045

The Group recognises revenue from residential aged care services over time as the services are rendered, consistent with the satisfaction of performance obligations. Services provided by the Group include provision of accommodation, use of common areas and facilities, and the ongoing daily delivery of care. The Group has disaggregated revenue based on the source of the funding for the provision of residential aged care.

The Australian Government (the "Government") determines the amount of subsidies and supplements in accordance with the provisions of the *Aged Care Act 1997* (the "Act"). In accordance with the Act, the level of subsidy or supplement depends on a range of factors, including a resident's care needs, supported resident ratios in a particular home and whether a home has been newly built or significantly refurbished on or after 20 April 2012. The subsidies and supplements are calculated as a daily rate payable for each day that a resident is in a home.

The Group previously included Means Tested Care Fees ("MTCFs") funded by residents within Government funded subsidies and supplements (2024: \$23,358,000). In order to improve clarity and comparability, MTCFs are now presented within Resident daily care fees. Comparative information has been reclassified to reflect this presentation. This change affects presentation only and has no impact on the total revenue recognised in either year.

4 GOVERNMENT GRANTS

	2025 \$'000	2024 \$'000
COVID-19 costs reimbursement	-	6,601
Fair work decision historical leave liability grant	603	3,541
Personal protective equipment received and consumed	151	919
Others	681	-
Total government grants	1,435	11,061

5 EMPLOYEE BENEFITS EXPENSES AND AGENCY STAFF EXPENSES

	2025 \$'000	2024 \$'000
Salaries and wages expenses	649,650	510,673
Superannuation expenses	71,459	53,884
Other employee expenses including agency staff expenses	100,663	96,532
Total employee benefits expenses and agency staff expenses	821,772	661,089

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

6 ADMINISTRATIVE EXPENSES

	2025 \$'000	2024 \$'000
Licensing fees	45,462	38,148
Professional services expenses	7,597	6,502
Information technology and telephone expenses	9,953	6,983
Travelling expenses	3,567	4,701
Insurance premiums	3,191	3,582
Advertising and marketing expenses	1,208	1,678
Recruitment expenses	1,249	1,435
Printing and stationery expenses	1,332	1,289
Other administrative expenses	6,090	5,869
Total administrative expenses	79,649	70,187

7 OCCUPANCY EXPENSES

	2025 \$'000	2024 \$'000
Repairs and maintenance expenses	12,699	12,333
Other occupancy expenses	19,676	18,225
Total occupancy expenses	32,375	30,558

8 NET FINANCE COSTS

	2025 \$'000	2024 \$'000
Finance income		
Interest income from cash at bank	9,316	4,832
Interest income from related party loans	11	-
Total finance income	9,327	4,832
Finance costs		
Imputed interest expense on RAD and bond balance	79,903	55,354
Interest expense on related party loans	23,273	28,286
Interest expense on RAD and bond balances for departed residents	3,876	3,042
Interest expense on leases under AASB 16	2,363	1,797
Other finance costs	308	1,861
Interest capitalised	-	(925)
Total finance costs	109,723	89,415
Net finance costs	100,396	84,583

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

9 INCOME TAX

Major components of income tax expense/(benefit)

	2025 \$'000	2024 \$'000
<i>Current income tax</i>		
Current income tax expense	22,804	24,809
Adjustments in respect of income tax of previous year	(122)	(13)
<i>Deferred income tax</i>		
Relating to origination and reversal of temporary differences	(7,946)	(33,579)
Adjustments arising from changes in tax consolidation group	-	(15,252)
Adjustments in respect of income tax of previous year	122	(2,284)
Income tax expense/(benefit)	14,858	(26,319)

Reconciliation of income tax expense/(benefit) and accounting profit/(loss)

	2025 \$'000	2024 \$'000
Accounting profit/(loss) before income tax	36,660	(35,517)
Tax using the Australian tax rate of 30.0% (2024: 30.0%)	10,998	(10,655)
Adjustments in respect of income tax of previous year	-	(2,297)
Adjustments arising from changes in tax consolidation group	-	(15,252)
Expenditure not allowable for income tax purposes:		
- Non-deductible acquisition costs	3,597	854
- Other expenditure	263	1,031
Income tax expense/(benefit)	14,858	(26,319)

