

2026

Annual Report



UNION MEDICAL BENEFITS SOCIETY LIMITED

UniMed

A woman with dark hair and glasses, wearing a blue lab coat, is smiling and looking towards the camera. She is in a factory or laboratory setting, with other workers in blue lab coats visible in the background. She is standing next to a large cardboard box and a piece of machinery.

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

Pita te Hori, Ūpoko/Head
Ngāi Tūāhuriri, Ngāi Tahu, 1860s

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“I was so pleasantly surprised having convinced my wife to change with me, both moving over from a different insurer we were nervous about the experience we were about to have. My wife literally apologised for doubting you folks and me. It was wonderful to have the whole matter flow so smoothly through to completion and payment on same day as claim. Just fantastic service. I will be singing your praises to all who wish to know and more.”

Benjamin

UniMed Member

Purpose, Vision and Values

Our core purpose

Helping New Zealanders stay in lifelong good health.

Our vision

Enabling healthier, happier people so our nation can thrive.

Our values

Our values define how our organisation behaves and underpin everything we do.



ASPIRE

We're inquisitive and ready to learn, always eager to understand, innovate and implement better products, services and practices. We love what we do and set the standard for personal service across our industry, all while delivering value to our Members. 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 and well. 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 products and services where we can to suit specific organisational needs.

Our commitment to maintaining a strong financial foundation 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 keep things 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 must earn, each and every day.

Report from the Board Chair and Chief Executive

For the last 47 years UniMed has been committed to helping our Members access the healthcare they need, when they need it. All in pursuit of our purpose of helping New Zealanders stay in lifelong good health.

The last 12 months have been no exception. For the year ended 30 June 2026 we have seen Members continue to make use of their health insurance at very high levels. In total UniMed paid 191k claims totalling \$179m, an average of \$690k per working day; a 13% increase year on year. This continued high usage is symptomatic of a public health sector that remains under pressure, and new capacity being created in the private system to meet increased demand.

Advocating for our Members

The health system has many interconnected elements across service delivery and funding, of which UniMed as a health insurer is a part. As a mutual not-for-profit insurer we want to ensure that more New Zealanders can have access to the healthcare they need at an affordable and reasonable cost.

The continued expansion of private healthcare facilities across the country is part of the solution to the issues New Zealanders face in accessing care. Much of this investment comes from private equity who are seeking a return to shareholders. We need to ensure that this investment delivers not only improved access but good value. None of us want to see the expensive private systems that exist in other parts of the world. We will therefore be more active in the year ahead in establishing constructive relationships with the private healthcare sector to work together to ensure services remain affordable.

In the same vein, we are continuing to advocate for the removal of Fringe Benefit

Tax (FBT) on health insurance schemes provided by employers. Around 44% of those with health insurance in New Zealand do so through an employer scheme. The imposition of FBT acts as a disincentive to more employers offering health insurance. In our view, employer-funded health insurance is not a “fringe” benefit; rather, it is a positive contribution that employers make to taking pressure off the public health system, improving productivity and supporting the health and wellbeing of New Zealand's workers.

Cost pressures continue – but a return to surplus

High claims utilisation, alongside prolonged medical inflation (driven by the cost of new treatments, procedures and medical technology), has led to financial pressure for all health insurers in New Zealand, UniMed included. As a result, the Society reported deficits in both of the last two years, totalling \$24m.

We have responded to this in two ways. Firstly, we have increased our focus on managing claims cost through more disciplined management of health provider costs and application of reasonable treatment charges, ensuring that all claims paid are in accordance with our policies, introducing automation and streamlined processes, and reviewing benefit levels and our terms and conditions.

But this in itself has not been enough, so we have also had to continue to increase premiums to ensure that we can cover the cost of claims and the cost of operating the Society. We remain very aware of the affordability pressure this has created for both individuals and employer groups, especially in an economic environment that remains challenging. However, as responsible custodians of the Society, it is an action we

have had to take while at the same time ensuring that Members do have options available to address resulting affordability issues.

