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 2026

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ABN 87 164 350 387

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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 2026.

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

PRINCIPAL ACTIVITIES

The principal activities of the Group during the year ended 30 June 2026 continued to be the provision of services in residential aged care homes in Australia as a Registered Provider under the *Aged Care Act 2024* (formerly an "Approved Provider" under prior legislation).

REVIEW OF OPERATIONS

The profit after income tax for the year ended 30 June 2026 amounted to $19.9 million (2025: profit of $21.8 million).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Vacenti homes acquisition

On 20 October 2025, the Group acquired the freehold land, buildings and business operations of seven residential aged care homes from Queensland Rehabilitation Services Pty Ltd. As part of the same transaction, and under separate contracts, the Group acquired additional land assets on 10 December 2025 following the satisfaction of certain ancillary conditions. The total cash consideration was $180.6 million. The acquired homes, collectively comprising in excess of 750 operational places, are located in Queensland.

New Aged Care Act 2024

The new Aged Care Act 2024 (the "Act") commenced on 1 November 2025, introducing a rights-based legislative framework with strengthened quality standards, updated funding and contribution settings, and enhanced regulatory oversight.

Key changes include:

- Strengthened Aged Care Quality Standards - enhanced quality and safety requirements with evolved expectations for providers.
- Clinical care funding - eligible clinical care fully funded by the Government through the AN-ACC model.
- Non-Clinical Care Contribution - replacement of the Means Tested Care Fee with a means-tested contribution for non-clinical care, subject to daily and lifetime caps.
- Hotelling contribution - means-tested resident contributions for daily living costs, including food, cleaning and utilities.
- Refundable Accommodation Deposit (RAD) retention - introduction of a RAD retention scheme at 2% per annum for up to five years for non-exempt residents entering care from 1 November 2025. This enables providers to retain a portion of RAD inflows.
- Higher Everyday Living Fee (HELF) - replacement of Additional and Extra Service Fees, continuing to allow providers to charge for demonstrably superior services, with existing arrangements to be transitioned to the HELF regime by 31 October 2026.
- Regulation of places - Older people are allocated a residential care place when approved for care, which is their entitlement to access government-funded residential aged care. All residential aged care places allocated from the former Aged Care Approvals Rounds, or through the bed-ready process have ceased to exist as of 1 November 2025 giving providers increased flexibility to develop and expand aged care services to meet community demand.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS (continued)

In addition, from April 2026, government funding for certain homes has been adjusted based on the delivery of required care minutes, with reductions applied where targets are not met in the quarter ended six months earlier to the adjustment quarter.

The adoption of the Act represents a significant regulatory change for the sector. The impact on the Group applies only to new resident contracts entered into on or after 1 November 2025 and accordingly, any resulting impacts have been reflected in the consolidated financial statements.

Bentleigh home closure

In March 2026, the Group closed its residential aged care home in Bentleigh, Victoria with 45 operational places. The closure was undertaken to facilitate redevelopment of the site into a modern purpose-built residential aged care home with an expected capacity of 108 operational places.

Stonepeak acquisition

On 26 May 2026, the shareholders of Estia Health Holdings Pty Ltd (formerly Estia Health Holdings Limited/ Estia Health Topco Pty Ltd), the Group's ultimate parent entity, entered into an agreement for the sale of its 100% controlling interest to Wisdom Bidco Pty Ltd, a vehicle established by funds controlled by Stonepeak LP and Axight Capital Limited. As at the date of authorisation of these financial statements, the transaction had not yet been completed.

Norsan homes acquisition

In June 2026, the Group acquired the freehold land, buildings, leasehold interests and business operations of three residential aged care homes from the Norsan Group (the Norsan Aged Care Acquisition). Total cash consideration was $36.7 million. The acquired homes comprise 308 operational places and are located in Chirnside Park, Croydon North and Kurunjang, Victoria.

Other than those discussed above, there were no significant changes in the state of affairs of the Group during the financial year ended 30 June 2026.

DIVIDENDS

No dividends were declared and paid during the financial year ended 30 June 2026 (2025: $11.8 million).

SUBSEQUENT EVENTS

Box Hill acquisition

On 14 July 2026, the Group completed the purchase of a new development site in Box Hill, Victoria for a total consideration of $9.5 million (excluding GST and transaction costs). The site will be developed into a new residential aged care home.

AnglicareSA acquisition

On 15 July 2026, the Group entered into a binding agreement to acquire the land, buildings and business operations of six residential aged care homes from AnglicareSA Limited (the AnglicareSA Acquisition). The transaction is expected to complete during the quarter ending 31 December 2026 for an estimated purchase price of approximately $86.0 million, after adjustments for the expected acquired RADs and bonds and excluding transaction costs. The acquired homes comprise 579 operational places and are located in Brompton, Elizabeth East, Grange, Trott Park and Westbourne Park, South Australia.