Reconciliation of net deferred tax liabilities

	2025 \$'000	2024 \$'000
Balance at the beginning of the year	(9,612)	(58,109)
Income tax benefit during the year recognised in profit or loss	7,946	35,863
Adjustments arising from changes in tax consolidation group	-	15,252
Adjustments in respect of income tax of previous year	(122)	130
Net deferred tax assets/(liabilities) arising from business combinations	(5,330)	(2,748)
Balance at the end of the year	(7,118)	(9,612)

Reflected in the consolidated statement of financial position as follows:

Deferred tax assets	67,573	49,001
Deferred tax liabilities	(74,691)	(58,613)
Net deferred tax liabilities	(7,118)	(9,612)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

9 INCOME TAX (CONTINUED)

Major components of deferred tax

2025

	Opening balance \$'000	Charged to consolidated profit or loss \$'000	Charged to equity \$'000	Arising from changes in tax consolidation group \$'000	Arising from business combinations \$'000	Closing balance \$'000
Property, plant and equipment	(40,524)	1,841	-	-	(9,379)	(48,062)
Lease liabilities	17,861	(1,363)	-	-	9,756	26,254
Provisions and accruals	30,026	6,689	(393)	-	4,061	40,383
Right of use assets	(15,740)	1,336	-	-	(9,768)	(24,172)
Government grant income	-	(181)	-	-	-	(181)
Other	(1,235)	(376)	271	-	-	(1,340)
Total	(9,612)	7,946	(122)	-	(5,330)	(7,118)

2024

Property, plant and equipment	(56,900)	4,146	-	15,252	(3,022)	(40,524)
Lease liabilities	18,318	(457)	-	-	-	17,861
Provisions and accruals	27,285	2,469	(2)	-	274	30,026
Right of use assets	(16,334)	594	-	-	-	(15,740)
Bed licences	(23,480)	23,480	-	-	-	-
Government grant income	(5,135)	5,135	-	-	-	-
Other	(1,863)	496	132	-	-	(1,235)
Total	(58,109)	35,863	130	15,252	(2,748)	(9,612)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

10 CASH AND CASH EQUIVALENTS

	2025 \$'000	2024 \$'000
Cash at bank	225,967	123,077
Cash on hand	123	77
Total cash and cash equivalents	226,090	123,154

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Cash flow reconciliation

	2025 \$'000	2024 \$'000
Profit/(loss) for the year	21,802	(9,198)
Adjustments to reconcile profit/(loss) after income tax to net cash flows:		
Depreciation of property, plant and equipment	47,737	42,930
Depreciation on right of use assets	4,980	4,367
Amortisation of bed licences other intangible assets	576	81,315
Write-off of property, plant and equipment and intangible assets	62	66
Imputed revenue on RAD and bond balances	79,903	55,354
Imputed interest cost on RAD and bond balances	(79,903)	(55,354)
Finance costs	23,273	28,286
Movement in allowance for expected credit losses	487	822
Income tax expense/(benefit)	14,858	(26,319)
Share-based payments	684	-
Net gain on sale of assets held-for-sale	(2,162)	-
Net gain on disposal of property, plant and equipment	(1)	-
(Increase) / Decrease in:		
Trade and other receivables	(159)	17,063
Prepayments and other assets	(47)	873
(Decrease) / Increase in:		
Trade and other payables	(9,798)	18,255
Provisions	17,023	7,639
Refundable accommodation deposits and bonds	214,265	133,282
Net cash inflow from operating activities	333,580	299,381

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

11 TRADE AND OTHER RECEIVABLES

	2025 \$'000	2024 \$'000
Trade receivables	8,279	9,186
Allowance for expected credit losses	(1,934)	(1,691)
Net trade receivables	6,345	7,495
Other receivables	2,510	1,200
Intercompany tax receivable	1,510	-
Total trade and other receivables	10,365	8,695

Trade receivables are non-interest bearing and are generally on payment terms between 30 to 90 days.

