



Annual Report

2025

UNION MEDICAL BENEFITS SOCIETY LIMITED

UniMed



Kia atawhai ki te Iwi – Cherish and care for the people.

Pita te Hori, Upoko/Head
Ngāi Tuāhuriri, Ngāi Tahu, 1860s

Purpose, vision and values.

Our core purpose

Helping working New Zealanders and their whānau stay in lifelong good health. To achieve this, we partner with people and leading organisations throughout New Zealand.

Our vision

Enabling healthier, happier people so our nation can thrive.

Our values

Our values define our organisation and underpin everything we do.



ASPIRE

We're inquisitive and ready to learn, always eager to understand, innovate and implement better services and practices. We love what we do and set the standard for personal service across our industry, all while delivering exceptional value for money. Because by doing so, we can help people achieve better health and wellbeing outcomes.



CARE

We genuinely care about our Members, our colleagues and our business partners, and keeping people healthy, well and safe. We are responsive but take time to fully understand people's needs and do our best to tailor our interactions to suit. We strive to support our business customers to take care of their employees, tailoring our services where we can to suit specific organisational needs.

Our commitment to maintaining a strong financial foundation, and to New Zealand's environmental sustainability, means that we are resilient and responsible, all to ensure we will be here for our Members, now and in the future.



TRUST

We are open, upfront, clear and simple. We are judged by the way we act. At UniMed, this means we treat everyone with respect, equity and integrity, always seeking to do what's right.

Our processes are transparent, we manage funds prudently and understand that trust is something we strive to earn, every day.



“UniMed is always very supportive and communicates well. I find the online smart form claim really easy to use. Claims are paid back very promptly and well explained if something is not covered. I have recommended your services to many friends.”

Helen

UniMed Member

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Company Directory

As at 30 June 2025

Nature of Business

Health insurance and wellbeing
Commercial property ownership

Registered Office

165 Gloucester Street
Christchurch 8011

Incorporation

Incorporated under the
Industrial and Provident
Societies Act since
1st November 1979

Board

Angela Dixon
Chris Flatt
Justine Gilliland
Ben Kepes (Deputy Chair)
Erin Polaczuk
Peter Tynan (Chair)

Bankers

Bank of New Zealand
81 Riccarton Road
Christchurch 8011

Auditor

Ernst & Young
40 Bowen Street,
Wellington 6011

Solicitors

Simpson Grierson
Level 1, 151 Cambridge Terrace
Christchurch 8013

Appointed Actuary

Anagha Pasche
Finity Consulting
Level 5, 79 Queen Street
Auckland 1010

Notice of Annual General Meeting

The Annual General Meeting (AGM) of the Union Medical Benefits Society Limited (UniMed) will be held on Thursday 20 November 2025 at the UniMed offices, 165 Gloucester Street, Christchurch and virtually at 6pm.

Business

1. Apologies
2. To confirm the minutes of the 2024 Annual General Meeting
3. To receive and consider the annual financial statements and Auditor's Report for the year ended 30 June 2025
4. To appoint an auditor for the ensuing year
5. To fix the remuneration for the Board
6. To elect a director to the vacant Elected Director position

Background, resolutions and voting

The full notice of meeting, including background to and text of resolutions to be put to the meeting can be found at unimed.co.nz/agm

Any Member entitled to attend and vote at the meeting may vote by being present in person or by proxy at the AGM. Full details on how to RSVP attendance or appoint a proxy can be found on our website. If you have any queries, please email us at secretary@unimed.co.nz.



Emma Hay
Governance Administrator
secretary@unimed.co.nz

28 October 2025

Letter from the Board Chair



Dear Members,

As a member-based not-for-profit, UniMed remains firmly committed to you – our Members – and to ensuring you can access the healthcare you need, when you need it.

Over the past year, we've seen a record number of Members making use of their health insurance cover across a wide range of specialties and locations. This reflects both growing Member needs and the broader shift from public to private healthcare services. Increased capacity in private facilities is enabling faster access without lengthy wait times, and we expect this trend to continue.

However, this shift has led to a sharp rise in claims, alongside increasing costs per procedure – creating a perfect storm. Health insurance has never been more in demand, but to remain sustainable, premiums must keep pace with claim trends and future needs.

As a result, the Board has had to make difficult decisions to increase premiums for many groups and individuals – not because we want to, but because we must. Over the last two financial years UniMed has absorbed losses of \$24.6m that have required us to draw on our capital reserves.

The medium-term outlook is likely to see ongoing cost and utilisation pressures and we must ensure we can operate a sustainable business. We continue to review our product offerings and associated benefits. We remain confident that with the right product choices, appropriate excess levels and careful claims and operational expense management, we can still offer affordable options for Members.

Despite these pressures, we have remained focused on our core purpose and are pleased that our membership base continues to grow – we are proud to now support more than 142,000 Members across New Zealand.

In 2023, we expanded beyond traditional health insurance by investing in a health and safety company, +IMPAC. However, due to the challenging economic environment and uncertain trading conditions we faced ongoing funding requests leading to the Board making the decision to exit this investment. This allowed us to recover our carrying value and redirect these funds into solvency capital, directly supporting our members.

Looking ahead, we are preparing for the future with confidence. We've begun a review of our Society Rules – which were last updated in 2012 – to ensure they remain suitable and support strong governance in a changing health sector.

We are also entering a new chapter of leadership as we welcome Lance Walker as our new Chief Executive. I want to extend my sincere thanks to the Board, our Interim Chief Executive Lynne Hayman, and all our dedicated team for their unwavering dedication to UniMed and its Members.

Thank you for your continued support. Together, we will help working New Zealanders stay in lifelong good health.

Ngā mihi,

Peter Tynan
Board Chair



“Over the years I have found UniMed team have gone from strength to strength, I have never had a bad experience with them. I have been with UniMed for 20 years. The team you have now are awesome and professional when I have to speak with somebody.”

Michelle

UniMed Member

He aha te mea nui o te ao?

He tāngata, he tāngata, he tāngata.



*What is the most important thing in the world?
It is people, it is people, it is people.*

Whakataukī (Māori proverb)

Report from the Chief Executive



While the environment around us has remained challenging, we've taken important steps in the past year to strengthen our foundations and position ourselves for a more sustainable future.

Over the past two years, we've relied on reserves to support operations – a model that, while necessary in the short term, is not sustainable for the long haul.

Recognising this, we made the difficult decision to implement significant premium increases for Members. These decisions were made to protect the long-term viability of our services, but they are never easy. We know that rising costs have placed added pressure on many employers and households, and we are grateful for the understanding and support shown by many of our Members as we work to secure a sustainable future.

While the full impact of these premium increases is not reflected in our 2025 financials, through proactive and disciplined management, we've made meaningful progress.

We continue to operate in uncertain times and are taking action to maintain our solvency position including reducing operational costs, improving efficiency, and regrettably adjusting premiums to reflect claims costs escalation. These strategies are beginning to take effect, with an improvement in our loss ratio through the year - a promising sign that our approach is gaining traction.

Strong investment returns in the past year have helped cushion the impact, but we also withdrew \$14.5m from capital reserves to fund working capital needs, underscoring the importance of maintaining financial discipline as we move forward.

Alongside our financial strategy, we've made strong strides in operational efficiency. Our focus on automation has enabled us to streamline routine processes such as small claims, freeing up our team to provide more personalised support to Members. This balance between technology and human care remains central to our service philosophy.

It's now been a year since the Accuro transfer, and we're proud to hold 9% of the market, making us the third largest health insurer in New Zealand. Work is well underway to unify our operations under a single brand – UniMed – bringing clarity and cohesion to our identity.

At the same time, we remain deeply attuned to our Members' need for affordable health insurance products without compromising on care. We have begun introducing proactive health and wellbeing services designed to identify health issues early and help reduce the need for costly treatments down the line.

As we reflect on the year, I want to extend my heartfelt thanks to our Members, people and partners. Your trust, commitment and support have been vital to our progress, and the foundations we've laid this year position us well for a more stable and sustainable future.

Lynne Hayman
Interim Chief Executive

Board of Directors

As at 30 June 2025



Peter Tynan, *Chair*

Peter became a Director in October 2019 and has been Chair since 2023. Most recently he was Chief Executive at Foundation North, the community trust serving Northland and Auckland, and previously was Chief Executive at Southern Cross Health Society from 2012 to 2017. Peter has held a number of senior executive positions including Interim Chief Executive at the Royal College of General Practitioners and Chief Executive at the Kaipara District Council based in Northland. He is a former board member of Health Funds NZ and the International Federation of Health Plans (IFHP). Peter resides in Hawke's Bay.



Ben Kepes, *Deputy Chair*

Ben was appointed as a Director in September 2018 and took on the Deputy Chair role in 2023. He is a co-founder of a successful workwear and outdoor equipment brand, and as a technology commentator, analyst and consultant has extensively consulted globally. Ben has served on the advisory boards of several technology startups in New Zealand, Australia, Europe, the US and the UK, and is an experienced board member currently sitting on the boards of a number of organisations in New Zealand in various sectors. Accolades include being a recipient of the Sir Peter Blake Leadership Award in 2016. Ben resides in Canterbury.



Justine Gilliland, *Director*

Justine was appointed as a Director in August 2023 and subsequently elected in November 2023. She chairs UniMed's People and Culture Committee.

Justine is a professional director and strategy consultant, serving on a number of boards across the food and fibre, health, insurance, environment, energy and R&D/science sectors. She is the former Chief Executive of regional development agency Venture Taranaki; and previously held a range of senior roles in central government. Justine has law and arts degrees, and resides in Taranaki with her young family.



Erin Polaczuk, Director

Erin was elected as a Director in 2023. She is the current Employment Manager and National Secretary of the Police Association Te Aka Hāpai. Erin is Acting Secretary of NZCTU Te Kauae Kaimahi. She chairs Birthright Kāpiti and is on the Greenpeace voting assembly. She became a leader of the largest union in Aotearoa (PSA) at age 33 where she worked for 8 years. Previous board roles include HealthCarePlus, the Worker Education Trust and the National Advisory Council on the Employment of Women. She completed leadership training through the ACTU and Harvard University. Erin resides in Kāpiti.



Angela Dixon, Director

Angela was appointed as a Director in December 2022 and chairs UniMed's Audit and Risk Committee. She has held senior finance and executive positions at RSA UK, IAG NZ, Public Trust and Synlait Milk Limited. Angela is currently an independent director of a number of boards, including Centrix Group and AIG NZ Ltd, and is a Commissioner on the NZ Lotteries Board and Landcorp Farming Ltd. She is a current member of Chartered Accountants Australia and NZ and Chartered Member of NZ Institute of Directors. Angela resides in Auckland.



Chris Flatt, Director

Chris was elected as a Director in October 2019. He has been the National Secretary of the NZ Dairy Workers' Union Inc – Te Runanga Waiū (DWU) since August 2012. He was the General Secretary of the NZ Labour Party from 2009 to 2012 and has worked as an employment lawyer in both Auckland and Sydney. Chris is currently a director on several boards including the Muka Tangata – People, Food, and Fibre Workforce Development Council (WDC) and the Waikato Trade Union Centre Ltd. Chris is also the Deputy Chair of the Waikato Community Trust (Trust Waikato). He has previously served as a director of the Primary Industry Training Organisation (Primary ITO), the Primary Industries WDC Interim Establishment Board, and the NZITO. Chris resides in Cambridge.

Executive Leadership Team

As at June 2025



Lynne Hayman
Interim Chief Executive

Lynne is accountable for UniMed's overall performance and supports the work of the wider UniMed team to drive excellent service for our Members and business partners. She joined UniMed in 2024 as Interim Chief Operating Officer and stepped in as interim CEO in March while a recruitment process for a new CEO was undertaken.

Prior to joining UniMed, Lynne was Chief Executive of the Royal New Zealand College of General Practitioners and has a wealth of experience as a senior executive across a wide variety of industries.



Sonya Whitney
Chief Operating Officer

Sonya is accountable for leading the operational delivery of insurance services with a strategic focus on delivering a seamless, experience-led service model for members. Sonya is responsible for member support, underwriting and claims, and care services.