The good news is that, as a result of the measures we have adopted, the Society has returned to a positive financial position this year, with a net surplus result of \$2.9m. This marks an important turn around. While we are a not-for-profit Society, we also have an obligation to ensure financial sustainability and strong reserves so that we are able to meet our Members' needs both today and into the future. This is also a requirement of our prudential regulator, the Reserve Bank of New Zealand (RBNZ).

Strong balance sheet maintained

Our overall balance sheet position remains very strong with \$135m of net assets. This strong balance sheet is reflected in our AM Best Financial Strength Rating which has remained at A (Excellent).

The assets we hold are important for meeting our regulatory solvency and capital adequacy requirements, but they are also a source of revenue through investment returns. In this past year the Board has made changes to our investment governance, including the appointment of investment consulting and advisory firm Māpua Wealth to provide independent investment advice. This has led to a new multi-fund manager approach and a more diversified portfolio, with the aim of improving returns at a lower cost over time.

Our strong balance sheet also gives us capacity to invest for the future. In line with this, the Board has approved a 3-Year Strategic Plan covering the period from 2026 to 2029 which is very clearly focused on creating a strong, financially sustainable health insurance operation, while also building the capabilities we need to continue to grow and adapt to changing market conditions. As part of this we are investing further in our technology and data platforms, future product design, brand and our Member experience proposition. All in the service of delivering great outcomes for our Members, which remains our North Star.

New Society Rules

This past year was also significant from a Governance perspective with the introduction of our updated Society Rules. This was the first full review of our Rules since 2012. Since then the operating and regulatory environment has changed significantly, which was further highlighted in a thematic review by the RBNZ and Financial Markets Authority (FMA) in 2022. The new Rules, which were adopted unanimously at a Special General Meeting held in May this year, are reflective of governance best practice, and balance UniMed's focus as a membership organisation with the need to act in accordance with our financial services licencing requirements. The new Rules can be viewed alongside other core UniMed Governance documents on a new Governance section on the UniMed website unimed.co.nz/about-unimed/governance.

Ngā mihi - thank you

We'd like to take this opportunity to acknowledge all those who have contributed to UniMed's kaupapa (purpose) over the past year, including the UniMed Board of Directors, the UniMed management and wider team across Aotearoa, and the network of partners who support our mahi (work).

Above all else we'd like to thank you, our Members, for continuing to put your faith and trust in UniMed. Our purpose of keeping New Zealanders in lifelong good health is one which motivates our team each and every day. We look forward to continuing to be of service to you in the year ahead.

Ngā mihi nui

Peter Tynan

Board Chair



Lance Walker

Chief Executive Officer



Board of Directors

As at 30 June 2026



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 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. Ben is a Chartered Fellow of the Institute of Directors (CFInstD). 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.



Angela Dixon, *Director*

Angela was appointed as a Director in December 2022 and chairs UniMed's Audit and Risk Committee. She has held senior insurance finance and executive positions at RSA UK and IAG NZ. Angela is currently an independent director on a number of boards, including Centrix Group, AIG NZ, Lotto and Landcorp Farming (Pamu). She is a current member of Chartered Accountants Australia and NZ and a 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 has previously served as a director on several boards including the Waikato Community Trust (Trust Waikato), Muka Tangata – People, Food, and Fibre Workforce Development Council (WDC), Primary Industry Training Organisation (Primary ITO), the Primary Industries WDC Interim Establishment Board, and the NZ Industry Training Organisation. Chris resides in Cambridge.



Erin Polaczuk, *Director*

Erin was elected as a Director in 2023. She is Employment Manager and National Secretary of the Police Association Te Aka Hāpai. Her previous union leadership roles include Acting Secretary of NZCTU Te Kauae Kaimahi in 2024, Deputy General Secretary of PPTA, and nearly eight years as National Secretary of PSA before establishing her own consultancy. Previous board roles include HealthCarePlus, the Worker Education Trust, the National Advisory Council on the Employment of Women, and chairing Birthright Kāpiti, as well as sitting on Greenpeace Aotearoa's voting assembly. She has completed leadership training through the ACTU and Harvard University and lives in Kāpiti with her husband, two children, and pets.