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.

ENVIRONMENTAL REGULATION

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

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Other than the matters described in Significant Changes in the State of Affairs and Subsequent Events, no additional 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 Holdings Pty Ltd, executed deeds of indemnity in favour of current 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.

ROUNDING

Estia Investments Pty Ltd is an entity of the kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2026/183*. 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 22 September 2026 in accordance with a resolution of directors.



Norah Barlow ONZM

Director
22 September 2026

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Shape the future with confidence

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 2026, I declare to the best of my knowledge and belief, there have been:

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

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

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

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

Ernst & Young

Brett Croft
Partner
22 September 2026

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Liability limited by a scheme approved under Professional Standards Legislation

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2026

	Notes	2026 $'000	2025 $'000
Revenue			
Revenues	3	1,583,035	1,216,428
Other income		74	2,164
Government grants	4	1,552	1,435
Total revenue		**1,584,661**	**1,220,027**
Expenses			
Employee benefits expenses and agency staff expenses	5	1,077,731	821,772
Administrative expenses	7	97,961	79,649
Occupancy expenses	6	41,721	32,375
Resident expenses		98,520	80,546
Depreciation, impairment and amortisation		64,556	53,357
Business acquisition-related and other transaction costs		18,072	15,272
Total expenses		**1,398,561**	**1,082,971**
Operating profit for the year		**186,100**	**137,056**
Net finance costs	8	152,513	100,396
Profit before income tax		**33,587**	**36,660**
Income tax expense	9	13,728	14,858
Net profit for the year		**19,859**	**21,802**
Other comprehensive profit/(loss)		-	-
Total comprehensive profit for the year, net of tax		**19,859**	**21,802**

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2026

	Notes	2026 $'000	2025 $'000
Assets			
Current assets			
Cash and cash equivalents	10	414,027	226,090
Trade and other receivables	11	10,695	10,365
Prepayments and other assets		3,739	4,032
Consumable supplies		2,720	2,210
Total current assets		**431,181**	**242,697**
Non-current assets			
Property, plant and equipment	13	1,454,371	1,229,539
Investment properties		580	580
Goodwill	14	1,379,401	1,075,360
Other intangible assets	14	927	1,312
Right-of-use assets	15	92,158	80,572
Prepayments and other assets		454	474
Other financial assets	12	9,464	-
Net deferred tax assets	9	19,668	-
Total non-current assets		**2,957,023**	**2,387,837**
Total assets		**3,388,204**	**2,630,534**
Liabilities			
Current liabilities			
Trade and other payables	16	110,270	86,445
Provisions	18	125,883	106,142
Lease liabilities	15	4,923	4,528
Refundable accommodation deposits and bonds	21	2,334,175	1,807,805
Other financial liabilities		401	401
Total current liabilities		**2,575,652**	**2,005,321**
Non-current liabilities			
Lease liabilities	15	95,536	82,984
Loans and borrowings	17	533,000	381,971
Provisions	18	24,194	13,676
Net deferred tax liabilities	9	-	7,118
Total non-current liabilities		**652,730**	**485,749**
Total liabilities		**3,228,382**	**2,491,070**
Net assets		**159,822**	**139,464**
Equity			
Issued capital	22	455,987	455,987
Deemed contributions		3,829	3,829
Accumulated losses		(301,177)	(321,036)
Share-based payments reserve	23	1,183	684
Total equity		**159,822**	**139,464**

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2026

	Issued capital $'000	Deemed contributions $'000	Share-based payment reserve $'000	Accumulated losses $'000	Total equity $'000
Balance as 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**
Balance at 1 July 2025	**455,987**	**3,829**	**684**	**(321,036)**	**139,464**
Profit for the year	-	-	-	19,859	19,859
Share-based payments	-	-	499	-	499
Balance as at 30 June 2026	**455,987**	**3,829**	**1,183**	**(301,177)**	**159,822**