Allowance for expected credit loss

	2025 \$'000	2024 \$'000
Balance at the beginning of the year	1,691	1,001
Net remeasurement of allowance for expected credit losses	529	822
Utilised	(286)	(132)
Balance at the end of the year	1,934	1,691

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

12 PROPERTY, PLANT AND EQUIPMENT

Reconciliation of property, plant and equipment

	Notes	Land \$'000	Buildings \$'000	Property improvements \$'000	Furniture, fittings and equipment \$'000	Motor vehicles \$'000	Construction in progress \$'000	Total \$'000
Cost								
Balance as at 1 July 2023		218,967	622,071	105,669	177,500	1,139	58,711	1,184,057
Additions		-	290	6,610	14,033	34	56,496	77,463
Additions through business combinations	18	4,400	29,183	-	6,156	131	-	39,870
Transfers to PPE		14,117	75,018	2,413	12,245	102	(103,895)	-
Transfer to asset-held-for-sale		(2,250)	(4,959)	(666)	(1,094)	-	-	(8,969)
Write-offs and disposals		-	(1,002)	(418)	(4,309)	(6)	-	(5,735)
Balance as at 30 June 2024		235,234	720,601	113,608	204,531	1,400	11,312	1,286,686
Accumulated depreciation and impairment								
Balance as at 1 July 2023		1,362	99,588	26,898	104,084	816	-	232,748
Depreciation expense		-	14,747	7,229	20,854	100	-	42,930
Write-offs and disposals		-	(966)	(377)	(4,157)	(6)	-	(5,506)
Transfer to asset-held-for-sale		(428)	(5,334)	(658)	(674)	-	-	(7,094)
Balance as at 30 June 2024		934	108,035	33,092	120,107	910	-	263,078
Net book value								
As at 30 June 2024		234,300	612,566	80,516	84,424	490	11,312	1,023,608

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Notes	Land \$'000	Buildings \$'000	Property improvements \$'000	Furniture, fittings and equipment \$'000	Motor vehicles \$'000	Construction in progress \$'000	Total \$'000
Cost								
Balance as at 1 July 2024		235,234	720,601	113,608	204,531	1,400	11,312	1,286,686
Additions through business combinations	18	60,880	115,820	-	29,534	322	-	206,556
Additions		-	-	9,126	15,683	55	22,346	47,210
Write-offs and disposals		-	(213)	(142)	(5,438)	(18)	(62)	(5,873)
Transfers to PPE		-	9,020	924	5,519	-	(15,463)	-
Balance as at 30 June 2025		296,114	845,228	123,516	249,829	1,759	18,133	1,534,579
Accumulated depreciation and impairment								
Balance as at 1 July 2024		934	108,035	33,092	120,107	910	-	263,078
Depreciation expense		-	17,273	7,277	23,054	133	-	47,737
Write-offs and disposals		-	(211)	(136)	(5,409)	(19)	-	(5,775)
Balance as at 30 June 2025		934	125,097	40,233	137,752	1,024	-	305,040
Net book value								
As at 30 June 2025		295,180	720,131	83,283	112,077	735	18,133	1,229,539

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

13 GOODWILL AND OTHER INTANGIBLE ASSETS

	Notes	Goodwill \$'000	Bed licences \$'000	Others \$'000	Total \$'000
Cost					
Balance as at 1 July 2023		853,422	221,281	10,743	1,085,446
Additions		-	-	292	292
Additions through business combinations	18	15,308	-	-	15,308
Write-offs and disposals		-	-	(408)	(408)
Balance as at 30 June 2024		868,730	221,281	10,627	1,100,638
Accumulated amortisation and impairment					
Balance as at 1 July 2023		136,059	140,815	8,250	285,124
Amortisation expense		-	80,466	849	81,315
Write-offs and disposals		-	-	(276)	(276)
Balance as at 30 June 2024		136,059	221,281	8,823	366,163
Net book value					
As at 30 June 2024		732,671	-	1,804	734,475
Cost					
Balance as at 1 July 2024		868,730	221,281	10,627	1,100,638
Additions		-	-	84	84
Additions through business combinations	18	342,689	-	-	342,689
Write-offs and disposals		-	-	-	-
Balance as at 30 June 2025		1,211,419	221,281	10,711	1,443,411
Accumulated amortisation and impairment					
Balance as at 1 July 2024		136,059	221,281	8,823	366,163
Amortisation expense		-	-	576	576
Balance as at 30 June 2025		136,059	221,281	9,399	366,739
Net book value					
As at 30 June 2025		1,075,360	-	1,312	1,076,672