Prior to joining UniMed, Sonya was Executive Manager – Segments at Suncorp. She has extensive general insurance experience over 20 years spanning operations leadership, underwriting, claims, product management, and service model development and delivery, including roles at Cove Insurance and Medical Assurance Society.



Hamish O'Brien
Chief Corporate Services Officer

Hamish is accountable for leading and implementing strategies that support improved organisational performance and successful strategic change, and provide value-adding corporate services. Corporate Services at UniMed encompasses the functions of People & Capability, Finance, IT, Business Intelligence and Programme Delivery.

Prior to joining UniMed, Hamish led the commercial and finance team at Mico Plumbing, which is part of Fletcher Building. He has also held a number of senior roles at Z Energy including Head of Strategy, and Head of Corporate/CFO at Z's subsidiary Flick Electric.

**Jay Harrison***Chief Wellness Officer*

Jay is accountable for the development and growth of UniMed's health and wellness services offered to our business customers and Members. He also is responsible for our Direct Group insurance relationships, growth and revenue.

Prior to joining UniMed, Jay was CEO of Edison Health and had worked in the health and wellbeing industry for more than 20 years. He hails from Northland and affiliates with Ngāpuhi, Te Rarawa and Te Aupōuri.

**Kirsty Phillips***Chief Marketing and Products Officer*

Kirsty is accountable for the development and delivery of brand, marketing, communications and product strategies in order to build brand equity, customer preference and loyalty. She is also responsible for direct retail (consumer) business growth and Member retention as part of UniMed's overall targeted growth strategy.

Prior to joining UniMed, Kirsty held a number of senior marketing roles including Chief Marketing Officer at Be Intelligent; General Manager, Marketing, Communications and Customer Experience at Ngāi Tahu Tourism; and Head of Brand and Marketing at Lotto NZ.

**James Brownell***Chief Risk Officer*

James is accountable for leading and implementing enterprise risk management, regulatory compliance and internal audit strategies that support organisational performance and enable successful and sustainable strategic change and business growth. He is also accountable for company secretarial support and facilitating effective board level governance.

Prior to joining UniMed, James was Chief Risk Officer at Tower Insurance and has held various financial services leadership roles over the last 10 years including at KPMG NZ and Willis Towers Watson in London.

Statement of Corporate Governance

UniMed adheres to principles designed to ensure sound governance of its affairs, including but not limited to, the provisions of the Insurance (Prudential Supervision) Act 2010 and the specific Reserve Bank of New Zealand Governance Guidelines for Licensed Insurers under that Act.

Board of Directors

UniMed is governed by a Board of Directors who are either appointed by the Board or elected by Members of the Society.

From 27 October 2015 the Rules of the Society were changed to allow the appointment of three directors in addition to elected Members. The maximum number of directors elected and appointed is eight.

The control, management and administration of the Society are vested in the Board. The Board is the Society's overall and final decision-making authority.

All current Directors have been assessed by the Board in accordance with the Society's Fit and Proper Policy. All current Directors consider and declare themselves to be independent, in that they are free from any associations that could materially interfere with the exercise of independent judgement.

As at 30 June 2025

The elected Directors are: Chris Flatt, Erin Polaczuk, Justine Gilliland

The appointed Directors are: Peter Tynan (Chair), Ben Kepes (Deputy Chair), Angela Dixon

Board role and charter

The Board operates in accordance with relevant legislation including but not limited to the Industrial and Provident Societies Act 1908 and the Insurance (Prudential Supervision) Act 2010, the Society's Rules, and the Board Charter which details the Board's role, procedures, areas of focus, and relationship to management.

In order to provide additional governance transparency to its processes, the Board has adopted its own Code of Conduct.

The role of the Board is to effectively represent and promote the interests of Members by continually evaluating and ensuring the ongoing appropriateness of the Society's purpose.

The means by which the Board seek to achieve this include:

- o Ensuring the Society's goals are clearly established, and that appropriate strategies and business plans are in place for achieving them.
- o Establishing policies for enhancing the performance of the Society.
- o Identifying and taking actions to protect and strengthen the Society's financial position.
- o Ensuring the Society has appropriate risk management and regulatory compliance policies and procedures in place.
- o Monitoring the performance of the Society.
- o Appointing the Chief Executive.
- o Acting as the Society's investment committee, and ensuring the ongoing appropriateness of the Society's Statement of Investment Policy and Objectives (SIPO)
- o Ensuring the Society's financial statements are a true and fair representation and conform to all legal requirements.
- o Ensuring that the Board and management adhere to, and demonstrate, high ethical standards.

As part of its ongoing governance role the Board regularly evaluates the wider economic, political, social and legal issues, and any other relevant external matters that may influence or affect the development of the Society or the interests of its Members.

Together with management, the Board undertakes an annual review of the Society's strategy.

As an external measure of establishing good governance practices, the Board endorses the principles as set out in the Code of Practice for Directors as approved by the Institute of Directors in New Zealand Inc.

Included in those principles is the requirement that:

- o All directors operate in a transparent and openly compliant manner.
- o All directors compile and regularly update a business Interests Register. This is used to ensure that any actual or potential conflicts of interest are disclosed and steps taken to avoid such conflicts by excusing themselves from debate and where appropriate, being denied access to the relevant Board papers.

Delegation framework

Responsibility for the day-to-day operation and administration of the Society is delegated by the Board to the Chief Executive (CEO). The CEO is authorised to sub delegate authority to management and make decisions in accordance with the strategy plans, budgets and the specific delegation framework approved by the Board.

Board committees

The Board currently has two standing committees: Audit and Risk, and People and Culture.

Audit and Risk Committee

The Audit and Risk Committee operates under its own Charter approved by the Board.

The Audit and Risk Committee's objectives are to assist the Board in discharging its responsibilities in relation to oversight of financial and risk assurance matters including internal and external audit and compliance functions.

Specific responsibilities include reviewing the content and disclosure of the Annual Report's financial statements including accounting policies and practices, recommending the appointment of external auditors, reviewing the annual external audit plans, ensuring that adequate internal control systems are in place, and ensuring that management has established a risk management framework to effectively identify, treat, monitor and report key business risks.

The Audit and Risk Committee comprises Angela Dixon (Chair), Chris Flatt and Peter Tynan.

People and Culture Committee

The People and Culture Committee operates under its own Charter approved by the Board.

The People and Culture Committee's objectives are to assist the Board in discharging its responsibilities by providing objective review, oversight and recommendations to people and remuneration related matters.

Specific responsibilities include reviewing UniMed's people strategy and related policies, overseeing and recommending the remuneration framework for Directors, Chief Executive and senior leaders, overseeing a transparent and systematic process to appoint, reappoint and remove Directors, and planning the Board composition by examining the skills and attributes required to enable the Board to function effectively.

The People and Culture Committee comprises Justine Gilliland (Chair), Erin Polaczuk and Ben Kepes.

External Audit Independence

The Board is responsible for appointing the external Auditor subject to Members' approval at the AGM. The Audit and Risk Committee is responsible for making recommendations to the Board concerning their appointment and the terms of their engagement.

Appointed Actuary Independence

The Board is responsible for the appointment of the independent Appointed Actuary. The Audit and Risk Committee is responsible for making recommendations to the Board concerning the Actuary's appointment and the terms of their engagement.

Director meeting attendance for the year ended 30 June 2025*

	Board (7)	AGM (1)	Audit and Risk (5)	People and Culture (4)
Peter Tynan	7	1	5	–
Angela Dixon	7	1	5	–
Chris Flatt	6	1	5	–
Ben Kepes	7	1	–	4
Justine Gilliland	6	1	–	4
Erin Polaczuk	6	1	–	4

**The Attendance table reflects officially scheduled board and committee meetings and excludes "out of cycle" meetings periodically called by the respective chairs to govern specific issues or events requiring attention. There were an additional 12+ meetings of the board and/or committees held. Individual attendance denotes where the director is a member of the committee, all directors can and are encouraged to attend any committee meetings, with many regularly attending as observers.*

Directors have declared interests in accordance with the Companies Act, which are recorded in the Interests Register and available for inspection at the registered office.



“Any time I’ve made a claim for myself or our daughter, including this recent experience for myself, it has been easy and stress free. That alone is worth its weight in gold.”

Ian

UniMed Member

2025 Highlights

Performance



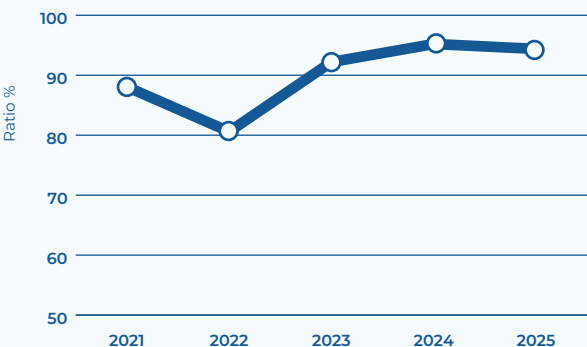
	2025*	2024
Premium income	\$175.5m	\$108.57m
Claims paid	\$159.2m	\$102.53m
Average claims per day	\$612,182	\$394,357

*The values recorded for 2024 do not include Accuro data. The values for 2025 represent both UniMed and Accuro data.

+61.7%
Premiums received

+55.2%
Claims paid

Annual loss ratio



Security



	2025	2024
Investment value	\$154.53m	\$149.55m
Investment return (\$)	\$10.72m	\$9.69m

+7.1%
ROI

A (Excellent)
Financial Strength Rating (Excellent)
as at 3 October 2025*

*Assessed by AM Best

To help interpret the rating, AM Best's Financial Strength Rating scale is: A++, A+ (Superior), A, A- (Excellent), B++, B+ (Good), B, B- (Fair), C++, C+ (Marginal), C, C- (Weak), D (Poor), E (Under Regulatory Supervision), F (Liquidation), S (Suspended).

Membership



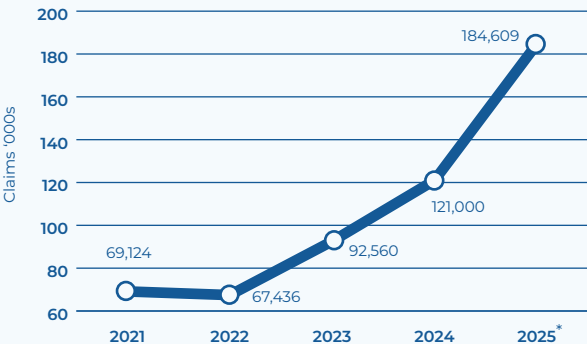
	2025	2024
Members' funds	\$131.75m	\$142.44m
Members	142,771	138,462

-7.51%
Members' funds

+3.1%
Membership

*The values recorded for 2024 do not include Accuro data. The values for 2025 represent both UniMed and Accuro data.