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2026

	Notes	2026 $'000	2025 $'000
Cash flows from operating activities			
Receipts from residents		342,778	230,241
Receipts from Government excluding Government grants received		1,101,807	900,228
Government grants received		2,155	371
Payments to suppliers and employees		(1,291,935)	(1,000,965)
Net payments to related parties		(17,735)	(19,478)
Net cash flows from operating activities before interest and RAD, accommodation bond and ILU entry contributions		**137,070**	**110,397**
Interest received		15,385	9,327
Finance costs paid		(6,637)	(3,770)
Interest expense on lease liabilities		(4,169)	(2,363)
Net cash flows from operating activities excluding RAD, accommodation bond and ILU entry contributions		**141,649**	**113,591**
RAD and ILU entry contributions received		824,300	559,080
RAD, accommodation bond and ILU entry contributions refunded		(589,682)	(339,091)
Net cash flows from operating activities	**10**	**376,267**	**333,580**
Cash flows from investing activities			
Payments for intangible assets		(225)	(83)
Purchase of property, plant and equipment		(89,106)	(45,184)
Business combinations, net of cash acquired		(217,313)	(132,574)
Proceeds from sale of property, plant and equipment		336	-
Proceeds from sale of assets held for sale		-	4,051
Net cash flows used in investing activities		**(306,308)**	**(173,790)**
Cash flows from financing activities			
Net borrowings from/ (repayment to) related parties		122,684	(40,151)
Repayment of lease liabilities		(4,706)	(4,939)
Dividends paid		-	(11,764)
Net cash flows from/(used) in financing activities		**117,978**	**(56,854)**
Net increase in cash and cash equivalents		187,937	102,936
Cash and cash equivalents at the beginning of the year		226,090	123,154
Cash and cash equivalents at the end of the year	**10**	**414,027**	**226,090**

The accompanying notes form part of these consolidated financial statements.

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 2026 were authorised for issue in accordance with a resolution of the directors on 22 September 2026.

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 a registered 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 2026/183.* 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) 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 2026. 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.

(c) 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.

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

(c) 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 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.

(d) GOING CONCERN

The Group's current liabilities exceed current assets by $2,144,471,000 as at 30 June 2026 (2025: $1,762,624,000) resulting in a net deficiency of current assets. This working capital deficiency primarily reflects the requirement to classify Refundable Accommodation Deposits ("RADs") and Bonds of $2,334,175,000 (2025: $1,807,805,000) as current liabilities.

The RAD and Bond liability represents the aggregate of individual resident balances across multiple homes. Repayment of these balances is linked to resident tenure, which typically averages between 2 and 3 years but may extend beyond 10 years. In the ordinary course of business, RAD and Bond repayments are generally offset by deposits received from new residents entering care. Further information is provided in Note 21.

The financial report has been prepared on a going concern basis, which assumes the Group will continue to realise its assets and discharge its liabilities in the normal course of business. In assessing the appropriateness of the going concern basis of preparation, the Directors have considered:

- Profitability: The Group generated net profit after tax of $19,859,000 during the year ended 30 June 2026 and expects to remain profitable.
- Strong operating cash flow: The Group generated net operating cash flows of $376,267,000 during the year.
- Liquidity and funding capacity: As at 30 June 2026, the Group held cash and cash equivalents of $414,027,000 and had access to undrawn debt facilities of approximately $239,815,000 under its Syndicated Facility Agreement (SFA) and other ancillary funding lines. These facilities may be used for a range of purposes, including funding RADs and Bond repayments should net outflows arise.

Having regard to these factors, the Directors are satisfied that the Group will be able to meet its obligations as and when they fall due and that the going concern basis of preparation remains appropriate.

(e) 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 2025, except for the adoption of amendments to standards effective as of 1 July 2025.

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

AASB 18 *Presentation and Disclosure in Financial Statements* replaces AASB 101 *Presentation of Financial Statements* effective for reporting periods beginning on or after 1 January 2027. The Group is currently assessing the potential impact on its financial report.

There are no other standards, amendments or interpretations that are not yet effective and that would be expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

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

(e) 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.

From 1 November 2025, providers may retain 2% per annum of a resident's paid RAD balance, subject to a cumulative cap of up to 10% or 5 years, for new residents entering care from 1 November 2025. The retained amount is recognised as a reduction in the RAD liability. For these residents, the imputed DAP continues to be recognised by reference to the equivalent DAP rate with the revised RAD profile incorporated into the effective interest rate applied to the liability. DAP rates for new residents are also subject to periodic indexation, with any resulting variable lease payments recognised as they arise.

(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").

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

(e) MATERIAL ACCOUNTING POLICIES (continued)

(ii) Government grants (continued)

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.

(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(e)(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.

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

(e) MATERIAL ACCOUNTING POLICIES (continued)

(v) Income taxes (continued)

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.

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

The head entity, Estia Health Holdings Pty Ltd (formerly Estia Health Holdings Limited/ Estia Health TopCo Pty Ltd) and its wholly-owned controlled entities implemented a tax consolidation group on 24 July 2023. 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 head entity of the tax consolidated group also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

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

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

(e) MATERIAL ACCOUNTING POLICIES (continued)

(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.