Executive Leadership Team

As at 30 June 2026



Lance Walker, *Chief Executive*

Lance was appointed Chief Executive Officer of UniMed in October 2025. He 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.

With more than 25 years of leadership experience across the private, public and not-for-profit sectors, Lance brings extensive expertise to the role including from his time as Chief Executive of Cigna Life Insurance. Prior to joining UniMed, he was Chief Executive Officer of Accuro Health Insurance Society Limited, leading the organisation until its successful transfer to UniMed in 2024.



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 and services that support improved organisational performance and successful strategic change. Corporate Services at UniMed encompasses the functions of 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.



James Brownell, Chief Risk Officer

James is accountable for leading and implementing enterprise risk management, legal, 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.



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.



Natasha Kessler, Chief People Officer

In February 2026, UniMed strengthened its commitment to its Thriving People strategy with the creation of a new Executive Leadership Team role, Chief People Officer. Natasha Kessler was appointed to the position, recognising the significant contribution she has made since joining UniMed as Head of People and Capability in 2024.

Natasha is responsible for leading UniMed's people strategy, organisational culture, leadership development, employee wellbeing, and capability growth. Prior to joining UniMed, Natasha held senior roles at Pegasus Health, where she provided strategic HR support to more than 300 employees, and worked extensively across the Canterbury health sector.

Jay Harrison was also on the Executive Leadership Team until the end of April 2026 in the role of Chief Wellness Officer.

Statement of Corporate Governance

Governance

Good governance is fundamental to ensuring UniMed delivers sustainable value for its Members and meets its legal and regulatory obligations as a licenced Insurer. As a Member-owned Society, UniMed's governance framework supports prudent decision-making, effective oversight and ensures the long-term interests of the Society and its Members are protected.

At the heart of this framework are the Rules of UniMed, which is the Society's constitutional and primary governance document. The Rules establish how UniMed is governed, defines the rights and responsibilities of Members and sets out the powers, duties and governance arrangements of the Board. The Rules can be found on our website: unimed.co.nz/about-unimed/governance.

The Board

The Board is responsible for the overall direction, governance and oversight of the Society. The Board establishes strategy, monitors organisational performance, oversees risk management and ensures appropriate governance policies and frameworks are in place. The UniMed Board is comprised of directors elected by Members and directors appointed by the Board in accordance with the Rules of UniMed.

Board of Directors

Information about UniMed's Board of Directors can be found on page 8.

Board Committees

The Board is supported by specialist committees that provide additional oversight in key areas:

- o Audit & Risk Committee
- o People & Culture Committee
- o Investment Committee

These committees assist the Board in carrying out its governance responsibilities while accountability remains with the Board.

Governance Documents

UniMed has established a suite of key governance documents which operate within the framework established by the Rules. These provide transparency about how governance supports the Society's purpose of helping New Zealanders stay in lifelong good health.

- o Governance Statement – Sets out the key governance principles, practices and supporting documents that guide how UniMed is governed.
- o Board Charter – Outlines the role, responsibilities, composition and operating principles of the Board.
- o Audit & Risk Committee Charter – Describes the Committee's role in supporting the Board's oversight of financial reporting, audit, risk management, compliance and internal controls.
- o People & Culture Committee Charter – Describes the Committee's role in supporting the Board's oversight of people, culture, remuneration and related governance matters.
- o Investment Committee Charter – Describes the Committee's role in supporting the Board's oversight of UniMed's investment strategy, performance and related risks.
- o Director Remuneration & Expense Policy – Outlines the approach taken to determine Director remuneration and the reimbursement of reasonable expenses.

Copies of the above documents can be found on our website: unimed.co.nz/about-unimed/governance

Director meeting attendance for the year ended 30 June 2026*

	Board (6)	AGM (1)	SGM (1)	Audit and Risk Committee (4)	Investment Committee (4)	People and Culture Committee (4)
Peter Tynan	6	1	1	4	4	4
Ben Kepes	6	0	0	3	3	3
Angela Dixon	6	1	1	4	4	0
Justine Gilliland	6	1	1	0	0	4
Chris Flatt	6	1	1	3	3	0
Erin Polaczuk	5	1	1	1	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. Individual attendance denotes where the director is a member of the committee. However, all directors can and are encouraged to attend any committee meetings, with many regularly attending as observers.*

“

“The whole process was so easy, from submitting a prior approval to submitting the invoices after the procedure. The prior approval was received less than a day after I submitted it and the payments to the hospital were made almost instantly after I submitted them to be paid. The hospital even made comment that it was the fastest they had ever been paid by an insurance company before”.