Annual number of claims paid



The Cost of Procedures

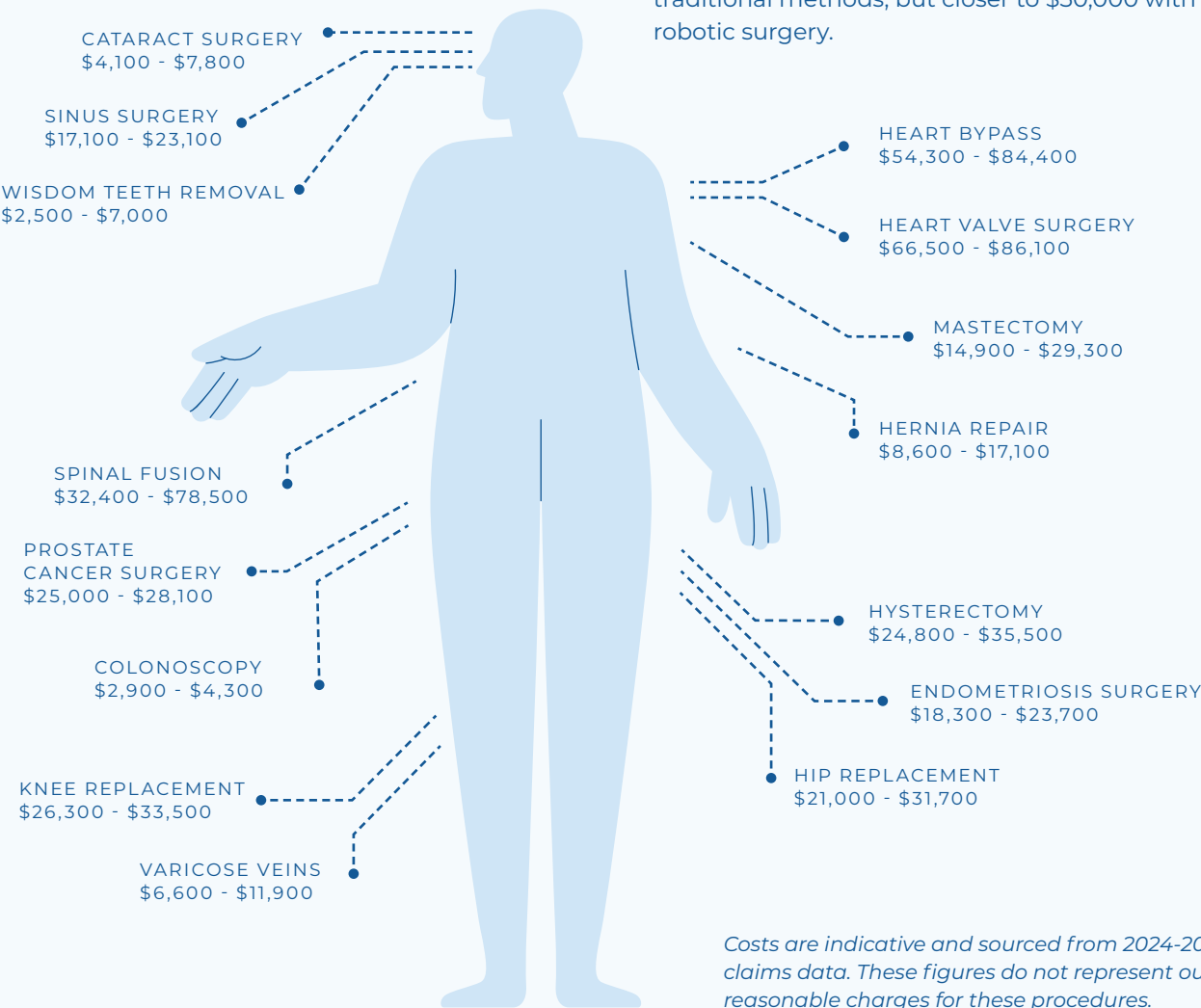
There has been a steady increase in the cost of most medical treatments with the costs of common procedures we funded in the 2025 financial year shown here.

Escalating claims costs are influenced by general price increases with higher average amounts claimed by each member due to specific treatments becoming more expensive (such as an x-ray), and as more advanced and costly treatments are being used (like switching from an x-ray to an MRI).

Here are the top 5 procedures where costs have increased the most from 2024 to 2025:

- o Breast reduction surgery: up 67%
- o Skin lesion removal (GP): up 61%
- o Stress echocardiography: up 35%
- o Oral surgeon consultation: up 33%
- o Surgical theatre fees: up 26%

There are increasingly more complex treatments such as robotic surgery and other medical advances steadily replacing more traditional methods. While robotic surgery can offer better outcomes, it tends to cost more due to the complex equipment and training involved. By example, a prostate surgery can cost around \$20,000 using traditional methods, but closer to \$50,000 with robotic surgery.



Costs are indicative and sourced from 2024-2025 claims data. These figures do not represent our reasonable charges for these procedures.



Taking care of the
people who take care
of the country.

Working Together

In 2025 we teamed up with The Gut Foundation and the Crusaders to share knowledge and tips with our Members to help improve their health and wellbeing.

Conrad Goodhew, Performance Dietitian at the Crusaders, talked about the relationship between food and performance, reminding us to prioritise nutrient-dense meals throughout the day.

Gareth Duder, Head of Performance at the Crusaders, shared powerful insights on wellbeing fundamentals that transcend the sports field and apply directly to workplace performance.



The Gut Foundation's CEO, Alice Fitzgerald, shared her knowledge about how gut health impacts success. It was a powerful reminder of the gut disease statistics in New Zealand, what preventative actions we can take, and why we should care.

In 2025 we continued our partnership with Life Flight as the principal Air Ambulance supporter.

The Life Flight air ambulances cover the entire country, quickly transporting patients to the care that could save their lives. Each plane is equipped and staffed by specialist doctors and nurses to intensive care standards, and also has capacity for up to four family members to stay with the patient all the way.



You can read these health and wellbeing articles and more on our website. Just head to News and Publications, Health Insights.

Statement of Service Performance

Our purpose is to help working New Zealanders and their whānau stay in lifelong good health. We fulfil our purpose by helping our Members and employees of our employer partners access a wide range of health and wellness services, making a positive contribution to their health and Hauora.*

Growing our impact

Our impact on fostering healthier communities across New Zealand grows through our strategic partnerships and meaningful engagement with our Members.

Delivering exceptional service

We offer a tailored suite of contemporary products and services to support health and wellbeing in New Zealand workplaces, and we deliver personalised interactions seamlessly with a 'Member-first' mindset, always.

*Hauora is a Māori philosophy of health and wellbeing that is unique to New Zealand. It is an all-encompassing concept that includes not only physical health but also mental, social and spiritual health.

Our values of Aspire, Care and Trust underpin our efforts to deliver on our objectives. The following strategic pillars are our focus:

Thriving people

The wellbeing of our people is a key focus for us as we build a strong culture which reflects our values and enables our team to be their best. When we support our team, they deliver the best care to our Members.

Strong communities

We work together for positive health and social impact. We believe we are stronger and can achieve better outcomes by working with others who share our focus of improving the hauora of the people of New Zealand. We foster mutually beneficial partnerships to grow our membership and health community; and increase the positive impact we can collectively have on the nation's wellbeing.

Organisational excellence and sustainability

We seek to create long-term value for our membership and business partners. We will balance our business portfolio to ensure that UniMed is financially resilient. An ongoing focus on service quality, continuous improvement of processes and systems, and prudent financial practices stand us in good stead for the future. Our brand promise is the commitment we make to our Members to support their health and how we deliver services. We continue to build recognition as a leading organisation that works in partnership to deliver positive health outcomes for businesses, communities and people.

Thriving People

2033 10-YEAR STRATEGIC PILLAR: ADAPTABLE AND HIGH PERFORMING TEAM

Improve culture and develop leadership capability. Invest in resourcing levels in the right place to support business and wider change initiatives.

Our service metrics	2025	2024
Training Investment	\$222K	\$55K
Employee to Member Ratio	1:1,471	1:1,648
Voluntary Turnover	14%	22%

Strong Communities

2033 10-YEAR STRATEGIC PILLAR: WORKING TOGETHER FOR HEALTH AND SOCIAL IMPACT

Helping working New Zealanders and their whānau stay in lifelong good health. Partnering with organisations that can offer free additional support to our Members when they need it most.

Our service metrics	2025	2024
Number of Members	142,771	138,462
Count of Active Benefits partners (strategic partners who provide services to Members, included in membership)	5	4
Count of Member Offers partners (strategic partners who provide offers to Members)	12	9
UniMed Funded*:		
GP visits	119,074	112,541
Surgeries	12,601	8,752
Imaging and tests	33,342	24,614
Dental visits	19,817	19,620
Medical specialist consultations	32,243	21,317
Flu injections	2,886	2,460

* The values recorded for 2024 do not include Accuro data. The values for 2025 represent both UniMed and Accuro data.

Organisational excellence and sustainability

2033 10-YEAR STRATEGIC PILLAR: EXCEPTIONAL EXPERIENCE AT EVERY TOUCHPOINT AND A CAPABLE AND SUSTAINABLE ORGANISATION

We will improve business performance with a clear pricing strategy and sales and distribution strategy leading to a well-managed loss ratio, financial reserves and solvency ratio. We'll do this through reducing complexity and wastage through claims cost containment, simplified products, workflows and standard business rules to create improved Member and employer satisfaction.

Our service metrics	2025	2024
Loss Ratio	94.3%	96.9%
Financial Reserves	\$131,746	\$142,444
Solvency Ratio*	2.02	3.85

* The 2025 Solvency Ratio is calculated in accordance with the Reserve Bank of New Zealand's Interim Solvency Standard Second Amendment (ISS2), published 12 December 2024 and effective from 1 March 2025. ISS2 has resulted in changes to the way solvency information is calculated and consequently the 2025 ratio is not directly comparable to the 2024 ratio.

Our service metrics	2025	2024
Member Satisfaction*	44	49
Non-surgical claims processed through automation	61%	22%

* We have amended this metric to be reported on a rolling 12-month basis to provide a realistic view of performance over time. The 2024 value differs from that in the 2024 Annual Report but is now directly comparable to the 2025 result.

Judgement in Selecting and Presenting Performance Information

We apply careful judgement in selecting, measuring, and presenting service performance information. Our focus is on identifying the most meaningful indicators that reflect our impact and support accountability and informed decision-making. The performance measures included in this report have been chosen with consideration of both relevance and reliability, and are designed to demonstrate how effectively we are fulfilling our purpose of helping working New Zealanders and their whānau stay in lifelong good health.

Several changes have been made to the metrics included in this section from the previous year to ensure we reflect actual performance of the organisation rather than the aspirations we hold for the future. Metrics are strongly linked to our purpose and vision and convey a clear understanding of what we intended to achieve and what we did achieve in the reporting period.

Appointed Actuary's Report



16 October 2025

The Directors
Union Medical Benefits Society Limited
165 Gloucester Street
Christchurch 8011
New Zealand

Dear Directors

Review of Actuarial Information contained in Financial Statements

Finity Consulting Pty Limited (Finity) has been asked by Union Medical Benefits Society Limited (UniMed) to carry out a review of, and report on, actuarial information contained in the financial statements of UniMed as at 30 June 2025, as required under sections 77 and 78 of the Insurance (Prudential Supervision) Act 2010 (IPSA).

This report has been prepared by Anagha Pasche, an employee of Finity and the Appointed Actuary to UniMed. Finity has no relationship with UniMed apart from being a provider of actuarial services.

UniMed's policy is to seek and adopt the advice of the Appointed Actuary in respect of the Actuarial Information (as defined in IPSA) contained in the financial statements. We confirm that the financial statements as at 30 June 2025 have been prepared in accordance with this policy, and as such satisfy the requirements of the Insurance (Prudential Supervision) Act 2010.

Having carried out this review, nothing has come to our attention that would lead us to believe that the Actuarial Information contained in or used in the preparation of the financial statements, or the determination of the solvency position for UniMed as at 30 June 2025, is inappropriate. No limitations were placed on us in performing our review, and all data and information requested were provided.

In our opinion, UniMed has maintained a solvency margin in excess of the minimum required as at the balance date.

This report is being provided for the sole use of UniMed for the purpose stated above. It is not intended, nor necessarily suitable, for any other purpose and should only be relied on for the purpose for which it is intended.

Yours sincerely

Anagha Pasche, Appointed Actuary
Fellow of the New Zealand Society of Actuaries

Nick Stolk
Fellow of the Institute of Actuaries of Australia

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“Just such good service - I have had two major operations and this aspect of it was simple, smooth, and worry free which is what you need when you are having stressful health situations.”

Lucy

UniMed Member

Independent Auditor's Report



Independent auditor's report to the members of Union Medical Benefits Society Limited

Opinion

We have audited the general purpose financial report (the "performance report") of Union Medical Benefits Society Limited (the "Entity") and its subsidiaries (together the "Group") which comprises the consolidated financial statements on pages 33 to 68, and the service performance information on pages 24 to 26. The complete set of financial statements comprise the consolidated statement of financial position of the Group as at 30 June 2025, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended of the Group and the notes to the consolidated financial statements including a summary of significant accounting policies and other explanatory information.