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

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.

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

(e) 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 the 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.

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

(e) 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) 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.

(xii) 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 a 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.

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

(e) MATERIAL ACCOUNTING POLICIES (continued)

(xii) Provisions (continued)

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.

(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.

(f) 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.

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

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

(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:

	2026 %	2025 %
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.

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.

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

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

(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.

3 REVENUE

	2026 $'000	2025 $'000
Revenue		
Government funded subsidies and supplements	1,103,868	873,101
Resident daily care fees	247,711	190,651
Other resident fees	101,520	72,773
Imputed revenue on RAD and bond balances and RAD retention	129,936	79,903
Total Revenue	**1,583,035**	**1,216,428**

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 primarily based on resident's care and accommodation needs. The subsidies and supplements are calculated as a daily rate payable for each day that a resident is in a home. From 1 November 2025, funding has been determined in accordance with the provisions of the *Aged Care Act 2024* (the "Act"), which replaced the previous legislation, *Aged Care Act 1997*.

Resident daily care fees

The Group receives Basic Daily Fees which are set by the Government in accordance with the Act and funded directly by the resident. The Basic Daily Fee is calculated as a daily rate payable for each day that a resident is in a home.

Other resident fees

Other resident fees comprise fees relating to additional services and accommodation to residents that are funded directly by the resident, under mutually agreed terms and conditions. These fees include Non-Clinical Care Contribution (which replaced means tested care fees from 1 November 2025), Daily Accommodation Payments, Daily Accommodation Contribution, Additional Services, Extra Services, Higher Everyday Living Fee (which replaced additional services from 1 November 2025), hotelling contribution and other resident income.

4 GOVERNMENT GRANTS

	2026 $'000	2025 $'000
Fair work decision historical leave liability grant	1,185	603
Personal protective equipment received and consumed	-	151
Others	367	681
Total government grants	**1,552**	**1,435**

5 EMPLOYEE BENEFITS EXPENSES AND AGENCY STAFF EXPENSES

	2026 $'000	2025 $'000
Salaries and wages expenses	868,639	649,650
Superannuation expenses	100,140	71,459
Other employee expenses including agency staff expenses	108,952	100,663
Total employee benefits expenses and agency staff expenses	**1,077,731**	**821,772**

6 OCCUPANCY EXPENSES

	2026 $'000	2025 $'000
Repairs and maintenance expenses	18,554	12,699
Other occupancy expenses	23,167	19,676
Total occupancy expenses	**41,721**	**32,375**

7 ADMINISTRATIVE EXPENSES

	2026 $'000	2025 $'000
Licensing fees	58,201	45,462
Professional services expenses	6,148	7,597
Information technology and telephone expenses	15,374	9,953
Travelling expenses	3,459	3,567
Insurance premiums	3,671	3,191
Advertising and marketing expenses	1,447	1,208
Recruitment expenses	1,173	1,249
Printing and stationery expenses	1,539	1,332
Other administrative expenses	6,949	6,090
Total administrative expenses	**97,961**	**79,649**

8 NET FINANCE COSTS

	2026 $'000	2025 $'000
Finance income		
Interest income from cash at bank	15,385	9,316
Interest income from related party loans	-	11
Total finance income	**15,385**	**9,327**
Finance costs		
Imputed interest expense on RAD and bond balance	128,648	79,903
Interest expense on related party loans	28,343	23,273
Interest expense on RAD and bond balances for departed residents	7,728	3,876
Interest expense on leases under AASB 16	4,169	2,363
Other finance costs	350	308
Interest capitalised	(1,340)	-
Total finance costs	**167,898**	**109,723**
Net finance costs	**152,513**	**100,396**

9 INCOME TAX

Major components of income tax expense

	2026 $'000	2025 $'000
Current income tax		
Current income tax expense	20,118	22,804
Adjustments in respect of income tax of previous year	17	(122)
Deferred income tax		
Relating to origination and reversal of temporary differences	(6,407)	(7,946)
Adjustments in respect of income tax of previous year	-	122
Income tax expense	**13,728**	**14,858**

Reconciliation of income tax expense and accounting profit

	2026 $'000	2025 $'000
Accounting profit/(loss) before income tax	33,587	36,660
Tax using the Australian tax rate of 30.0% (2025: 30.0%)	10,076	10,998
Adjustments in respect of income tax of previous year	17	-
Expenditure not allowable for income tax purposes:		
- Non-deductible acquisition costs	3,425	3,597
- Other expenditure	210	263
Income tax expense	**13,728**	**14,858**

