

ASX Announcement

29 April 2026

FY26 trading update

Australian Unity Limited (the Group) provides an update on trading conditions ahead of its FY26 results. Current financial information indicates that the Group's full-year FY26 results are expected to be lower than anticipated at the time the half-year results were announced in February 2026.

Key factors impacting FY26 performance

Home Health

The Home Health platform has been materially impacted by the convergence of aged care regulatory reforms (including the introduction of the new Support at Home model), point-in-time integration of the acquired businesses, and related operating model and technology transformation.

The costs associated with these impacts, which are necessary to establish an efficient, compliant and scalable service delivery model, have been higher than anticipated in FY26.

Performance in the second half of FY26 has also been affected by:

- delays in the Federal Government's roll out of the Support at Home program, including delays in package releases and allocation of packages at interim funding levels capped at 60% of a customer's approved funding. This delay and capped funding has constrained new customer onboarding and revenue growth;
- Concurrently, workforce capacity was increased in anticipation of forecast volume, which has further impacted margins; and
- the introduction of mandatory customer co-contribution rules, which also impacted average care hours and package utilisation, with reduced service uptake during a period of broader cost-of-living pressures.

The Group continues to advocate for policy settings that support the objectives of the well-intended aged care reforms, while minimising unintended impacts for providers and customers. The Home Health platform remains focused on supporting customers through the transition, refining service models and positioning for improved performance as reform implementation stabilises.

ASX code:

AYU

Issuer:

Australian Unity Limited
ACN 087 648 888

Securities on Issue:

AYUPA – 7,693,618
AYUHD – 2,070,000
AYUHE – 2,558,050

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The listing of Australian Unity Securities on the ASX does not affect Australian Unity Limited's status as a mutual entity

Wealth & Capital Markets (W&CM)

The integration of W&CM's investment bonds businesses, Australian Unity Life Bonds Pty Ltd (formerly IOOF Ltd) and Lifeplan Australia Friendly Society Limited, have experienced delays in implementing technology transformation that are intended to improve operational efficiency and support the development of new products. As a result, the expected benefits of this program are now anticipated to commence in FY27.

The W&CM platform generates its earnings from underlying operations and transactional activities within the Funds Management and Social Infrastructure businesses. In the current financial year, despite actively pursuing and progressing a number of opportunities, no transactional activity is expected to be completed and recognised prior to 30 June 2026.

The aggregate gross asset value of funds under management has also been adversely affected by market volatility and net outflows in asset classes with negative performance during FY26, leading to lower than anticipated revenues.

Strategic priorities

In response to the factors outlined, the Group has commenced a review of its cost base, with resulting actions expected to materially reduce the Group's cost run rate in FY27. These actions are focused on ensuring the group delivers future cash profits.

As foreshadowed during the half year results, a strategic review of Australian Unity's business portfolios, strategies, and structures is progressing under the direction of the new Group Managing Director. This work has reinforced the view that the Group remains well positioned to benefit from structural tailwinds and deliver improved performance for members, investors and the broader community, albeit with delayed timeframes to original expectations.

Balance sheet and funding

As a result of the strategic review, it is anticipated that there will be a number of non-cash valuation write-downs for FY26.

The unaudited potential impact from the balance sheet valuations and challenged trading conditions is expected to be in the range of 9-11 percent of net assets. This impact is expected to increase the Group's gearing ratio (24.4 percent at 31 December 2025) by 1.8-2.2 percentage points.

Importantly, the Group's funding position and balance sheet remain sound, with continued capacity to service dividends on Australian Unity mutual capital instruments and other obligations.

Outlook

The board and management team remain confident in the Group's capacity to deliver sustainable profitability in the future and are committed to developing a clear pathway to optimise the Group's portfolio and capture the significant opportunities ahead.

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This announcement has been authorised for release by: The board of Australian Unity Limited

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