In our opinion, the performance report presents fairly, in all material respects;

- o the consolidated financial position of the Group as at 30 June 2025 and its consolidated financial performance and cash flows for the year then ended; and
- o the service performance for the year ended 30 June 2025, in that the service performance information is appropriate and meaningful and prepared in accordance with the Group's service performance criteria,

in accordance with Public Benefit Entity Standards issued by the New Zealand Accounting Standards Board.

This report is made solely to the Entity's members, as a body. Our audit has been undertaken so that we might state to the Entity's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Entity and the Entity's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Basis for opinion

We conducted our audit of the consolidated financial statements in accordance with International Standards on Auditing (New Zealand) and the audit of the service performance information in accordance with NZ AS 1 (Revised) *The Audit of Service Performance Information* ("NZ AS 1"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the performance report* section of our report.

We are independent of the Group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards)* (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

We provide assurance services in relation to the Entity's solvency return. Partners and employees of our firm may deal with the Group on normal terms within the ordinary course of trading activities of the business of the Group. We have no other relationship with, or interest in, the Group.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the performance report of the current year. These matters were addressed in the context of our audit of the performance report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the performance report* section of the audit report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the performance report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying performance report.

Independent Auditor's Report



Valuation of Insurance Contract Liabilities

Why significant

As at 30 June 2025, Insurance Contract Liabilities totalled \$49.6 million, as disclosed in Note 12 to the consolidated financial statements. These liabilities comprise of two components.

The first component of Insurance Contract Liabilities relates to the liability for remaining coverage (LRC) which, for each group of contracts, comprises fulfilment cash flows for future services to be provided under insurance contracts and a loss component on onerous contracts.

The second component relates to the liability for incurred claims (LIC) and comprises the present value of fulfilment cash flows related to past services provided under insurance contracts which have not yet been paid, including claims that have been incurred but not yet reported. The LIC balance is also inclusive of a risk adjustment for the compensation required by the Group for bearing non-financial risk associated with the fulfilment cash flows.

The Group's third-party Appointed Actuary calculated the Insurance Contract Liabilities using models, inputs and assumptions, in accordance with the requirements of PBE IFRS 17 *Insurance Contracts*.

We considered Insurance Contract Liabilities to be a key audit matter due to the:

- o financial significance of the Insurance Contract Liabilities
- o degree of judgement in developing assumptions and the complexity of valuation models. The key assumptions and judgements involved in estimating the Insurance Contract Liabilities include:
 - o judgements regarding the selection of appropriate actuarial valuation methods; and
 - o assumptions relating to payment per member factors, claims settlement times, claims handling expenses, claims loss ratios, expense loss ratios, and risk adjustments

How our audit addressed the key audit matter

Our audit procedures over the valuation of the Insurance Contract Liabilities included:

- o Analysing the Group's accounting policies to evaluate compliance with the requirements of PBE IFRS 17 *Insurance Contracts*.
- o Validating, on a sample basis, the cost associated with claims recorded in the year.
- o Comparing the claims data used by the third-party Appointed Actuary to the entity's claims system on a sample basis.
- o Engaging our actuarial specialists to review the Insurance Contract Liabilities valuation report prepared by the third-party Appointed Actuary and evaluate the appropriateness of the methodologies and assumptions used, in line with the requirements of PBE IFRS 17 *Insurance Contracts*.
- o Reviewing the results of the experience investigations carried out by the entity's third-party Appointed Actuary, to determine how they informed the key assumptions adopted.
- o Assessing the objectivity, capabilities and competence of the third-party Appointed Actuary.
- o Evaluating the onerous contract assessment based on profitability of each group of contracts, including the significant assumptions against relevant supporting information.
- o Assessing the adequacy of the Insurance Contract Liability disclosures included in the Notes to the consolidated financial statements, as required by PBE IFRS 17 *Insurance Contracts*.

Independent Auditor's Report



Information other than the performance report and auditor's report

The directors of the Entity are responsible for the other information. The other information comprises the annual report, but does not include the consolidated financial statements and the service performance information and our auditor's report thereon.

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

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

If, based upon 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.

Director's responsibilities for the performance report

The directors are responsible, on behalf of the Entity, for;

- o the preparation and fair presentation of the performance report in accordance Public Benefit Entity Standards issued by the New Zealand Accounting Standards Board;
- o service performance criteria that are suitable in order to prepare service performance information that is appropriate and meaningful in accordance with Public Benefit Entity Standards issued by the New Zealand Accounting Standards Board;
- o the overall presentation, structure and content of the service performance information in accordance with Public Benefit Entity Standards issued by the New Zealand Accounting Standards Board; and
- o such internal control as the directors determine is necessary to enable the preparation of a performance report that is free from material misstatement, whether due to fraud or error.

In preparing the performance report, the directors are responsible for assessing on behalf of the entity the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the performance report

Our objectives are to obtain reasonable assurance about whether the performance 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 International Standards on Auditing (New Zealand) and NZ AS 1 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 performance report.

A further description of our responsibilities for the audit of the performance report is located at the External Reporting Board website: <https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-9-1/>. This description forms part of our auditor's report.

The engagement partner on the audit resulting in this independent auditor's report is David Borrie.

Chartered Accountants
Wellington
22 October 2025



People first,
always.

Financial Statements

Union Medical Benefits Society Limited

Consolidated Statement of Comprehensive Income | For the year ended 30 June 2025

	Note	2025 \$000	2024 \$000
Insurance service result			
Insurance revenue		175,546	108,568
Insurance service expense	2	(199,717)	(120,209)
Total Insurance service result		(24,171)	(11,642)
Non-insurance income and expenses			
Net investment surplus	5	10,898	9,812
Building rental income		283	299
Non-directly attributable expenses	3	(444)	(6,278)
Impairment of Investment in Associates		-	(7,176)
Transfer gain	9	2,340	1,660
Share of associates' profit/(loss) and gain on sale of associate	8	(5)	(904)
Operating (loss)/surplus		(11,098)	(14,228)
Other comprehensive revenue and expense			
Revaluation of land and buildings	13	400	350
Net surplus/(loss)		(10,698)	(13,878)

These consolidated financial statements are to be read in conjunction with the notes to the consolidated financial statements.

Financial Statements

Union Medical Benefits Society Limited

Consolidated Statement of Financial Position | As at 30 June 2025

	Note	2025 \$000	2024 \$000
Current assets			
Cash and cash equivalents		5,517	3,641
Other receivables	6	61	910
Prepayments		506	349
Managed investments	7	154,538	149,554
Total current assets		160,622	154,454
Non-current assets			
Investments in associates	8	1,021	6,966
Property, plant & equipment	10	15,090	14,843
Intangible assets	11	4,870	5,607
Total non-current assets		20,980	27,416
Total assets		181,603	181,869
Current liabilities			
Other payables		122	1
Employee benefits		164	178
Insurance contract liabilities	12	49,571	39,246
Total current liabilities		49,857	39,425
Net assets		131,746	142,444
Members' funds			
Revaluation reserve	13	5,449	5,049
Accumulated funds	14	126,298	137,396
Total members' funds		131,746	142,444

These consolidated financial statements are to be read in conjunction with the notes to the consolidated financial statements.

P Tynan
Board Chair
16 October 2025



A Dixon
Audit & Risk Committee Chair
16 October 2025



Financial Statements

Union Medical Benefits Society Limited

Consolidated Statement of Changes in Equity | For the year ended 30 June 2025

	Note	Revaluation Reserve \$000	Accumulated Funds \$000	Total Equity \$000
2025				
Opening balance at 1 July		5,049	137,396	142,444
Fair value gain/(loss) recognised in other comprehensive income	13	400	-	400
Operating surplus/(loss)		-	(11,098)	(11,098)
Closing balance at 30 June		5,449	126,298	131,746
2024				
Opening balance at 1 July as reported		4,699	151,623	156,322
Fair value gain/(loss) recognised in other comprehensive income	13	350	-	350
Operating surplus/(loss)		-	(14,228)	(14,228)
Closing balance at 30 June		5,049	137,396	142,444

These consolidated financial statements are to be read in conjunction with the notes to the consolidated financial statements.

Financial Statements

Union Medical Benefits Society Limited

Consolidated Statement of Cash Flows | For the year ended 30 June 2025

	Note	2025 \$'000	2024 \$'000
Cash flows from operating activities			
Cash was provided from:			
Premium received	12	175,020	109,795
Building rental income		270	299
Interest received		177	130
		175,468	110,224
Cash was applied to:			
Claims and other insurance service expenses	12	187,753	115,559
Other operating payments		241	3,753
		187,994	119,312
Net cash flows from operating activities	15	(12,527)	(9,088)
Cash flows from investing activities			
Cash was provided from:			
Proceeds from sale of investments		14,500	27,608
Proceeds from sale of associate	8	6,900	-
Loan repayment from associate	23	1,600	-
Business combination transfer	9	2,340	131
		25,340	27,739
Cash was applied to:			
Loan advances to associate	23	800	800
Purchase of property and equipment	10	225	363
Purchase of intangibles	11	453	1,320
Purchase of investments		8,500	-
Acquisition of associates	8	960	15,046
		10,938	17,529
Net cash flows from investing activities		14,403	10,209
Opening cash balance as at 01 July		3,641	2,520
Net increase/(decrease) in cash		1,876	1,121
Closing cash balance as at 30 June		5,517	3,641

These consolidated financial statements are to be read in conjunction with the notes to the consolidated financial statements.

Financial Statements

Union Medical Benefits Society Limited

Notes to the Consolidated Financial Statements | For the year ended 30 June 2025

1. Statement of accounting policies

Reporting entity

Union Medical Benefits Society Limited (the Society) is an Incorporated Society registered under the Industrial and Provident Societies Act 1908. Its principal activities are the provision of health insurance and commercial property ownership. The Society is domiciled and incorporated in New Zealand and is a Public Benefit Entity for financial reporting purposes.

The Society was granted a licence by the Reserve Bank of New Zealand (RBNZ) on 23 May 2013 to operate as an insurer subject to the Insurance (Prudential Supervision) Act 2010 (IPSA). As a licensed insurer, the Society is deemed to be a FMC reporting entity under Part 7 of the Financial Markets Conduct Act 2013.

These Consolidated financial statements were approved by the Board of Directors on 16 October 2025 .

Basis of Compliance

The consolidated financial statements comply with the Public Benefit Entities (PBE Standards) as appropriate for Tier 1 not-for-profit public benefit entities and the requirements of the PBE Standards. They have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP).

Basis of Consolidation

The consolidated financial statements include the financial statements of the Society and its subsidiaries (together referred to as 'the Group') as at 30 June 2025 (see note 22).

Subsidiaries are fully consolidated from the date on which the Society obtains control, and continue to be consolidated until the date that such control ceases. The Society has control when it has the power to direct the relevant activities, has significant exposure to variable returns from these activities and has the ability to use its power to affect the variable returns. All intercompany balances and transactions, including income and expenses, profits or losses and dividends, are eliminated on consolidation.

Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following items, which are measured on the following alternative basis on each reporting date:

- o Managed investments (see note 7)
- o Revalued land and buildings (see note 10)
- o Actuarial quantification of insurance liabilities (see note 12)
- o Certain financial instruments (see note 20)

These consolidated financial statements are presented in New Zealand Dollars (\$), which is the Society's functional currency, rounded to the nearest thousand.

Financial Statements

Union Medical Benefits Society Limited

Notes to the Consolidated Financial Statements | For the year ended 30 June 2025

Significant accounting policies

The following specific accounting policies that materially affect the measurement of financial performance and the position have been applied:

Recognition, measurement and presentation of insurance contracts

Premium Allocation Approach (PAA)

The Society applies the Premium Allocation Approach (PAA) to all the insurance contracts that it issues as the coverage period of each contract is one year or less.

The following elections have been made given the adoption of the PAA:

- i) Acquisition cash flows are expensed as incurred.
- ii) No adjustment for financial risk or time value of money is made in determining the liability for remaining coverage as all premiums in the Society's portfolio are due within one year.
- iii) No adjustment for financial risk or time value of money is made in determining the liability for incurred claims as all incurred claims are expected to be paid in less than one year.