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

14 LEASES

The Group has lease agreements for various residential aged care homes, office space and office equipment with varying lease terms. Carrying amounts of right-of-use assets and the movements during the year are shown below:

	Notes	2025 \$'000	2024 \$'000
Balance at the beginning of the year		53,145	54,446
Additions through business combination	18	32,559	-
Additions		60	206
Depreciation expense		(4,980)	(4,367)
Remeasurement of leases		(212)	2,182
Others		-	678
Balance at the end of the year		80,572	53,145

Presented below is a maturity analysis of future lease payments:

	2025 \$'000	2024 \$'000
Not later than 1 year	8,381	5,743
Later than 1 year and not later than 5 years	31,652	22,351
Later than 5 years	101,380	46,386
Total	141,413	74,480
Lease liabilities included in the Consolidated Statement of Financial Position:		
Current	4,528	3,980
Non-current	82,984	55,555
Total	87,512	59,535

The Group had low-value leases relating to office equipment such as printers and photocopiers. An amount of \$530,400 was recognised as an expense during the year (2024: \$567,000).

Under its lease agreements, the Group incurs expenditure in relation to insurance, council and water rates, and water consumption. The Group recognised an amount of \$560,600 as an expense during the year (2024: \$557,000).

15 TRADE AND OTHER PAYABLES

	2025 \$'000	2024 \$'000
Trade creditors	17,322	16,080
Payroll liabilities	41,268	31,180
Sundry creditors and accruals	23,141	23,795
Intercompany trade payables	4,714	-
Total trade and other payables	86,445	71,055

Trade and other payables are non-interest bearing and are normally settled on 30-day terms.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

16 LOANS AND BORROWINGS

	2025 \$'000	2024 \$'000
Intercompany tax payable / (receivable)	-	36,858
Related party loans payable	-	361,991
Total loans and borrowings - current	-	398,849
Related party loans payable	381,971	-
Total loans and borrowings - non-current	381,971	-

17 PROVISIONS

	2025 \$'000	2024 \$'000
Current		
Annual leave provision	70,058	50,761
Long service leave provision	33,811	26,908
Workcover provision	2,273	2,143
Total current provisions	106,142	79,812
Non-current		
Long service leave provision	8,537	6,509
Workcover provision	4,273	4,295
Make good provision	866	678
Total non-current provisions	13,676	11,482
Total provisions	119,818	91,294

Movements of workcover provisions

	2025 \$'000	2024 \$'000
Balance at the beginning of the year	6,438	5,417
Net charge during the year	2,953	4,556
Utilised during the year	(2,845)	(3,535)
Balance at the end of the year	6,546	6,438

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

18 BUSINESS COMBINATIONS

2025 Acquisitions

Calvary homes acquisition

On 2 December 2024, the Group acquired the freehold land, buildings and business operations of three residential aged care homes from Calvary Aged Care Services Pty Ltd and its associated entities. The total cash consideration was \$42.8 million. The acquired homes, comprising approximately 356 active operational places, are located in Robina, Noosa and Gympie (Queensland).

The acquisition aligns with the Group's strategy to sustainably grow its portfolio of residential aged care homes through acquisitions which align with its existing operating clusters.

The recognised amounts for the business combination are outlined below. Accounting for the business combination is based on information available at reporting date and is provisional because the identification and fair value measurement of the assets and liabilities remains ongoing.

	\$'000
Property, plant, equipment	64,395
Consumable supplies and other current assets	180
Refundable accommodation deposits and bonds	(46,378)
Employee liabilities (current)	(2,981)
Employee liabilities (non-current)	(198)
Net deferred tax liabilities	(4,867)
Fair value of identifiable net assets	10,151
Provisional goodwill	32,666
Purchase consideration transferred	42,817
Purchase consideration paid in cash	42,817
Acquisition-related costs	3,756
Total cost of the combination	46,573

Provisional goodwill arising from the acquisition represents the excess of the cost of the acquisition over the net fair value of the identifiable assets and liabilities acquired. None of the goodwill recognised is expected to be deductible for income tax purposes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

18 BUSINESS COMBINATIONS (CONTINUED)

Aurrum homes acquisition

On 1 April 2025, the Group acquired the business operations of seven residential aged care homes from Aurrum Pty Limited and its associated entities. The acquisition included the freehold land and buildings of six homes and a leasehold interest in the seventh home. The total cash consideration was \$73.4 million. The homes, comprising approximately 738 operational places, are located across New South Wales (3 locations) and Victoria (4 locations). Each of the acquired homes are owned except for the Erina (NSW) site where the rights to an existing lease agreement were acquired.