Kayla

UniMed Member



Left to right:
Zane, Chloe (our middle daughter and parents of Aurelia), Duncan,
Debbie, Aurelia, Amy (our eldest daughter) and her partner Chris,
Saskia (our youngest) and Jordan (her husband).

Duncan's Story

MEMBER STORY

For more than 30 years, UniMed Member Duncan Millar hardly gave his health insurance a second thought.

Like many people, his Health Plan quietly sat in the background, there when he needed it, but rarely front of mind. The last time he'd used it was in 2008 for a straightforward varicose vein procedure.

That changed suddenly in late 2025.

What began as what felt like severe indigestion soon became something much more concerning. On Christmas Eve, Duncan noticed a sensation that food was becoming stuck in his chest. A visit to his GP set in motion a whirlwind of tests, scans, biopsies and specialist appointments.

This meant it was time to contact his health insurer.

After sending an initial email, Duncan was surprised to receive a response from UniMed just a few days later.

"It was like a well-oiled machine. I had all my prior approvals processed and was put in touch with Julie, a Senior Complex Care Consultant, who gave me her direct line and said to contact her for everything from then on.

"This was the first time I realised that people I didn't know were really there to help me get through this."

By late January 2026, Duncan received a diagnosis of locally advanced adenocarcinoma of the oesophagus. The extent of the disease meant surgery was not immediately an option, and treatment became focused on an intensive programme of chemotherapy and immunotherapy.

Alongside the emotional impact of the diagnosis came another challenge: understanding what lay ahead financially.

"One of the biggest headaches for people in my position is financial planning. There are huge sums of money involved in treatment.

"Julie provided guidance on what I was covered for and what I wasn't, which took a huge amount of stress away. She also helped me better understand how the private and public healthcare systems work together to support patients, providing valuable information during a challenging time."

What began as a professional relationship soon became an important source of support.

"Initially, Julie was not someone I really wanted to engage with. I didn't want to have to explain myself to someone I didn't know. My health is something that is intimate to me and very personal.

But over time, I came to see Julie and her role as a critical part of helping me heal and get better. The reality is that this isn't something that will simply go away. It's an ongoing situation. I know Julie will be part of my life for a long time to come".

The months that followed tested Duncan's endurance. He lost around 35 kilograms and reached a point where even drinking a small protein shake could take hours. Severe malnutrition also contributed to ongoing heart complications, with his heart rate sometimes reaching 185 beats per minute.

With the support of his medical team and a carefully targeted treatment plan, Duncan's condition gradually began to improve.

Then, in late April 2026, came encouraging news.

Scans showed all known areas of cancer had reduced in size, with some shrinking by as much as 50 percent.

Today, many of the milestones Duncan celebrates are the simple things that once seemed out of reach. After months on a liquid-only diet, he can again enjoy foods such as salmon and scallops. His strength has

returned enough for regular beach walks and even light jogging.

Most importantly, he's been able to focus on what matters most: his health, his family and making memories with his seven-month-old granddaughter, Aurelia, who he describes as "the best medicine of all."

Throughout his treatment, Duncan says he has felt surrounded by a "bubble of care" from his medical professionals including UniMed. Duncan sees UniMed as an integral part of the medical team. Knowing support was there helped free him from the administrative burden of invoices, approvals and policy balances, allowing him to focus on recovery.

His experience has also changed the way he thinks about health insurance.

"For a lot of people, private health insurance is something you pull off the shelf, use, then put back on the shelf and don't think about again.

"This illness has truly changed my perspective. It's not just the people putting the syringes in you or taking the scans who are critical to your care.

Your health insurer is part of the ecosystem and someone you critically need to depend on."