Insurance contracts definition

The Society issues health insurance contracts, which are accounted for under PBE IFRS 17. These contracts transfer significant insurance risk from policyholders to the Society and also expose the Society to financial risk.

Separating components from insurance contracts

The Society's health insurance products do not contain distinct components requiring separation under other PBE IFRS Standards.

Insurance revenue

The Society recognises insurance revenue from premiums over the coverage period on a straight-line basis, reflecting the provision of coverage and related services. Seasonal variations are considered insignificant. Insurance revenue for the period represents the portion of total premiums relating to services provided, including insurance service expenses and a risk adjustment for non-financial risk, excluding amounts allocated to the loss component of the liability for remaining coverage.

Insurance service expenses

Insurance service expenses arising from insurance contracts are recognised in the consolidated statement of comprehensive income as they are incurred. These include claims paid and other expenses directly related to fulfilling contracts, losses on onerous contracts and reversals of such losses, and any actuarial adjustments to the liability for incurred claims.

Financial Statements

Union Medical Benefits Society Limited

Notes to the Consolidated Financial Statements | For the year ended 30 June 2025

Insurance Contract Liabilities

Insurance contract liabilities comprise the Liability for Remaining Coverage, measured as premiums received for future coverage (adjusted for any onerous contract liabilities), and the Liability for Incurred Claims, representing future cash flows relating to past services and a risk adjustment.

For insurance contracts issued, at each reporting date, the Liability for Remaining Coverage (LRC) is:

- i) increased for contributions received in the period; and
- ii) decreased by contributions recognised as insurance revenue for services provided.

UniMed includes premium debtors in the LRC.

The Liability for Incurred Claims (LIC) at each reporting date represents:

- i) the probability-weighted estimate of fulfilment cash flows; and
- ii) the risk adjustment

Refer note 12 for methods used to measure of fulfilment cash flows and insurance contract liabilities.

Discounting of future cashflows

- i) LRC

UniMed does not adjust the carrying amount of the Liability for Remaining Coverage (LRC) for the time value of money, as the period between providing coverage for insured events and the related premium due date is expected to be no more than one year at initial recognition.

- ii) LIC

UniMed does not discount its insurance contracts, as permitted under PBE IFRS 17.59(b) for contracts with expected claim settlements within 12 months.

Level of aggregation

The Society only issues health insurance contracts, that are subject to similar risks and are managed together. The Society assesses whether contracts are expected to be profitable or onerous, using actuarial valuation models that consider expected loss ratios, claims handling expenses and risk adjustments.

At a portfolio level, the Society determines whether the insurance contracts are expected to be profitable or onerous. The portfolio is disaggregated into groups based on expected profitability, assessed by actuarial valuation models that take into consideration existing and new business, expected claims ratio, expense ratio and risk adjustments.

An insurance contract issued by the Society is recognised from the earliest of its anniversary date (i.e. the beginning of its coverage period) and when facts and circumstances indicate that the contract is onerous.

Contract boundary

The measurement of the Society's insurance contracts includes all expected future cash flows within the contract boundary. Cash flows are considered within the boundary if they arise from substantive rights and obligations that exist during the reporting period, under which the Society can require the policyholder to pay premiums or has a substantive obligation to provide insurance services. A substantive obligation to provide services ceases when the Society has the practical ability to reassess the risks of the portfolio containing the contract and adjust pricing accordingly. Assessing the contract boundary requires judgement, taking into account the Society's substantive rights and obligations under the contract. The Society has determined the contract boundary for its insurance contracts to be 12 months or less.

Financial Statements

Union Medical Benefits Society Limited

Notes to the Consolidated Financial Statements | For the year ended 30 June 2025

Investment income

Interest income on financial assets measured at amortised cost is recognised in the consolidated statement of comprehensive income as it accrues, using the effective interest rate method. Realised and unrealised gains and losses on investments are recorded in determining the surplus in the statement of comprehensive income. Interest income on financial assets measured at fair value through surplus and deficit (FVTSD) is calculated using the contractual interest rate.

Cash and cash equivalents

Cash and cash equivalents comprise cash in banks and other short-term highly liquid investments with an original maturity of three months or less, that are readily convertible to a known amount of cash. Although cash and cash equivalents at 30 June 2025 are subject to the expected credit loss requirements of PBE IPSAS 41, no loss allowance has been recognised because the estimated loss allowance for credit losses is immaterial. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash at bank and cash on call are considered an integral part of the Group's cash management.

Financial assets

Financial assets, excluding shares in subsidiaries and associates, are initially recognised at fair value and subsequently measured at amortised cost, FVTOCRE, or FVTSD. Classification depends on the Group's business model and whether the asset's contractual cash flows are solely payments of principal and interest. Transaction costs are included at initial recognition, except for FVTSD assets where they are recognised in surplus or deficit.

Managed investments

The Society's investments, managed by Amova Asset Management New Zealand Limited, comprise units in mutual funds. They are initially recognised on acquisition and derecognised on maturity or sale. Investments are subsequently measured at fair value through surplus or deficit, with changes recognised in the consolidated statement of comprehensive income. Transaction costs are expensed on the transaction date. Fair value is determined as described in note 20.

Investment in subsidiaries

Subsidiaries are entities controlled by the Society, which exists when the Society can direct relevant activities, is exposed to variable returns, and can use its power to affect those returns. Control is generally presumed when the Society holds a majority of voting rights, but all relevant facts are considered when it holds less. Subsidiaries are consolidated from the date control is obtained until the date control ceases, with their assets, liabilities, income, and expenses included during that period.

Investments in associates

An associate is an entity over which the Group has significant influence, defined as the power to participate in the financial and operating policy decisions of the entity, without having control or joint control over those policies

Investments in associates are accounted for using the equity method. Under this method, the investment is initially recognised at cost and subsequently adjusted for the Group's share of post-acquisition changes in the net assets of the associate. Any goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

The Group's share of an associate's surplus or deficit is recognised in the statement of comprehensive income. Changes in the associate's other comprehensive income are recognised in the Group's other comprehensive income, with cumulative movements adjusted against the carrying amount of the investment. Changes directly recognised in the net assets or equity of the associate are reflected, where applicable, in the Group's statement of changes in net assets/equity.

Financial Statements

Union Medical Benefits Society Limited

Notes to the Consolidated Financial Statements | For the year ended 30 June 2025

Impairment of investments in associates

After applying the equity method, the Group assesses its investment in an associate for impairment at each reporting date and recognises any loss in the statement of comprehensive income. Goodwill included in the investment is not tested separately. If the Group's share of losses equals or exceeds its interest, no further losses are recognised.

Upon loss of significant influence over the associate, the Group measures and recognises any remaining investment at its fair value, and accounts for the remaining investments in accordance with PBE IPSAS 29. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in surplus or deficit.

Property, plant & equipment

Property, plant and equipment is initially measured at cost. As well as the purchase price, cost includes directly attributable costs.

Freehold land and buildings are subsequently carried at fair value, based on periodic valuations by a professionally qualified valuer. These revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Changes in fair value are recognised in other comprehensive income and accumulated in the revaluation reserve except to the extent that any decrease in value in excess of the credit balance on the revaluation reserve, or reversal of such a transaction, is recognised in surplus or deficit.

Freehold land is not depreciated. Depreciation on assets under construction does not commence until they are complete and available for use. Depreciation is provided on all other items of property, plant and equipment according to the nature of the asset so as to write off their carrying value over their expected useful economic lives and are as follows:

Land	0.0%
Buildings	2.0% SL
Building fit-out	8.3% - 12.5% SL
Motor vehicles	25.0% - 31.2% DV
Fixtures and fittings	7.5% - 60.0% DV
Office furniture and equipment	14.4% - 50.0% DV
Computer equipment	14.4% - 67.0% DV

When a property is revalued, the accumulated depreciation is removed and the asset is restated at its new value. Each year, the extra depreciation that results from the revaluation (compared to historical cost) is moved from the revaluation reserve to retained earnings. When the property is sold, any remaining balance in the revaluation reserve is also transferred to retained earnings.

The assets' useful lives and amortisation methods are reviewed annually and adjusted, if appropriate, at each financial year end. An item of property, plant and equipment is de-recognised upon disposal or when no further future economic benefits are expected from use. Any gains or losses on disposal are determined by comparing proceeds with the carrying amount. These are then taken to the statement of comprehensive income.

Financial Statements

Union Medical Benefits Society Limited
Notes to the Consolidated Financial Statements | For the year ended 30 June 2025

Intangible assets

Externally acquired intangible assets

Externally acquired intangible assets are initially recognised at cost and subsequently amortised on a straight-line basis over their useful economic lives.

Internally generated intangible assets (development costs)

Expenditure on internally developed software assets is capitalised if it can be demonstrated that:

- o there is technical feasibility of completion
- o adequate technical, financial and other resources are available to complete the development
- o there is an intention to complete the software
- o the Society is able to use the software
- o the software will generate future economic benefits, and
- o expenditure can be measured reliably.

Capitalised development costs are amortised over the periods the Society expects to benefit from the software developed. The amortisation expense is included within insurance service expenses in the statement of comprehensive income.

Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects is recognised in insurance service expense if directly attributable to insurance contracts or other expenses if not attributable to insurance contracts.

Software as a service (SaaS)

Configuration and customisation costs in SaaS arrangements

Expenditure on customisation and configuration in a SaaS arrangement is capitalised as an intangible asset if it results in development of an intangible asset(s) i.e. code, bridging modules or application programming interfaces (APIs). Judgement is applied in determining whether the expenditure meets the definition of an intangible asset.

Customisation and configuration costs that do not meet the recognition criteria for an intangible asset are recognised as expenses when the services are received.

The key intangible assets recognised by the Society, and their useful economic lives, are as follows:

Intangible asset	Useful economic life
Acquired through business combination:	
Health Policy Administration System	7 years
Internally generated/Acquired :	
Software	7 years

Impairment of assets

At each reporting date, the Society reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Any impairment loss is immediately recognised in the statement of comprehensive income.

Financial Statements

Union Medical Benefits Society Limited

Notes to the Consolidated Financial Statements | For the year ended 30 June 2025

Foreign currency

All foreign currency transactions during the year are recognised using the exchange rate ruling at the date of the transaction.

Liabilities

Goods and services tax

Changes in cash flows from GST are excluded from insurance revenue and adjusted in LRC.

Operating lease

Leases are defined as an operating lease where they do not transfer substantially all the risks and rewards incidental to ownership. Operating lease payments are recognised as an expense in the statement of comprehensive income on a straight-line basis over the lease term.

Taxation

The Society is exempt from income tax due to its status under section CZ 18 of the Income Tax Act 2007.

Critical accounting 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 of revenues, expenses, assets and liabilities, and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The results of these actions form the basis of making the judgements about the carrying value of assets and liabilities of the Society. Actual results may differ from these estimates under different assumptions and conditions.

Information about significant areas of estimation, uncertainty, and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in:

- o Note 9 Portfolio Transfer of Accuro Health Insurance (Accuro) - Fair value of assets acquired and liabilities assumed in a business combination
- o Note 10 Property, plant & equipment - Land and building valuation
- o Note 12 Insurance Contract Liabilities
- o Note 17 Solvency and capital adequacy
- o Note 20 Risk management

Standards issued but not yet effective and not early adopted

Omnibus Amendments to PBE Standards – Amendments to PBE IPSAS 1 Presentation of Financial Reports

Commences to apply for annual reporting periods beginning on or after 1 January 2026

In October 2024 the XRB issued amendments to PBE IPSAS 1 Presentation of Financial Reports as part of the 2024 Omnibus Amendments to PBE Standards. The amendments clarify the classification of liabilities as current or non-current and introduce new disclosure requirements for certain loan covenant arrangements.

The amendments are effective for reporting periods beginning on or after 1 January 2026. The Group has not early adopted these amendments and does not expect them to have a material impact on the financial statements

PBE Conceptual framework update

In June 2024 the XRB issued amendments to the PBE Conceptual Framework to align more closely with the IPSASB's 2022 Conceptual Framework. The amendments clarify guidance on presentation, recognition and measurement concepts, and update definitions to ensure consistency across PBE Standards.