Reconciliation of net deferred tax assets/(liabilities)

	2026 $'000	2025 $'000
Balance at the beginning of the year	(7,118)	(9,612)
Income tax benefit during the year recognised in profit or loss	6,407	7,946
Adjustments in respect of income tax of previous year	-	(122)
Net deferred tax assets/(liabilities) arising from business combinations	20,379	(5,330)
Balance at the end of the year	**19,668**	**(7,118)**

9 INCOME TAX (CONTINUED)

Major components of deferred tax

2026

	Opening balance $'000	Charged to consolidated profit or loss $'000	Overs/ (Unders) $'000	Arising from business combinations $'000	Closing balance $'000
Lease liabilities	26,254	1,265	-	2,619	30,138
Provisions and accruals	40,383	7,085	-	2,776	50,244
Property, plant and equipment	(48,062)	(275)	-	17,612	(30,725)
Right of use assets	(24,172)	(847)	-	(2,628)	(27,647)
Government grant income	(181)	181	-	-	-
Other	(1,340)	(1,002)	-	-	(2,342)
Total	**(7,118)**	**6,407**	**-**	**20,379**	**19,668**

2025

Lease liabilities	17,861	(1,363)	-	9,756	26,254
Provisions and accruals	30,026	6,689	(393)	4,061	40,383
Property, plant and equipment	(40,524)	1,841	-	(9,379)	(48,062)
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)**

10 CASH AND CASH EQUIVALENTS

	2026 $'000	2025 $'000
Cash at bank	413,867	225,967
Cash on hand	160	123
Total cash and cash equivalents	**414,027**	**226,090**

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

Cash flow reconciliation

	2026 $'000	2025 $'000
Profit for the year	19,859	21,802
Adjustments to reconcile profit after income tax to net cash flows:		
Depreciation of property, plant and equipment	57,847	47,737
Depreciation on right of use assets	6,182	4,980
Amortisation of other intangible assets	527	576
Write-off of property, plant and equipment and intangible assets	-	62
Imputed revenue on RAD and bond balances	(128,648)	79,903
Imputed interest cost on RAD and bond balances	128,648	(79,903)
Finance costs	28,343	23,273
Movement in allowance for expected credit losses	217	487
Income tax expense	13,728	14,858
Share-based payments	499	684
Gain on sale of assets held-for-sale	-	(2,162)
Gain on disposal of property, plant and equipment	(3)	(1)
(Increase) / Decrease in:		
Trade and other receivables	(547)	(159)
Prepayments and other assets	(742)	(47)
(Decrease) / Increase in:		
Trade and other payables	1,603	(9,798)
Provisions	21,040	17,023
Refundable accommodation deposits and bonds	227,714	214,265
Net cash inflow from operating activities	**376,267**	**333,580**

11 TRADE AND OTHER RECEIVABLES

	2026 $'000	2025 $'000
Trade receivables	11,222	8,279
Allowance for expected credit losses	(2,043)	(1,934)
Net trade receivables	9,179	6,345
Other receivables	1,515	2,510
Intercompany tax receivable	-	1,510
Intercompany trade receivables	1	-
Total trade and other receivables	**10,695**	**10,365**

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

Allowance for expected credit loss

	2026 $'000	2025 $'000
Balance at the beginning of the year	1,934	1,691
Net remeasurement of allowance for expected credit losses	217	529
Utilised	(108)	(286)
Balance at the end of the year	**2,043**	**1,934**

12 OTHER FINANCIAL ASSETS

Other financial assets comprise a receivable acquired in connection with the Vacenti acquisition (refer to Note 19). Under the terms of this arrangement, certain assets included in the agreement are to be sold back (upon completion of the separation of the underlying titles) to the vendor for a specified contracted amount, net of transaction costs. As such, these acquired assets are recognised as a financial asset.

13 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 2024		235,234	720,601	113,608	204,531	1,400	11,312	1,286,686
Additions through business combinations	19	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**

13 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 2025		296,114	845,228	123,516	249,829	1,759	18,133	1,534,579
Additions through business combinations	19	88,780	78,179	-	22,991	532	-	190,482
Additions		-	-	9,608	16,317	216	66,388	92,529
Write-offs and disposals		450	(6,413)	(1,986)	(11,364)	(395)	-	(19,708)
Transfers		-	15,711	3,089	13,856	-	(32,656)	-
Balance as at 30 June 2026		**385,344**	**932,705**	**134,227**	**291,629**	**2,112**	**51,865**	**1,797,882**
Accumulated depreciation and impairment								
Balance as at 1 July 2025		934	125,097	40,233	137,752	1,024	-	305,040
Depreciation expense		-	21,743	7,901	27,869	334	-	57,847
Write-offs and disposals		-	(6,044)	(1,933)	(11,337)	(62)	-	(19,376)
Balance as at 30 June 2026		**934**	**140,796**	**46,201**	**154,284**	**1,296**	**-**	**343,511**
Net book value								
As at 30 June 2026		**384,410**	**791,909**	**88,026**	**137,345**	**816**	**51,865**	**1,454,371**