Looking back on the past year, Duncan says he is incredibly grateful for the quality of medical care he has received and the seamless way that it has all worked together to provide exactly what was needed at exactly the right time.

"That doesn't happen by magic or by accident. UniMed played a crucial role in enabling that support to be provided where it's needed with zero stress and additional burden.

I feel extraordinarily lucky to have had Julie and the rest of the UniMed team in my corner."

**"This illness has truly
changed my perspective.
It's not just the people putting
the syringes in you
or taking the scans
who are critical to your care.
Your health insurer
is part of the ecosystem
and someone you critically
need to depend on."**

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)

2026 Highlights

Performance



	2026	2025
Premium income	\$208.9m	\$175.5m
Claims paid	\$179.4m	\$159.2m
Average claims per day	\$690k	\$612k

+19%

Premiums received
(YOY premium difference)

+13%

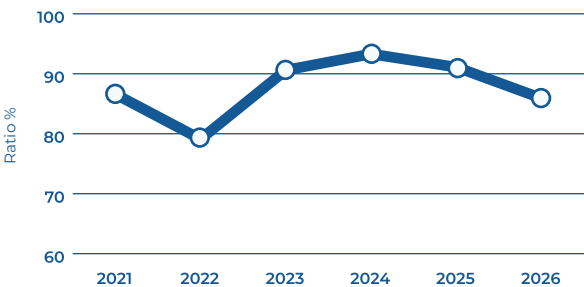
Claims paid
(YOY claims difference)

86c

Claims paid for every dollar of premium received

Annual claims ratio

Claims ratio is the proportion of premium income paid in claims.



Investment Portfolio



	2026	2025
Value	\$156.7m	\$154.5m
Return	\$4.3m	\$10.9m

+2.8%

ROI

A (Excellent)

Financial Strength Rating as at 1 October 2026*

***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



	2026	2025
Members' funds	\$134.6m	\$131.8m
Members	133,659	142,771

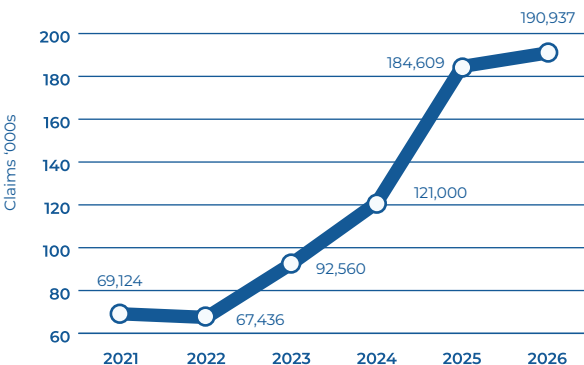
+2.2%

Members' funds

-6.4%

Membership

Annual number of claims paid



The Cost of Procedures

In the diagram below, you'll see the cost ranges of common procedures we funded in the 2026 financial year.

We have continued to see a steady rise in the cost of most medical treatments over the past year.