The amendments are effective for reporting periods beginning on or after 1 January 2028. The Group has not early adopted these amendments and does not expect them to have a material impact on the financial statements.

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Other changes in accounting policies

There have been no changes in accounting policies in the financial year ended 30 June 2025.

Comparatives

Comparative information presented at and for the year ended 30 June 2024 within these consolidated financial statements is consistent with the Society's audited consolidated financial statements for the year ended 30 June 2024, unless otherwise restated as indicated.

2. Insurance Service expenses	Note	2025 \$000	2024 \$000
Claims and benefits incurred		(159,167)	(102,533)
Changes to liabilities for incurred claims		(10,922)	2,214
Losses on onerous contracts and reversal of those losses		(836)	(4,505)
Directly attributable expenses	3	(28,792)	(15,386)
Insurance service expenses		(199,717)	(120,209)

Directly attributable expenses include insurance acquisition, claims handling, policy administration, maintenance costs and an allocation for fixed and variable overheads.

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3. Total expenses

	Note	2025 \$000	2024 \$000
Employee benefit expenses	9	12,359	7,279
Audit Fees	4	235	253
Directors' fees	21	379	335
Depreciation and amortisation		913	349
Selling expenses		6,426	2,670
Marketing expenses		1,559	1,166
Office expenses		1,607	976
Consultancy expenses		622	683
Technology and strategic projects		3,248	2,637
Portfolio acquisition costs	9	-	1,192
Discontinued software development cost		-	3,112
Other expenses		1,573	653
		28,922	21,314
Building operating expenses:			
Rates and operating expenses		239	230
Building depreciation		200	200
Operating expenses recovered		(125)	(81)
Total building operating expenses		314	349
Total operating costs		29,236	21,663
Operating expenses split :			
Directly attributable expenses under IFRS17	2	28,792	15,386
Non attributable expenses under IFRS17		444	6,278
Total operating expenses		29,236	21,663

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4. Audit fees

	2025 \$000	2024 \$000
Auditor remuneration and other fees paid to EY		
Audit of financial statements performed by EY	226	245
Total	226	245
Audit or review related services		
Assurance on annual solvency return performed by EY	9	8
Total audit or review related services	9	8
Total fees for services provided by EY	235	253

5. Net investment surplus

	2025 \$000	2024 \$000
Interest and dividend income on financial assets at fair value through surplus and deficit	5,849	5,844
Effective interest income from financial assets measured at amortised cost	114	130
Interest received from +IMPAC loan	63	-
Gains/(losses) at fair value through surplus and deficit	5,194	4,325
Portfolio management fees	(322)	(486)
Total investment surplus	10,898	9,812

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6. Other receivables	Notes	2025 \$000	2024 \$000
Other receivables		-	49
Lease trust account		61	61
		61	110
Amount owing by associates	23	-	800
Total receivables		61	910

7. Managed investments - unit trusts	2025 \$000	2024 \$000
Cash fund	56,453	58,839
Fixed interest	73,065	70,153
International equities	25,020	20,561
Total investments	154,538	149,554

Funds are managed primarily by Amova Asset Management New Zealand Limited. The Society's managed funds are all financial assets classified at fair value through surplus and deficit. Any changes in the fair value are recognised immediately.

Investments are available on demand and have been classified as current assets.

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8. Investments in Associates

Impac Services Limited (+IMPAC)

Through its subsidiary Helix Safety Limited, on 13 November 2023 the Society acquired 48% of the shares in +IMPAC. +IMPAC is a profit orientated company incorporated and domiciled in New Zealand specialising in providing health and safety solutions.

On 2 February 2024, the Society acquired a further 11% interest, taking its total ownership to 59%.

Despite its majority shareholding, the Society did not control +IMPAC as it did not have the right to appoint a majority of +IMPAC Directors under the terms of the +IMPAC Shareholders' Agreement. Consequently, the Society's +IMPAC investment is accounted for as an associate and the Society applies equity accounting to its 59% interest.

On 27 June 2025, Helix Safety disposed its entire 59% interest in +IMPAC.

The associate is no longer included in the Group's financial statements as an equity-accounted investee from 27 June 2025.

3 Big Things Limited (3BT)

Through its subsidiary Helix Wellness Limited, the Society owns 51% of the shares in 3BT. 3BT is a profit-orientated New Zealand incorporated and domiciled company specialising in providing health and wellbeing services.

Despite its majority shareholding, the Society does not control 3BT as Board decisions require a 75% majority of the Board. Consequently, the Society's 3BT investment is accounted for as an associate and the Society applies equity accounting to its 51% interest.

Reconciliation of carrying amounts of investments associates

	+IMPAC \$000	3BT \$000	Total \$000
Balance at 1 July	6,681	285	6,966
Acquisitions at cost	60	900	960
Share of current reporting period post-tax results	(586)	(164)	(750)
Sale of Investment in associate	(6,155)		(6,155)
Balance at 30 June	(0)	1,021	1,021

In FY25, the Society fully paid its shareholding in 3BT by paying additional consideration of \$900,000.

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9. Portfolio transfer of Accuro Health Insurance (Accuro)

On 8 August 2023, the Society's Board agreed to progress a binding Letter of Intent with Accuro Health Insurance Society Limited (Accuro) to enter into an agreement to transfer the Accuro insurance portfolio and business to UniMed. A formal agreement between the Society and Accuro for the transfer was signed on 22 December 2023, subject to certain conditions being met as well as obtaining the necessary approvals from the Reserve Bank of New Zealand through an application under section 44 of the IPISA.

On 18 March 2024, the Reserve Bank of New Zealand approved the Society's application for the Accuro transfer. On 31 May 2024 the transfer was finalised and ultimately became the effective date of the transfer or acquisition date.

The Accuro transfer aligns with the Society's strategic objectives to expand its market share in the health insurance sector and enhance product portfolio.

Acquired assets and liabilities at fair value

The assets and liabilities recognised as a result of the acquisition are as follows:

	2024 \$000
Managed funds	9,566
Cash transferred	131
Property, plant, and equipment	53
Insurance software (policy administration system)	3,581
<i>Insurance contract liabilities:</i>	
LRC non-loss component and LIC	(6,950)
LRC - LC	(4,720)
Net fair value of assets/transfer gain	1,660

Managed funds and cash transferred relates to transferred cash reserves received from Accuro for its insurance liabilities (LIC and LRC) assumed by UniMed in the transfer plus an employee benefits liability for ex-Accuro employees transferred to UniMed as at the date of acquisition.

Employee transfer

To ensure smooth transition, and no customer service interruptions during and after the transfer, some ex-Accuro employees transferred to UniMed. 2025 Employee expenses represent 12 months of this cost, whereas 2024 employee expenses included one month only.

Employee benefits accruing as at date of transfer relating to these employees were also transferred to UniMed and the carrying amount of these liabilities approximates the fair value.

Gain of transfer

The fair value of the assets acquired exceeded the fair value of the liabilities assumed, resulting in a gain of \$1,660,402 in 2024.

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Consideration transferred

As per the transfer agreement, the purchase consideration for the Accuro transfer is nil. No consideration was transferred from the UniMed to Accuro as part of the business combination. The Society assumed the insurance portfolio obligations and selected liabilities in consideration for Accuro transferring transfer assets (including portfolio rights and transfer cash reserves). The 2024 gain on transfer represents the net of the fair value of the assets acquired over the fair value of the liabilities assumed which was the societies best estimate at the time. Post settlement of transfer and upon finalization, the escrow agent who was holding the escrow funds, remitted the remaining balance of \$2,340,396 to the Society upon completion of the Accuro transfer.

Acquired insurance contracts

In 2024 the Society engaged Peter Davies B.Bus.Sc., a Fellow of the New Zealand Society of Actuaries and an independent qualified actuary, to perform a valuation and determine the fair values of the insurance assets acquired and the liabilities assumed as at acquisition date in terms of PBE IFRS 17.

The contracts acquired are measured based on the PAA at the date of acquisition. The Society determined that all contracts at the acquisition date had significant insurance risk and met the definition of insurance contracts issued.

The following were the key PBE IFRS 17 assumptions as at acquisition, judgements, and considerations for the portfolio transferred at acquisition :

PBE IFRS 17 measurement approach	PAA method adopted (no change in measurement method on transfer)
Risk adjustment - LIC and LRC -LC	8.5%
Claims handling costs	6.5%
Loss component on acquired contracts	\$4,719,819
Confidence level	75.0%
Cancellation rate	8.0%

Acquisition-related costs

In 2024 acquisition-related costs amounted to \$1,191,766 included in other expenses in the consolidated statement of comprehensive income.

Contingent liabilities

No contingent liabilities were recognised at the acquisition date.

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10. Property, plant & equipment

Property, plant and equipment is stated at cost less accumulated depreciation.

2025	Freehold land (Valuation) \$'000	Buildings (Valuation) \$'000	Fixtures fittings & equipment (Cost) \$'000	Motor vehicles (Cost) \$'000	Work in progress \$'000	Total \$'000
Cost or Fair Value	4,300	10,050	2,407	111	26	16,894
Accumulated depreciation	-	-	(1,716)	(89)	-	(1,805)
Closing book value	4,300	10,050	690	23	26	15,090
Opening net book value	4,150	10,000	663	30	-	14,843
Additions	-	-	199	-	26	225
Acquisitions through business combinations (note 9)	-	-	-	-	-	-
Fair value gain (loss) recognised in other comprehensive income	150	250	-	-	-	400
Depreciation	-	(200)	(171)	(8)	-	(379)
Closing book value	4,300	10,050	690	23	26	15,090
2024	Freehold land (Valuation) \$'000	Buildings (Valuation) \$'000	Fixtures fittings & equipment (Cost) \$'000	Motor vehicles (Cost) \$'000	Work in progress \$'000	Total \$'000
Cost or Fair Value	4,150	10,000	2,208	111	-	16,469
Accumulated depreciation	-	-	(1,545)	(81)	-	(1,626)
Closing book value	4,150	10,000	663	30	-	14,843
Opening net book value	4,000	10,000	361	41	-	14,402
Additions	-	-	363	-	-	363
Acquisitions through business combinations (note 9)	-	-	53	-	-	53
Fair value gain (loss) recognised in other comprehensive income	150	200	-	-	-	350
Depreciation	-	(200)	(114)	(11)	-	(324)
Closing book value	4,150	10,000	663	30	-	14,843

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Land and buildings valuation

As at 30 June 2025 land and buildings were valued by FordBaker Valuation Limited, a qualified, independent professional valuer using valuation techniques appropriate to the circumstances.

The valuation techniques and significant unobservable inputs used in determining the fair value measurement of land and buildings, as well as the inter-relationship between key unobservable inputs and fair value, are set out in the table below.

	30 June 2025	30 June 2024
Valuation technique used	No change to prior year	Discounted cashflow approach supported by the Market income capitalisation and Initial(passing) capitalisation method
Significant unobservable inputs	No change to prior year	7.5% sales evidence
	7.00% terminal yield/capitalisation rate	7.25% terminal yield/capitalisation rate
	Income Growth: Office Central and Retail Market Growth (Net): 0.5% to 2% range over the next 10 years	Income Growth: Office Central and Retail Market Growth (Net): 1% to 2% range over the next 10 years
Interrelationship between key unobservable inputs and fair value	No change to previous year	Based on the current rental and occupancy levels, a discounted cash flow analysis was applied, adopting a 10-year cash flow horizon, making appropriate allowances for rental income growth, leasing up periods after expiries, and calculating a terminal value at the end of the period.