The acquisition aligns with the Group's strategy to sustainably grow its portfolio of residential aged care homes through acquisitions which align with its existing operating clusters.

The recognised amounts for the business combination are outlined below. Accounting for the business combination is based on information available at reporting date and is provisional because the identification and fair value measurement of the assets and liabilities remains ongoing.

	\$'000
Property, plant, equipment	81,649
Right-of-use assets	32,559
Consumable supplies and other current assets	305
Refundable accommodation deposits and bonds	(179,304)
Lease liabilities (current)	(503)
Lease liabilities (non-current)	(32,056)
Employee liabilities (current)	(7,522)
Employee liabilities (non-current)	(679)
Net deferred tax liabilities	(4,049)
Fair value of identifiable net assets	(109,600)
Provisional goodwill	183,034
Purchase consideration transferred	73,434
Purchase consideration paid in cash	73,434
Acquisition-related costs	7,942
Total cost of the combination	81,376

Provisional goodwill arising from the acquisition represents the excess of the cost of the acquisition over the net fair value of the identifiable assets and liabilities acquired. None of the goodwill recognised is expected to be deductible for income tax purposes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

18 BUSINESS COMBINATIONS (CONTINUED)

Mark Moran homes acquisition

On 2 June 2025, the Group acquired the freehold land, buildings and business operations of two residential aged care homes from Mark Moran Group Pty Limited and its associated entities. The total cash consideration was \$13.3 million. The acquired homes, comprising approximately 260 operational places, are located in Little Bay and Warrawee (New South Wales).

The acquisition aligns with the Group's strategy to sustainably grow its portfolio of residential aged care homes through acquisitions which align with its existing operating clusters.

The recognised amounts for the business combination are outlined below. Accounting for the business combination is based on information available at reporting date and is provisional because the identification and fair value measurement of the assets and liabilities remains ongoing.

	\$'000
Property, plant, equipment	60,512
Net deferred tax assets	3,586
Consumable supplies and other current assets	122
Refundable accommodation deposits and bonds	(175,742)
Employee liabilities (current)	(2,007)
Employee liabilities (non-current)	(138)
Fair value of identifiable net assets	(113,667)
Provisional goodwill	126,989
Purchase consideration transferred	13,322
 Purchase consideration paid in cash	 13,322
Acquisition-related costs	3,292
Total cost of the combination	16,614

Provisional goodwill arising from the acquisition represents the excess of the cost of the acquisition over the net fair value of the identifiable assets and liabilities acquired. None of the goodwill recognised is expected to be deductible for income tax purposes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

18 BUSINESS COMBINATIONS (CONTINUED)

2024 Acquisitions

Royal Freemasons Acquisition

On 3 October 2023, the Group acquired the freehold land and business operations of two residential aged care homes from Royal Freemasons Victoria (the "Royal Freemasons Acquisition"). The two homes which are in Victoria are located at Kangaroo Flat - Bendigo (144 operating places) and Benalla (120 operating places). The homes, which were constructed in 2017 and 2019 (respectively), enabled the Group to increase its investment in, and commitment to, regional Victoria through the acquisition of high-quality modern aged care homes.

The recognised amounts for the Royal Freemasons acquisition have been finalised and are disclosed as follows:

	\$'000
Property, plant, equipment	39,870
Consumable supplies and other current assets	157
Refundable accommodation deposits and bonds	(31,297)
Employee liabilities (current)	(804)
Employee liabilities (non-current)	(106)
Net deferred tax liabilities	(2,748)
Fair value of identifiable net assets	5,072
Goodwill arising	15,308
Purchase consideration transferred	20,380
Purchase consideration paid in cash	17,380
Acquisition-related costs	3,111
Deferred consideration to be paid	3,000
Total cost of the combination	23,491

Goodwill arising from the acquisition represents the excess of the cost of the acquisition over the net fair value of the identifiable assets and liabilities acquired. None of the goodwill recognised is expected to be deductible for income tax purposes.