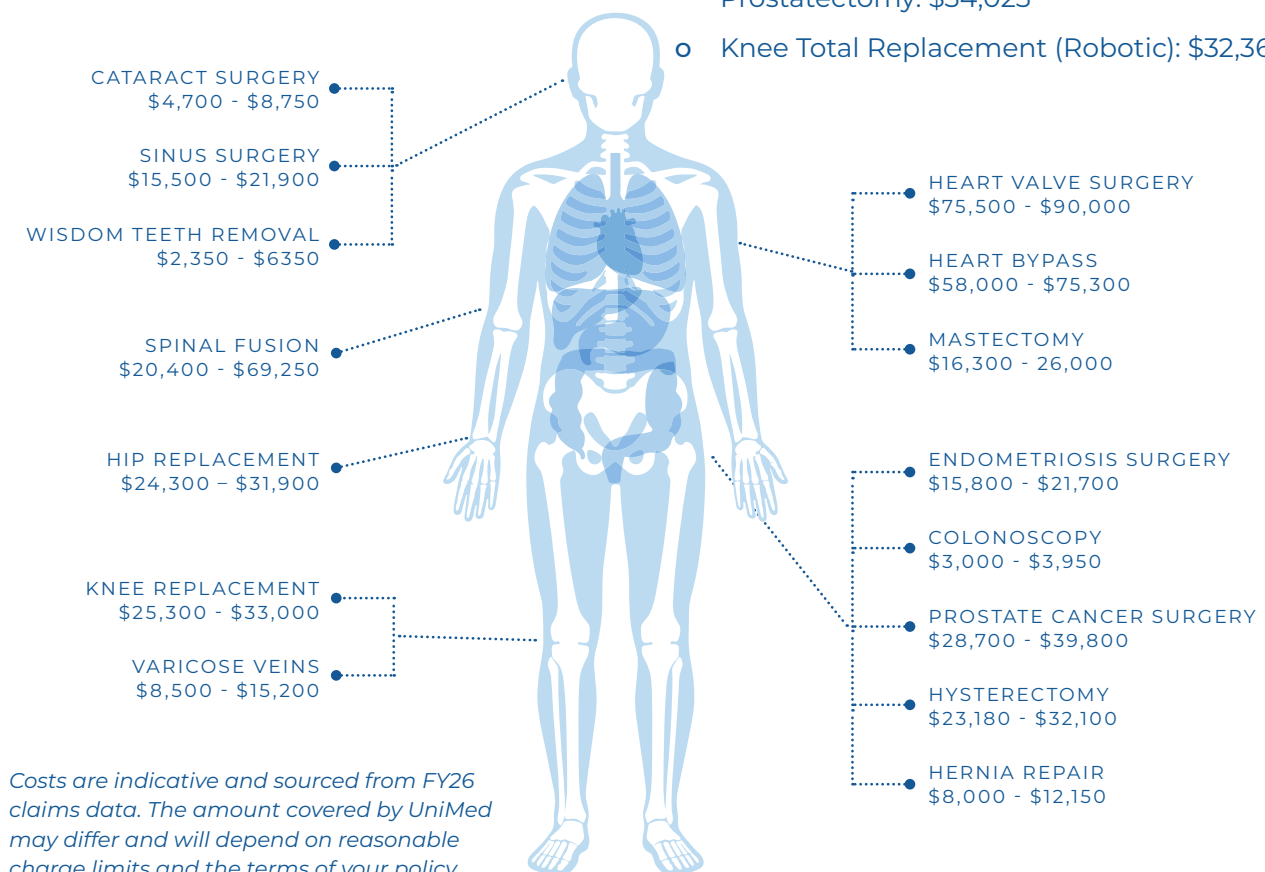
This can happen because a specific treatment has become more expensive (like an x-ray), or because a more advanced and costly treatment is being used instead (like switching from an x-ray to an MRI).

Here are the top 5 procedures where costs have increased the most from Financial Year 2025 to Financial Year 2026. Only procedures with at least 52 claims in both financial years were included in the analysis:

- o Cystoscopy: up 42.8%
- o X-Ray: up 23.4%
- o Grommets: up 11.7%
- o Carpal tunnel release: up 10.6%
- o Unilateral laparoscopic hernia: up 8.6%

The following are the top five most expensive procedures in Financial Year 2026 based on average claim cost (excluding GST). To ensure meaningful comparisons, only procedures with at least 10 claims during the year have been included.

- o Total Knee Replacement Bilateral: \$ 46,968
- o Anterior Cervical Discectomy and Fusion: \$45,979
- o Pulmonary Vein Isolation (PVI): \$42,931
- o Robotic Assisted Laparoscopic Prostatectomy: \$34,023
- o Knee Total Replacement (Robotic): \$32,363



Supporting our Community

The Gut Foundation

We have teamed up with The Gut Foundation to spread the word about why gut health matters.

With more New Zealanders dying from bowel cancer than from prostate and breast cancers combined, we are providing our Members with access to the right knowledge, tools and resources to help with contributing to better outcomes.



Crusaders

We are proud to be the exclusive Health and Wellness Partner of the Crusaders – the most successful team in Super Rugby history, having won 15 titles.

Our three-year collaboration kicked off in 2024 and since then we have been able to share the Crusaders' knowledge with our Members to help them with their own health goals and priorities.