The fair value measurement is based on the above items' highest and best use, which does not differ from their actual use. Had the revalued properties been measured on a historical cost basis, their cost and net book value would have been

- i) Land - Cost and NBV \$1,869,095 (2024: \$1,869,095)
- ii) Buildings - Cost \$9,141,742 and NBV \$7,038,509 (2024: Cost \$9,141,742 and NBV \$7,238,509)

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11. Intangible assets

2025	Software \$000	Work-in-progress \$000	Total \$000
Opening cost at 1 July	6,938	955	7,892
Additions	-	453	453
Transfers from work-in-progress	502	(502)	-
Costs written off	-	(455)	(455)
	7,440	450	7,890
Opening accumulated amortisation & impairment	2,286	-	2,286
Amortisation for the year	734	-	734
	3,020	-	3,020
Closing carrying amount at 30 June	4,420	450	4,870

2024	Software \$000	Trademarks \$000	Total \$000
Opening cost at 1 July	2,163	-	2,163
Additions	-	1,320	1,320
Transfers from prepayments	584	539	1,123
Transfers from work-in-progress	610	(610)	-
Costs written off	-	(294)	(294)
Acquisitions through business combinations	3,581	-	3,581
	6,938	955	7,892
Opening accumulated amortisation & impairment	2,061	-	2,061
Amortisation for the year	225	-	225
	2,286	-	2,286
Closing carrying amount at 30 June	4,652	955	5,607

Intangible assets are non-current assets made up of computer software, health policy administration systems and work in progress. There are no restrictions over the title of intangible assets, nor are any intangible assets pledged as security for liabilities.

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12. Insurance contract liabilities

	30 June 2025				
	\$'000				
	LRC		Estimates of the present value of future cash flows	LIC	
	Excluding loss component	Loss component		Risk adjustment	Total insurance liabilities
Opening insurance contracts liabilities at 1 July 2024	6,998	9,225	21,746	1,277	39,246
Changes in the statement of surplus and deficit or other comprehensive income					
Insurance revenue	(175,546)				(175,546)
Insurance service expenses					
Incurred claims and other expenses	-	(9,225)	206,626	3,177	200,578
Changes relating to past service	-	-	(9,446)	(1,476)	(10,922)
Losses on onerous contracts and reversals	-	10,062	-	-	10,062
Total insurance services expenses	-	836	197,180	1,701	199,717
Insurance service result	(175,546)	836	197,180	1,701	24,171
Cash flows					
Premiums received	175,020	-	-	-	175,020
Claims and other expenses paid	-	-	(187,753)	-	(187,753)
Total cash flows	175,020	-	(187,753)	-	(12,734)
Other insurance related non cash items			(1,113)		(1,113)
Closing insurance contracts liabilities at 30 June 2025	6,471	10,062	30,060	2,978	49,571

In 2025 UniMed and Accuro books have been combined given the similar risks between them. As at 2025 the Accuro book that was transferred on acquisition is nil.

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	30 June 2024				
	\$'000				
	LRC		Estimates of the present value of future cash flows	LIC	
	Excluding loss component	Loss component		Risk adjustment	Total insurance liabilities
Opening insurance contracts liabilities at 1 July 2023	2,869	3,352	14,655	824	21,699
Changes in the statement of surplus and deficit or other comprehensive income					
Insurance revenue	(108,568)				(108,568)
Insurance service expenses					
Incurred claims and other expenses	-	(3,352)	120,191	1,079	117,918
Changes relating to past service	-	-	(1,282)	(933)	(2,214)
Losses on onerous contracts and reversals	-	4,505	-	-	4,505
Total insurance services expenses	-	1,154	118,909	147	120,209
Insurance service result	(108,568)	1,154	118,909	147	11,642
Cash flows					
Premiums received	109,795	-	-	-	109,795
Claims and other expenses paid	-	-	(115,559)	-	(115,559)
Total cash flows	109,795	-	(115,559)	-	(5,764)
Non-cash items					
Assumed in a business combination	2,902	4,720	3,742	307	11,670
Closing insurance contracts liabilities at 30 June 2024	6,998	9,225	21,746	1,277	39,246

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Valuation of insurance liabilities

Valuations of the 30 June 2025 insurance liabilities have been carried out by Anagha Pasche, a Fellow of the New Zealand Society of Actuaries and UniMed's appointed actuary. The 30 June 2024 valuation was performed by UniMed's previous appointed actuary, Peter Davies.

Liability for Incurred Claims (LIC)

The liability for incurred claims represents the present value of expected future cash outflows for claims that have already occurred (whether reported or not yet reported) and a risk adjustment.

The expected future cash outflows are determined using standard actuarial techniques based on triangulation analysis of historical paid claims by development month. Historic payment patterns are analysed and used to estimate future claim development patterns by month. For the year ended 30 June 2025, changes were made to the triangulation to explicitly project future claims costs allowing for claims seasonality, claims inflation and changes in claims processing times in future claims development on a per member basis (30 June 2024: implicit allowance, paid claims basis). The Appointed Actuary considers these refinements better deal with the seasonal nature of health insurance and current health insurance environment.

The LIC includes an adjustment for non-financial risk. This represents the compensation that the Society requires for bearing the uncertainty of the amount and timing of the cash flows due to non-financial risk.

The risk adjustment reflects an amount that the Society would rationally pay to remove the uncertainty that future cash flows will exceed the best estimate amount based on a confidence level interval (probability of sufficiency) approach at the 75th percentile.

Liability for Remaining Coverage (LRC)

The LRC comprises of:

- i) the portion of premiums received on in-force contracts that relates to unexpired risks and
- ii) loss component on onerous contracts

Loss component on onerous contracts (LRC-LC)

UniMed determines the LC for all its insurance contracts applying the PAA. Onerous contracts are identified at a portfolio segment level and there are 14 portfolio segments.

If relevant facts and circumstances indicate that a group of insurance contracts is onerous, UniMed calculates the difference between the future fulfilment cash-flows, and the carrying amount determined using the PAA and recognise this difference as a loss for that period (or, if the product was onerous at the start of the reporting period, the movement in the amount determined will be recorded within insurance service expense).

Future fulfilment cash-flows relating to expected premiums are based on expected premium over the coverage period with an allowance for policy cancellations. Future fulfilment cash out-flows are determined using expected claims ratios, expenses and a risk adjustment. The assumptions for claims ratios and expenses reflect the Society's expectations of future claims and expense costs for the relevant portfolio segment. These ratios are updated annually and are based on a combination of historical experience, premium rate changes to earned into the portfolio segment and the Society's current expectations of future claims and expense costs.

The risk adjustment represents the compensation that the Society requires for bearing the uncertainty about the amount and timing of the cash flows that arise from non-financial risk. The risk adjustment reflects an amount that the Society would rationally pay to remove the uncertainty that future cash flows will exceed the best estimate amount based on a confidence level interval (probability of sufficiency) approach at the 75th percentile. The risk adjustment applied at 30 June 2025 was 10.5% of future claims and expenses (30 June 2024: 6.2%, weighted average).

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The table below summarises the key assumptions and judgements adopted in determining LIC and LC:

Key assumptions	2025	2024
LIC		
Payment per member factors	Based on paid claims per member by development month, adjusted for seasonality and inflation	Based on paid claims by development month
Claims settlement times (months)	3.2	3.3
Claims handling costs, as a percentage of claims	6.5%	6.5%
Risk adjustment	11.2% (Group)	7.0% (UniMed only) 8.5% (Accuro only)
Loss component		
Claims ratio	Based on current expectations of future claims cashflows	Based on current expectations of future claims cashflows
Expense ratio	Based on current expectations of future expense cashflows	Based on current expectations of future expense cashflows
Risk adjustment applied to future claims	10.5% (Group)	5.4% (UniMed only) 7.0% (Accuro only)

The confidence level corresponding to the above results for both LIC and LRC loss component is 75%

The increase to the risk adjustment range in FY25, compared to FY24 reflects a thorough assessment of uncertainty associated with claim settlement outcomes, driven by:

- o Macroeconomic factors, such as inflationary pressures impacting future claims costs
- o Emerging trends in claims complexity
- o Changes in underlying assumptions, including actuarial modelling.

The revised range ensures the risk adjustment remains appropriate to reflect the compensation required for bearing the uncertainty inherent in the timing and amount of future cash flows arising from incurred claims.

13. Revaluation reserve

	2025 \$000	2024 \$000
Opening balance 1 July	5,049	4,699
Fair value gain (loss) on land & buildings	400	350
Closing balance at 30 June	5,449	5,049

Land and buildings classified as property, plant and equipment were valued on 30 June 2025 (2024: 30 June). The revaluation surplus totalled \$400,000 (2024: \$350,000).

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14. Accumulated funds

	2025 \$000	2024 \$000
At 1 July, as previously reported	137,396	151,623
Operating surplus/(deficit)	(11,098)	(14,228)
Closing balance at 30 June	126,298	137,396

15. Cash flow reconciliation

	2025 \$000	2024 \$000
Operating (loss) surplus	(11,098)	(14,228)
Plus (less) non cash items:		
Net (gains)/losses on investments at fair value through surplus or deficit	(11,043)	(10,168)
Amortisation of intangibles	734	225
Depreciation	379	324
Project costs expense	-	2,656
Add items classified as investing activities:		
Gain on transfer	(2,340)	(1,660)
Share of profit/loss from associates	750	904
Gain on sale of associate	(745)	
Write off of intangible WIP	455	
Impairment loss on investments in associates		7,176
	(22,908)	(14,770)
Plus/(less) movements in working capital:		
Increase/(decrease) in other payables	121	(39)
Increase/(decrease) in employee benefits	(14)	11
(Increase)/decrease in other receivable	49	(19)
(Increase)/decrease in prepayments	(157)	(148)
Increase/(decrease) in insurance contract liabilities	10,383	5,877
Total movements in working capital	10,381	5,682
Net cash flows from operating activities	(12,527)	(9,088)

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16. Financial strength rating

On 3 October 2025 AM Best affirmed the Society's financial strength rating of A (Excellent) and long-term issuer credit rating of "A" (Excellent).

17. Solvency and capital adequacy

The Society is a not-for-profit organisation. Due to its legal structure, the society has no recourse to external capital and therefore internally generated capital is of high importance.

The Society is subject to RBNZ solvency standards that require it to maintain a positive solvency margin – meaning that its solvency capital position must exceed the prescribed capital requirement. During the period ending 30 June 2025 the Society complied with all externally imposed capital requirements.

The Board's policy for managing capital is to have a strong capital base to establish security for Members and enable the Society to conduct its business as a going concern. This policy is regularly reviewed by the Board in line with guidelines issued by the RBNZ.

Solvency	2025 \$000	2024 \$000
Solvency capital	182,826	127,323
Adjusted prescribed capital requirement	90,449	33,046
Adjusted solvency margin	92,377	94,277
Adjusted solvency ratio	202%	385%

The solvency calculations were prepared in accordance with the Reserve Bank of New Zealand's Interim Solvency Standard Second Amendment (ISS2), published 12 December 2024 and effective from 1 March 2025. ISS2 has resulted in changes to the way solvency information is calculated and consequently the information presented here is not directly comparable to information presented previously. Under ISS2, the Society's policies are treated as long-term insurance contracts, which results in a significant increase to both solvency capital and the adjusted prescribed capital requirement. The 30 June 2024 comparison has not been restated under this basis.

18. Contingent liabilities

There are no contingent liabilities at balance date. (2024: \$Nil).

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19. Lease and capital commitments

Lease commitments

Leases are defined as an operating lease where they do not transfer substantially all the risks and rewards incidental to ownership.

Leases as Lessor

The Society leases out unused space within its building.

Future minimum lease payment

At 30 June, the future minimum lease payments are under non-cancellable leases are receivable as follows:

	2024 \$000	2023 \$000
Less than one year	294	295
Between one and five years	548	843
More than five years	-	-

Leases as Lessee

At 30 June, obligations payable after the reporting date on the non-cancellable operating leases are as follows:

	2024 \$000	2023 \$000
Less than one year	193	201
Between one and five years	499	803
More than five years	-	401

The previous lease contract for the Wellington office has ended as at 31 August 2025. A new lease agreement has been signed before 30 June 2025, however the cash flows for the new office space starts in August 2025.

Capital commitments

There are no capital commitments as at 30 June 2025 (2024: \$43,163)

Capital commitments represent the Society's contractual obligations for capital expenditure (capex) projects that were in-progress as at year-end. These commitments reflect the expected cash flows required to fulfil the terms of the contracts.