14 GOODWILL AND OTHER INTANGIBLE ASSETS

	Notes	Goodwill $'000	Bed licences $'000	Others $'000	Total $'000
Cost					
Balance as at 1 July 2024		868,730	221,281	10,627	1,100,638
Additions through business combinations	19	342,689	-	-	342,689
Additions		-	-	84	84
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**
Cost					
Balance as at 1 July 2025		1,211,419	221,281	10,711	1,443,411
Additions		-	-	142	142
Additions through business combinations	19	304,041	-	-	304,041
Write-offs and disposals		-	(221,281)	(1,635)	(222,916)
Balance as at 30 June 2026		**1,515,460**	**-**	**9,218**	**1,524,678**
Accumulated amortisation and impairment					
Balance as at 1 July 2025		136,059	221,281	9,399	366,739
Amortisation expense		-	-	527	527
Write-offs and disposals		-	(221,281)	(1,635)	(222,916)
Balance as at 30 June 2026		**136,059**	**-**	**8,291**	**144,350**
Net book value					
As at 30 June 2026		**1,379,401**	**-**	**927**	**1,380,328**

15 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	2026 $'000	2025 $'000
Balance at the beginning of the year		80,572	53,145
Additions through business combination	19	8,761	32,559
Additions		3,785	60
Depreciation expense		(6,182)	(4,980)
Remeasurement of leases		5,222	(212)
Balance at the end of the year		**92,158**	**80,572**

Presented below is a maturity analysis of future lease payments:

	2026 $'000	2025 $'000
Not later than 1 year	9,479	8,381
Later than 1 year and not later than 5 years	36,393	31,652
Later than 5 years	111,182	101,380
Total	**157,054**	**141,413**
Lease liabilities included in the Consolidated Statement of Financial Position:		
Current	4,923	4,528
Non-current	95,536	82,984
Total	**100,459**	**87,512**

The Group had low-value leases relating to office equipment such as printers and photocopiers. An amount of $708,000 was recognised as an expense during the year (2025: $530,400).

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 $631,000 as an expense during the year (2025: $560,600).

16 TRADE AND OTHER PAYABLES

	2026 $'000	2025 $'000
Trade creditors	26,474	17,322
Payroll liabilities	54,735	41,268
Sundry creditors and accruals	23,052	23,141
Intercompany trade payables	5,121	4,714
Intercompany tax payable	888	-
Total trade and other payables	**110,270**	**86,445**

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

17 LOANS AND BORROWINGS

	2026 $'000	2025 $'000
Related party loans payable	533,000	381,971
Total loans and borrowings - non-current	**533,000**	**381,971**

18 PROVISIONS

	2026 $'000	2025 $'000
Current		
Annual leave provision	88,287	70,058
Long service leave provision	34,891	33,811
Workcover provision	2,705	2,273
Total current provisions	**125,883**	**106,142**
Non-current		
Long service leave provision	17,672	8,537
Workcover provision	5,735	4,273
Make good provision	787	866
Total non-current provisions	**24,194**	**13,676**
Total provisions	**150,077**	**119,818**

Movements of workcover provisions

	2026 $'000	2025 $'000
Balance at the beginning of the year	6,546	6,438
Net charge during the year	5,522	2,953
Utilised during the year	(3,628)	(2,845)
Balance at the end of the year	**8,440**	**6,546**

19 BUSINESS COMBINATIONS

2026 Acquisitions

Vacenti homes acquisition

On 20 October 2025, the Group acquired the freehold land, buildings and business operations of seven residential aged care homes from Queensland Rehabilitation Services Pty Ltd (the "Vacenti Aged Care Acquisition"). As part of the same transaction, and under separate contracts, the Group acquired additional land assets on 10 December 2025 following the satisfaction of certain ancillary conditions. The total cash consideration was $180.6 million. The acquired homes, collectively comprising in excess of 750 operational places, are located in Queensland.

The recognised amounts for the business combination are outlined below. Accounting for the business combination is based on information available at the reporting date and is provisional as the acquisition was recently completed and further information may become available that could affect the identification and fair value measurement of the assets and liabilities acquired.