Life Flight

We are the health and wellness partner for the Life Flight Trust.

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.





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



Active Benefits and Active Care

In 2023, UniMed began looking beyond traditional health insurance with the aim of providing Members with greater access to services that support their overall health and wellbeing.

As part of this commitment, UniMed invested in 3 Big Things, acquiring a 51% shareholding in the organisation. Through this partnership, Members gained access to evidence-based psychological support delivered by a nationwide network of registered psychologists, counsellors, and social workers across Aotearoa New Zealand.

Building on this approach, UniMed launched Active Benefits and Active Care in September 2025 with health and wellbeing services included as part of UniMed cover. Designed to support Members at every stage of their health journey, these services provide tailored wellbeing programmes, early detection tools, and expert advice to help people stay healthier for longer.

Active Benefits help Members take a proactive approach to their health, providing access to trusted services and expert support through partners including Teladoc Health, SkinVision, Osara Health, Green Cross Health, 3 Big Things, and Clearhead. Together, these services support prevention, early intervention, and overall wellbeing.

If serious illness does occur, Active Care is there to provide additional support when it matters most. Active Care is UniMed's commitment to ensuring Members receive comprehensive care during and after a life-changing illness, whether that involves a cancer diagnosis, major surgery, or a complex health condition. By connecting Members with expert guidance, coaching, recovery support, and wellbeing resources, Active Care helps people navigate challenging health journeys with confidence and care.

“

“I found the program resources and materials helpful overall. The conversations throughout the program were valuable and useful. The framing of holding too many competing thoughts simultaneously (conceptualised as "open browser tabs") resonated strongly and provided a useful way to understand and prioritise competing priorities. I appreciated having a structured space to talk through challenges and gain clarity on next steps. The program provided meaningful support during a particularly difficult personal period.”

UniMed Member on Active Care
(Osara Health cancer coaching)

Active Benefits and Active Care usage at 30 June 2026

1,259

Bowel Screening Kits

12,078

SkinVision spot checks*

273

Fitness and Recovery consultations

251

Ask a GP consultations

497

Nutrition consultations

4534

Mental Wellbeing Support sessions

54

Osara Health cancer coaching participants

*Through use of the SkinVision app, users identified 7 potential melanomas, 49 potential basal cell carcinomas, and 27 potential squamous cell carcinomas. Overall, 90% of users received a high-risk assessment, reinforcing the importance of regular skin monitoring in New Zealand, where high UV levels and cumulative sun exposure contribute to one of the highest rates of skin cancer in the world.

“

“My headaches have improved, sleeping earlier has helped and I wake up feeling better. I am more conscious on what I need to do. I like your plans because it's not strict or expensive and you still get to enjoy what you want. After one week I thought wow, sleep makes a huge difference!”

UniMed Member on Active Benefits
(Nutrition consult)



“

“You explained how to manage my fatigue in a completely new way after years of living with this condition [chronic fatigue]. The tools are easy to understand, I use your advice in my physical activity and also at home. I now have energy to spend on cooking and making sure I am better nourished, and at work, I have split my tasks based on how much energy I need to use so I can prioritise better. I have energy left over now to walk and be more active. I am even walking at lunch time and taking my colleagues with me.”

UniMed Member on Active Benefits
(Fitness & Recovery consult)

Statement of Service Performance

Our purpose is to help New Zealanders stay in lifelong good health. We fulfil our purpose by helping our Members access the treatment and health and wellness services when they need it, making a positive contribution to their health and Hauora.*

Growing our impact

We foster healthier communities across New Zealand through our products, services, strategic partnerships and meaningful engagement with our Members, continuing to grow our positive impact each year.

Delivering exceptional service

We offer a tailored suite of contemporary products and services to support health and wellbeing, 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 UniMed team is a key focus for us as we build a strong culture which reflects our values and enables our people 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 employer partners. We will balance our business portfolio to ensure that UniMed is financially sustainable. 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, putting people at the heart of health insurance, 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 the people of New Zealand.