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20. Risk management

UniMed is exposed to a number of risks in the normal course of business which include insurance risk, liquidity risk, market risk and operational risk. The Board and management recognise the importance of effective risk management and have established a comprehensive risk management framework (RMF) which is reviewed annually and outlines the strategies, policies and procedures adopted to identify and manage risk at UniMed and is reviewed annually.

The risks and any objectives, policies, and processes to manage these insurance and financial risks are described below:

Insurance risks

The Society assumes insurance risk through its health insurance activities. The key risk arises in respect of claims costs and, in particular, those costs varying from what was assumed in the setting of premium rates.

Risk management objectives, policies and processes for mitigating risk

The primary objective in managing risk is, as far as possible, to reduce the magnitude and volatility of claims costs. A secondary objective is to ensure funds are available to pay claims and maintain the solvency of the business if there is adverse deviation in experience. Key policies and methods for mitigating risk include:

- o Underwriting procedures and processes which evaluate new risks and offer terms that do not endanger the portfolio.
- o Strict claims management procedures to ensure the payment of claims is in accordance with policy conditions.
- o Pricing policies and procedures which support pricing based on underlying risk
- o Regular monitoring of financial and operating results and detailed investigations into the morbidity and persistency experience of the portfolio.
- o Maintaining a target solvency margin in excess of the minimum required by the standard established by the Reserve Bank of New Zealand. The solvency margin ensures the Society is able to withstand a period of adverse insurance or investment experience and still maintain a satisfactory financial position.

Sensitivity to insurance risk

The financial results of the Society are primarily affected by the level of claims incurred relative to that implicit in the premiums. The assumptions used in the valuation of the liability for incurred claims directly affect the level of estimated claims incurred. The key assumptions used are detailed in note 12. Given that the valuation method has changed, the key assumptions have also changed. This has been detailed below.

The scope of insurance risk is managed by the terms and conditions of the policy. The main insurance benefit involves the reimbursement of medical and surgical expenses depending upon the plan option.

The level of benefits specified in the contract is a key determinant of the amount of future claims although the exact volume of claims is uncertain. Other variables affecting the level of claims include the underlying morbidity of the lives insured, the nature of treatment given, and the costs of treatment.

The liability for incurred claims is sensitive to the key assumptions in the table below. The following sensitivity analysis shows the impact on liabilities for incurred claims and statement of comprehensive income reasonably possible movements in key assumptions with all other assumptions held constant.

The correlation of assumptions will have a significant effect in determining the ultimate impacts, but to demonstrate the impact due to changes in each assumption, assumptions have been changed on an individual basis. It should be noted that movements in these assumptions are non linear.

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Group portfolio sensitivities		2025			
Variable	Movement	Impact on Net Assets \$000		Impact on Operating Surplus \$000	
		Increase	Decrease	Increase	Decrease
LIC					
Claims settlement time	10.0%	1,191	(1,117)	1,191	(1,117)
Payment per member factors	10.0%	(2,966)	2,966	(2,966)	2,966
Claims handling cost	2.5%	(700)	700	(700)	700
Risk adjustment	5.0%	(1,327)	1,327	(1,327)	1,327
LC					
Claims ratio	5.0%	(3,140)	3,140	(3,140)	3,140
Expense ratio	2.5%	(1,401)	1,401	(1,401)	1,401
Risk adjustment	5.0%	(2,604)	2,604	(2,604)	2,604
UniMed portfolio sensitivities		2024			
Variable	Movement	Impact on Net Assets \$000		Impact on Operating Surplus \$000	
		Increase	Decrease	Increase	Decrease
LIC					
Claims settlement time	1.0%	(3,586)	2,932	(3,586)	2,932
Claims handling cost	2.5%	(327)	327	(327)	327
Risk adjustment	5.0%	(651)	651	(651)	651
LC					
Claims ratio	1.0%	(322)	322	(322)	322
Expense ratio	1.0%	(306)	306	(306)	306
Risk adjustment	1.0%	(304)	304	(304)	304

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Transferred Accuro portfolio sensitivities		2024			
Variable	Movement	Impact on Net Assets \$000		Impact on Operating Surplus \$000	
		Increase	Decrease	Increase	Decrease
LIC					
Claims settlement time	10.0%	(1,136)	1,154	(1,136)	1,154
Claims handling cost	2.5%	(110)	110	(110)	110
Risk adjustment	5.0%	(216)	216	(216)	216
LC					
Claims ratio	1.0%	(383)	383	(383)	383
Expense ratio	1.0%	(786)	786	(786)	786
Risk adjustment	1.0%	(299)	299	(299)	299

Concentration of insurance risk

As the Society transacts only in the health insurance business in New Zealand, management defines concentration of risk by the type of insurance business. Insurance risks are well diversified within the portfolio with claims costs spread across various types of surgical and medical events.

The following table summarises the maturity profile of portfolio of health insurance contracts liabilities held by the Society based on the estimates of the present value of the future cash flows expected to be paid out in the periods presented.

2025	Up to 1 year \$000	Total \$000
LIC	30,060	30,060
LIC - Risk adjustment	2,978	2,978
Total insurance liabilities	33,038	33,038
2024	Up to 1 year \$000	Total \$000
LIC	21,746	21,746
LIC - Risk adjustment	1,277	1,277
Total insurance liabilities	23,024	23,024

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The following table details the contractual maturities of financial assets and liabilities at balance date on an undiscounted basis. Actual maturities are expected to be the same as contractual maturities.

2025	0-6 months \$000
<i>Financial assets</i>	
Cash and cash equivalents	5,517
Other receivables	61
Investments	154,538
Total financial assets	160,116
<i>Financial liabilities</i>	
Other payables	122
Total financial liabilities	122
2024	0-6 months \$000
<i>Financial assets</i>	
Cash and cash equivalents	3,641
Other receivables	910
Investments	149,554
Total financial assets	154,105
<i>Financial liabilities</i>	
Other payables	1
Total financial liabilities	1

The cash and cash equivalents are available on call. All other payables are due within one month of the end of the reporting period.

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The following table show the carrying amounts of the Society's financial assets and liabilities in each of the financial instruments categories:

2025	Fair value through surplus and deficit \$000	Amortised cost \$000
Cash and cash equivalents	-	5,517
Other receivables	-	61
Investments	154,538	-
Total financial assets	154,538	5,578

Other payables	-	122
Total financial liabilities	-	122

2024	Fair value through surplus and deficit \$000	Amortised cost \$000
Cash and cash equivalents	-	3,641
Other receivables	-	910
Investments	149,554	-
Total financial assets	149,554	4,551

Other payables	-	1
Total financial liabilities	-	1

Fair value of financial instruments

Financial instruments carried at fair value in the financial statements are categorised within the fair value hierarchy described below:

- o Level 1: the fair value is calculated using quoted prices in active markets.
- o Level 2: the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
- o Level 3: the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

Only managed investments fall into the fair value hierarchy in 2025. Managed investments are categorised into Level 2 of the fair value hierarchy (valuation technique using observable inputs).

The fair value of units held in underlying funds is determined by reference to published exit prices, being the redemption price established by the underlying fund manager.

There were no transfers between categories during the year.

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Market risk

Price risk

Price risk is the risk that the fair value or future cash flows of financial instruments or insurance contract assets and/or liabilities will fluctuate because of changes in market prices (other than those arising from interest rate or foreign exchange rate risk), whether those changes are caused by factors specific to the individual financial instrument or contract, or by factors affecting all similar contracts or financial instruments traded in the market.

The Society's price risk exposure relates to financial assets and financial liabilities whose values will fluctuate as a result of changes in market prices. The Society does not issue any participating contracts. Therefore, there are no insurance contracts which are exposed to price risk.

The Society has no significant concentration of price risk.

The Society is exposed to price risk arising from its portfolio of investments managed by Amova which are classified as financial assets at FVTSD. To manage price risk arising from these investments, the Group diversifies its portfolio in accordance with the limits it sets. The performance of these investments is subject to continuous monitoring, accompanied by a thorough evaluation of their composition to ensure alignment with the Society's solvency requirements.

A 5% increase/decrease in value of the equity instruments held at the reporting date would, all other variables held constant will result in the impact as shown below:

	2025		2024	
	Impact on operating surplus \$000	Impact of net assets for the year \$000	Impact on operating surplus \$000	Impact of net assets for the year \$000
Financial Assets at fair value through surplus or deficit :				
5% increase	7,727	7,727	7,478	7,478
5% decrease	(7,727)	(7,727)	(7,478)	(7,478)

Capital risk management

The Society's policy is to maintain a strong equity base to maintain Members', creditor and market confidence.

The solvency capital that the Society is required to maintain is the minimum solvency capital amount calculated, in accordance with the solvency standard. The Directors believe that this requirement has been met. The Society's policies in respect of capital management and allocation are reviewed regularly by the Directors.

The Society manages liquidity risk by maintaining adequate reserves and banking facilities, continuously monitoring forecast and actual cash flows, and matching maturity profiles of financial assets and liabilities. The Society also regularly reviews insurance premiums to ensure they are set at an appropriate level to cover insurance claims.

Operational risk

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational risks are managed in accordance with UniMed's RMF and include categories of risk such as Regulatory and Compliance, Conduct, People and Culture, Cyber, Delivery and Privacy risk.

Appropriate external insurance policy coverage is maintained to safeguard UniMed and our key stakeholders from relevant and plausible insurable threats. Policy coverage is reviewed annually.

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21. Key management personnel compensation

Key management personnel of the Society's Directors and executive managers. The total remuneration to key management personnel was:

	2025		2024	
	Number	\$000	Number	\$000
Senior Management remuneration	6	2,348	7	1,426
Directors fees	9	379	6	335

Total remuneration of key personnel includes salaries and benefits for both current employees and those that started or ceased employment during the year.

Directors and associated fees include those of the Society's subsidiaries, Helix Safety Limited and Helix Wellness Limited.

22. Group entities

Subsidiaries	Country of ownership	Interest %	
	Incorporation	2025	2024
Helix Wellness Limited	New Zealand	100	100
Helix Safety Limited	New Zealand	100	100
Helix Health Limited	New Zealand	100	100
Helix Solutions Limited	New Zealand	100	100
Associates			
Impac Services Limited (Impac)	New Zealand	-	58.97
3 Big Things Limited (3BT)	New Zealand	51	51

During the financial year, Helix Safety Limited sold its interest in +IMPAC resulting in a derecognition of investments in associates.

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23. Related party transactions

UniMed and Impac Services Limited	2025 \$	2024 \$
Loan advance to +IMPAC	800	800
Repayment of loan by +IMPAC	1,600	-
Interest received on loan	(63)	-
+IMPAC Loan balance	-	800

The loan was available on demand and convertible into equity if +IMPAC defaulted on repayment within 60 days of UniMed's demand. Interest was calculated monthly, with reference to the 90-day New Zealand bank bill reference rate plus an agreed margin of 1.5%. During the financial year an additional loan was given to +IMPAC. On the 27th June 2025, +IMPAC has paid off the loan resulting in a nil balance at 30 June 2025.

24. Events after the reporting period

The group is not aware of any other significant events between the preparation and authorisation of these financial statements on 16 October 2025.



I have been with UniMed for over 30 years and in that time my refunds have always been fast and thorough. My plan coverage is perfect for my needs. I would recommend UniMed to anyone looking for piece of mind health insurance.

Ross

UniMed Member

A photograph of a middle-aged man with short brown hair and a young boy with dark hair, both smiling. The boy is hugging the man from behind, with his arms wrapped around the man's shoulders. They are outdoors, with a blurred background of trees and foliage. The man is wearing a light-colored, textured sweater, and the boy is wearing a dark t-shirt. The lighting is warm, suggesting late afternoon or early morning.

Helping working
New Zealanders and their
whānau stay in life-long
good health.

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INSURANCE & FINANCIAL SERVICES
OMBUDSMAN SCHEME

UniMed is proud to be a participant of the Insurance and Financial Services Ombudsman Scheme and a member of the Financial Services Council of New Zealand Incorporated.

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