	$'000
Property, plant, equipment	151,750
Net deferred tax assets	12,705
Other financial assets	9,464
Consumable supplies and other current assets	757
Refundable accommodation deposits and bonds	(175,742)
Employee liabilities (current)	(6,055)
Employee liabilities (non-current)	(321)
Trade and other payables	(54)
Fair value of identifiable net assets	**(7,496)**
Provisional goodwill	188,141
Purchase consideration transferred	**180,645**
Purchase consideration paid in cash	180,645
Acquisition-related costs	12,721
Total cost of the combination	**193,366**

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. 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 and the goodwill recognised is primarily attributed to the expected synergies and other benefits from combining the assets and activities of the acquired homes with those of the Group. None of the goodwill recognised is expected to be deductible for income tax purposes.

19 BUSINESS COMBINATIONS (CONTINUED)

Norsan homes acquisition

On 1 June 2026, the Group acquired the freehold land, buildings, leasehold interest and business operations of three residential aged care homes from the Norsan Group (the "Norsan Aged Care Acquisition"). The total cash consideration was $36.7 million. The acquired homes, comprising approximately 308 operational places, are in Chirnside Park, Croydon North and Kurunjang (Victoria).

The recognised amounts for the business combination are outlined below. Accounting for the business combination is based on information available at the reporting date and is provisional as the acquisition was recently completed and further information may become available that could affect the identification and fair value measurement of the assets and liabilities acquired.

	$'000
Property, plant, equipment	38,732
Right-of-use assets	8,761
Net deferred tax assets	7,674
Consumable supplies and other current assets	121
Refundable accommodation deposits and bonds	(122,914)
Lease liabilities (current)	(140)
Lease liabilities (non-current)	(8,590)
Employee liabilities (current)	(2,589)
Employee liabilities (non-current)	(255)
Trade and other payables	(32)
Fair value of identifiable net assets	**(79,232)**
Provisional goodwill	115,900
Purchase consideration transferred	**36,668**
Purchase consideration paid in cash	36,668
Acquisition-related costs	3,509
Total cost of the combination	**40,177**

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. 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 and the goodwill recognised is primarily attributed to the expected synergies and other benefits from combining the assets and activities of the acquired homes with those of the Group. None of the goodwill recognised is expected to be deductible for income tax purposes.

19 BUSINESS COMBINATIONS (CONTINUED)

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 amounts for the acquisition have now been finalised and are presented below:

	$'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**
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**

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. 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 and the goodwill recognised is primarily attributed to the expected synergies and other benefits from combining the assets and activities of the acquired homes with those of the Group. None of the goodwill recognised is expected to be deductible for income tax purposes.

19 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 amounts for the acquisition have now been finalised and are presented below:

	$'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)**
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**

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. 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 and the goodwill recognised is primarily attributed to the expected synergies and other benefits from combining the assets and activities of the acquired homes with those of the Group. None of the goodwill recognised is expected to be deductible for income tax purposes.

19 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 amounts for the acquisition have now been finalised and are presented below:

	$'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)**
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**

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. 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 and the goodwill recognised is primarily attributed to the expected synergies and other benefits from combining the assets and activities of the acquired homes with those of the Group. None of the goodwill recognised is expected to be deductible for income tax purposes.

20 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	**2026**	**2025**
Discount rate	20.0%	20.0%
Growth rate	2.7%	2.3%
Cash flow term	10 years	10 years

21 REFUNDABLE ACCOMMODATION DEPOSITS AND BONDS

	2026 $'000	2025 $'000
Current residents	2,063,810	1,559,910
Departed residents	270,365	247,895
Total refundable accommodation deposits and bonds - amounts received	**2,334,175**	**1,807,805**

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 a quarterly basis, 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 a 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 typically 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.

22 ISSUED CAPITAL

	2026 $'000	2025 $'000
Issued and fully paid		
Ordinary shares	455,987	455,987
Total share capital	**455,987**	**455,987**

(a) Movements in ordinary shares on issue

	2026 Shares	2026 $'000
As at beginning of the year	455,987,003	455,987
As at end of the year	**455,987,003**	**455,987**

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

(b) Dividends

No dividends were declared and paid during the financial year ended 30 June 2026 (2025: $11,764,000).

23 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 Holdings 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 2026, 22.6 million Class A MEP shares remain on issue under the MEP (30 June 2025: 22.6 million).

Vesting of the 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 (as defined in the plan rules) or any subsequent vesting dates if applicable. Once vested, the shares may be converted to ordinary shares or transferred, subject to Board discretion.