19 FAIR VALUE MEASUREMENT

Investment properties

The Group's investment properties represent Independent Living Units ("ILUs") which are occupied by residents who have contributed a non-interest-bearing loan to occupy the ILUs. The resident vacates the property based on the applicable State-based Retirement Village Acts. These investment properties are measured at fair value, which is determined based on a valuation model recommended by the International Valuation Standards Council that uses unobservable inputs (level 3 in fair value hierarchy) at the reporting date:

Unobservable inputs	2025	2024
Discount rate	20.0%	20.0%
Growth rate	2.3%	2.3%
Cash flow term	10 years	10 years

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

20 REFUNDABLE ACCOMMODATION DEPOSITS AND BONDS

	2025 \$'000	2024 \$'000
Current residents	1,559,910	1,047,686
Departed residents	247,895	144,430
Total refundable accommodation deposits and bonds - amounts received	1,807,805	1,192,116

RADs and Bonds are paid at the choice of residents upon their admission to homes and are refunded after a resident departs a home in accordance with the Act. Providers must pay a Government set Base Interest Rate on all refunds of RADs and Bonds within legislated time frames and must pay a higher rate on refunds that are not made within legislated time frames.

RADs and Bond refunds are guaranteed by the Government under the Accommodation Payment Guarantee Scheme, in the event that a provider is unable to refund the amounts. Providers are required to maintain sufficient liquidity to ensure that they can refund all amounts as they fall due. As required under legislation, the Group maintains a Liquidity Management Policy, which is monitored on a regular basis and a full review is undertaken on an annual basis as a minimum, with the intention of ensuring it has sufficient liquidity, in the form of cash or undrawn lines of credit, to meet its RAD and Bond refunds and other financial obligations as and when they fall due.

To ensure that funds are readily available when required, the minimum level of funds chosen by the Group are met by cash holdings and undrawn lines of credit under its existing financing facilities.

RADs and Bonds are classified as a current liability as the Group does not have an unconditional right to defer settlement for at least twelve months after the reporting date. The total RAD and Bond liability represents the sum of separate payments from a significant number of individual residents in different locations with differing circumstances and frequently a departing RAD-paying or Bond-paying resident is replaced shortly afterwards with a new RAD-paying resident. The repayment of individual balances that make up the total current balance depends upon the actual tenure of individual residents, which can be more than ten years but averages approximately 2 - 3 years.

21 MANAGEMENT EQUITY PLAN

On 1 July 2024, the Group established a Management Equity Plan ("MEP") for selected members of the Group's leadership team (the "Participants"). Under the MEP, Participants acquired Class A MEP shares fully funded by limited recourse loans provided by Estia Health Pty Limited.

During the year ended 30 June 2025, Estia Health TopCo Pty Ltd issued 22.6 million Class A MEP shares to the Participants, with \$23.1 million in funding provided under the terms of the limited recourse loans. At 30 June 2025, 22.6 million Class A MEP shares remain on issue under the MEP.

Vesting of Class A MEP shares is subject to performance hurdles and the Participant's continued employment (or Good Leaver status as defined in the plan rules) at the time of a liquidity event or any subsequent vesting dates if applicable. Once vested, the shares may be converted to ordinary shares or transferred, subject to Board discretion.

The issuance of the Class A MEP shares represents an equity-settled share-based payment in accordance with AASB 2 *Share-based Payment*, whereby the cost of services received is recognised in the consolidated statement of profit or loss and other comprehensive income, with a corresponding increase in equity.

The expense is measured by reference to the fair value of the equity instruments granted at the grant date and is recognised over the vesting period, which reflects the period during which the participants render services. Fair value was determined using a Monte Carlo simulation model, appropriate for valuing awards with market-based performance conditions.

During the year ended 30 June 2025, none of the Class A MEP shares were forfeited, cancelled or converted.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

22 ISSUED CAPITAL

	2025 \$'000	2024 \$'000
<i>Issued and fully paid</i>		
Ordinary shares	455,987	455,987
Total share capital	455,987	455,987

(a) Movements in ordinary shares on issue

	2025 Shares	2025 \$'000	2024 Shares	2024 \$'000
As at beginning of the year	455,987,003	455,987	455,987,003	455,987
As at end of the year	455,987,003	455,987	455,987,003	455,987

The ordinary shares have no par value and there is no limit on authorised capital.

(b) Dividends

During the financial year ended 30 June 2025, dividends amounting to \$11,764,000 were declared and paid (2024: nil).

23 RELATED PARTY DISCLOSURES

(a) Parent entities

The group is controlled by the following entities:

Name	Type	Place of incorporation	Ownership interest	
			2025	2024
Estia Health Pty Ltd	Immediate parent entity	Australia	100%	100%
Estia Health TopCo Pty Ltd	Ultimate Australian parent entity	Australia	100%	100%
Bain Capital Asia Fund V. L.P.	Ultimate parent entity	Cayman Islands	100%	100%

(b) Subsidiaries

Note 26 provides the information about the Group's structure including the details of the subsidiaries.

(c) Key management personnel compensation

Compensation expense of key management personnel amounted to \$3,700,000 during the year ended 30 June 2025 (2024: \$4,572,000).

(d) Transactions with other related parties

Note 16 provides the information about the loans to related parties. Interest expense incurred on these loans for the year ended 30 June 2025 amounted to \$23,273,000 (2024: \$28,286,000).

BidCo Syndicated Facility Agreement

On 9 February 2024, the Group became a party to a \$670,000,000 BidCo Syndicated Facility Agreement (SFA). Under the terms of the SFA, the Group pledged the majority of its freehold property and material lease interests as security. On this date, the Company became a co-borrower under the SFA. On 7 November 2024, the SFA was amended to incorporate an Accordion feature which permitted up to an additional \$150,000,000 committed funding subject to customary consents and approvals. On 2 June 2025, the Accordion feature was activated increasing the committed capacity under the SFA to \$820,000,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

23 RELATED PARTY DISCLOSURES (CONTINUED)

(d) Transactions with other related parties (continued)

Bank guarantees for the benefit of the Group were initially secured under the SFA from 15 December 2023. On 6 June 2024, these were secured under a separate Guarantee Facility with Westpac Banking Corporation. As at 30 June 2025, the Group has utilised bank guarantees totalling \$15,600,000 (2024: \$14,858,000).

Licensing agreement with Estia Health Pty Ltd

Under the terms of the licensing agreement entered into by the Company and Estia Health Pty Ltd, the Company pays a licence fee in exchange for the rights to utilise the Estia Health Brand and associated intellectual properties in the conduct of its business. The licence fee was determined after taking into consideration a range of comparable licensing arrangements between non-related market participants and the specific circumstances applicable to the arrangements between the Company and Estia Health Pty Ltd. For the year ended 30 June 2025 the Company incurred a licence fee of \$45,462,000 (2024: \$38,148,000).

24 COMMITMENTS AND CONTINGENCIES

During the year, the Group entered into contracts relating to the development of aged care homes of which there were remaining capital commitments at 30 June 2025 of \$51,580,000 (2024: \$6,933,000).

25 AUDITOR REMUNERATION

	2025 \$'000	2024 \$'000
Fees for auditing the statutory financial reports	905	778
Fees for tax compliance services	138	180
Fees for assurance services in relation to Prudential reporting to the Department of Health	23	25
Fees for agreed upon procedures	14	-
Total auditor remuneration	1,080	983

The auditor of Estia Investments Pty Ltd and its subsidiaries is Ernst & Young Australia.