On 26 May 2026, Bain Capital announced the proposed sale of Estia Health Holdings Pty Ltd to Wisdom BidCo. The transaction, which is subject to conditions precedent, if completed will constitute a liquidity event under the MEP. On this basis, the directors have reassessed the expected vesting period and certain grant date valuation assumptions, with a share-based payment expense of $499,000 recognised during the year ended 30 June 2026 (2025: $684,000).

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 2026, none of the Class A MEP shares were forfeited, cancelled or converted.

24 RELATED PARTY DISCLOSURES

(a) Parent entities

The Group is controlled by the following entities:

Name	Type	Place of incorporation	Ownership interest 2026	Ownership interest 2025
Estia Health Pty Ltd	Immediate parent entity	Australia	100%	100%
Estia Health Holdings 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 27 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 $3,577,000 during the year ended 30 June 2026 (2025: $3,700,000).

(d) Transactions with other related parties

Note 17 provides the information about the loans to related parties. Interest expense incurred on these loans for the year ended 30 June 2026 amounted to $28,343,000 (2025: $23,273,000).

24 RELATED PARTY DISCLOSURES (CONTINUED)

(d) Transactions with other related parties (continued)

BidCo Syndicated Facility Agreement

The Group is a party to a $1,020,000,000 (30 June 2025: $820,000,000) 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. The Company became a co-borrower under the SFA. On 25 August 2025, the SFA was amended to incorporate an incremental Accordion feature which permitted up to an additional $200,000,000 of committed funding subject to customary consents and approvals. On 1 November 2025, the Accordion feature was activated increasing the committed capacity under the SFA to $1,020,000,000.

Bank guarantees for the benefit of the Group were secured under a separate Guarantee Facility with Westpac Banking Corporation. As at 30 June 2026, the Group has utilised bank guarantees totalling $18,700,000 (2025: $15,600,000).

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 2026, the Company incurred a licence fee of $58,201,000 (2025: $45,462,000).

25 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 2026 of $70,995,000 (2025: $51,580,000).

26 AUDITOR REMUNERATION

	2026 $'000	2025 $'000
Assurance services		
Audit of Statutory Financial Reports of the Group and its controlled entities	844	905
Audit of Care Minute Performance Statement as required by the Department of Health, Disability and Ageing (DHDA)	120	-
Australian Prudential Compliance Standards compliance audit as required by DHDA	25	23
Total fees for assurance services	**989**	**928**
Other services		
Agreed upon procedures	-	14
Tax compliance and related tax services	120	138
Total fees for other services	**120**	**152**
Total auditor remuneration	**1,109**	**1,080**

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

27 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:

		Ownership interest	
	Country of incorporation	2026	2025
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.

28 PARENT ENTITY INFORMATION

	2026 $'000	2025 $'000
Information relating to Estia Investments Pty Ltd		
Current assets	431,181	242,697
Non-current assets	2,957,023	2,387,837
Total assets	**3,388,204**	**2,630,534**
Current liabilities	2,575,652	2,005,321
Non-current liabilities	652,730	485,749
Total liabilities	**3,228,382**	**2,491,070**
Net assets	**159,822**	**139,464**
Issued capital	455,987	455,987
Deemed contributions	3,829	3,829
Share-based payments reserve	1,183	684
Accumulated losses	(301,177)	(321,036)
Total shareholders' equity	**159,822**	**139,464**
Profit for the year	19,859	21,802
Total comprehensive income for the year	**19,859**	**21,802**

Deed of cross guarantee

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.

29 SUBSEQUENT EVENTS

Box Hill acquisition

On 14 July 2026, the Group completed the purchase of a new development site in Box Hill, Victoria for a total consideration of $9.5 million (excluding GST and transaction costs). The site will be developed into a new residential aged care home.

AnglicareSA acquisition

On 15 July 2026, the Group entered into a binding agreement to acquire the land, buildings and business operations of six residential aged care homes from AnglicareSA Limited (the AnglicareSA Acquisition). The transaction is expected to complete during the quarter ending 31 December 2026 for an estimated purchase price of approximately $86.0 million, after adjustments for the expected acquired RADs and bonds and excluding transaction costs. The acquired homes comprise 579 operational places and are located in Brompton, Elizabeth East, Grange, Trott Park and Westbourne Park, South Australia.

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 2026 are in accordance with the *Corporations Act* 2001, including:

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

  (ii) complying with Australian Accounting Standards - Simplified Disclosures (including the Australian Accounting Interpretations) and the *Corporations Regulations* 2001;

(b) 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

(c) there are reasonable grounds to believe that the Company and the controlled entities identified in Note 28 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
22 September 2026

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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 2026, 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 2026 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.

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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.

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- 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

Brett Croft
Partner

Melbourne
22 September 2026

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