26 INFORMATION RELATING TO SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of Estia Investments Pty Ltd and the following controlled entities, that were held in the current year unless otherwise stated:

	Country of incorporation	% Owned	
		2025 %	2024 %
Estia Health Residential Aged Care Pty Ltd	Australia	100%	100%

All entities are body corporates and are Australian tax resident during and at the end of the financial year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

27 PARENT ENTITY INFORMATION

	2025 \$'000	2024 \$'000
Information relating to Estia Investments Pty Ltd		
Current assets	242,697	139,395
Non-current assets	2,387,837	1,812,209
Total assets	2,630,534	1,951,604
Current liabilities	2,005,321	1,746,213
Non-current liabilities	485,749	76,649
Total liabilities	2,491,070	1,822,862
Net assets	139,464	128,742
Issued capital	455,987	455,987
Deemed contributions	3,829	3,829
Share-based payments	684	-
Accumulated losses	(321,036)	(331,074)
Total shareholders' equity	139,464	128,742
Profit/(loss) for the year	21,802	(9,198)
Total comprehensive income/(loss) for the year	21,802	(9,198)

Deed of cross guarantee

Estia Health HoldCo Deed

On 15 December 2023, a deed of cross guarantee was entered into between Estia Health HoldCo Pty Ltd and each of its controlled entities:

- Estia Health BidCo Pty Ltd
- Estia Health Pty Ltd
- Estia Finance Pty Ltd
- Estia Investments Pty Ltd
- Estia Health Residential Aged Care Pty Ltd

The effect of each deed is that Estia Health HoldCo Pty Ltd has guaranteed to pay any deficiency in the event of winding up of any controlled entity or if they do not meet their obligations under the terms of overdrafts, loans, leases or other liabilities subject to the guarantee. The controlled entities have also given a similar guarantee in the event that Estia Health HoldCo Pty Ltd is wound up or if it does not meet its obligations under the terms of overdrafts, loans, leases or other liabilities subject to the guarantee.

Pursuant to *ASIC Corporations (Wholly-owned Companies) Instrument 2016/785*, relief has been granted to these entities from the *Corporations Act 2001* requirements for the preparation, audit and lodgement of their financial reports.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

28 SUBSEQUENT EVENTS

On 2 December 2024, the Aged Care Act 2024 received Royal Assent and is scheduled to replace the Aged Care Act 1997, effective from 1 November 2025. The new legislation introduces a reformed regulatory framework for aged care services, including changes to provider obligations, governance standards and consumer protections. While the Act does not impact the Group's operations for the financial year ended 30 June 2025, transitional planning is underway, with ongoing review of the implications for future reporting periods.

On 25 August 2025, the BidCo Syndicated Facilities Agreement, to which the Group are parties, was amended to include a further Accordion feature permitting up to an additional \$200 million of committed funding, subject to customary approvals and consents.

On 4 September 2025, the Group executed agreements to acquire the business assets and operations of the Vacenti Aged Care Group in Queensland. The transaction, with an estimated cash consideration of ~\$185.5 million (to be adjusted for the movements from the target RADs to be acquired and working capital), includes seven residential aged care homes (one of which is to be commissioned later in the year) and certain associated property assets. The principal components of the acquisition are expected to settle in October 2025, with certain ancillary agreements expected to be completed and settled later in FY26. On completion, the acquisition will increase the Group's operating places by approximately 750 operational beds.

Other than the matters noted above, there has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Estia Investments Pty Ltd, I state that in the opinion of the directors:

- (a) the financial statements and notes of the consolidated entity for the financial year ended 30 June 2025 are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2025 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards - Simplified Disclosures (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*;
- (b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2 to the financial statements;
- (c) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable; and
- (d) there are reasonable grounds to believe that the Company and the controlled entities identified in Note 27 to the financial statements will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and those controlled entities pursuant to *ASIC Corporations (Wholly-owned Companies) Instrument 2016/785*.

On behalf of the Board



Norah Barlow ONZM
Director
23 September 2025



**Shape the future
with confidence**

Ernst & Young
8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000
Fax: +61 3 8650 7777
ey.com/au

Independent Auditor's Report to the Members of Estia Investments Pty Ltd

Opinion

We have audited the financial report of Estia Investments Pty Ltd (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2025, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the consolidated financial statements, including material accounting policy information, and the directors' declaration.

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

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

Basis for Opinion

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

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

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information is the directors' report accompanying the financial report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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



**Shape the future
with confidence**

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Simplified Disclosures and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material 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 judgement and maintain professional scepticism throughout the audit. We also:

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



**Shape the future
with confidence**

- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance 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

Ernst & Young

A handwritten signature in blue ink, appearing to be 'Brett Croft', with a stylized, cursive script.

Brett Croft
Partner

Melbourne
23 September 2025