Thriving people

THREE 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	2026	2025
Training Investment	\$257k	\$222K
Employee to Member Ratio	1:1,142	1:1,471
Voluntary Turnover	17%	14%

Strong communities

THREE YEAR STRATEGIC PILLAR: WORKING TOGETHER FOR HEALTH AND SOCIAL IMPACT

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

Our service metrics	2026	2025
Number of Members	133,659	142,771
Count of Active Benefits partners (strategic partners who provide services to Members, included in membership, some partners provide more than one service)	7	5
Count of Member Offers partners (strategic partners who provide offers to Members)**	8	12
UniMed Funded:		
GP visits	118,625	119,074
Surgeries	15,196	12,601
Imaging and tests	33,755	33,342
Dental visits	20,657	19,817
Medical specialist consultations	33,939	32,243
Flu injections	3,697	2,886

** The number of Member Offers partners reduced in 2026 as Mental Wellbeing partners moved into Active Benefits partners and the partnership with Snap Fitness/ 9 Rounds was discontinued.

Organisational excellence and sustainability

THREE 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	2026	2025
Claims ratio ¹	85.9%	91.1%
Financial reserves	\$135m	\$132m
Solvency ratio ²	1.90	2.02

Our service metrics	2026	2025
Net promoter score ³	26	44
Non-surgical claims processed through automation	74%	61%

1. Claims ratio is the proportion of premium income paid in claims.
2. Solvency ratio is a measure of financial strength that compares UniMed's actual capital to the minimum capital it is required to hold under the Reserve Bank of New Zealand's solvency rules. A ratio above 1.0 indicates an organisation holds sufficient capital to meet regulatory requirements.
3. NPS is a widely used market research metric that measures customer loyalty and satisfaction. Customers score out of 10 and the final measure is calculated by subtracting the percentage of Detractors (score 6 and below) from the percentage of Promoters (Score 9 or 10) (Passives are ignored)

The drop in NPS is partially explained by a drop in response rates which started in May 2025. Response rates had been fairly consistent at around 1200 per month however in April 2025 ISPs made changes around high volume email sends which we believe caused respondent numbers to drop to around 500 per month. High premium increases and reduced claims processing times as a result of higher claims volumes also impacted NPS this year.

Judgement in selecting and presenting performance information

The Society applies 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

the Society is fulfilling its purpose of helping New Zealanders stay in lifelong good health.

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.



“For one, it might seem like a small thing, but I really appreciate that when I phone UniMed, I don’t have to wait on hold for long unlike my experience with my house and contents insurer. Your staff are consistently friendly, approachable, and helpful, and they do a great job of making what can sometimes feel like an intimidating process much more personal and human. Because of this positive experience, I’ve already recommended your services to many others”

Chantelle

UniMed Member

A woman with dark hair, wearing a white lab coat over a dark turtleneck, is resting her head on her right hand. She is smiling slightly and looking towards the camera. The background is a vibrant blue with a pattern of dark, leafy branches. The text is overlaid on the lower left of the image.

**At Moana New Zealand,
we have a value of manaakitanga.
It's about caring for our staff and
all the people connected to our business.**

Moana New Zealand's Story

EMPLOYER STORY

For Moana New Zealand, caring for people is more than a value. It's a commitment that extends to employees, whānau and the wider communities connected to its work.

With manaakitanga at the heart of the organisation, providing health insurance for its 350 permanent staff is one of the many ways Moana demonstrates that commitment. For Chief Executive Steve Tarrant, ensuring employees have access to quality healthcare is an important investment in both their wellbeing and their future.

"What makes Moana so special to me is our Māori ownership," says Steve. "It's owned by all iwi and all Māori of New Zealand."

Steve believes health insurance plays a vital role in helping employees stay healthy, recover more quickly when health issues arise, and continue supporting the people who rely on them.

"At Moana, we have a value of manaakitanga. It's about caring for our staff and all the people connected to our business," he says. "We see medical insurance being key to supporting the wellbeing of our staff and really understanding them as an individual. Our relationship with UniMed is an important part of delivering on that commitment."



At a time when many organisations are balancing rising costs and economic pressures, Steve values UniMed's flexible approach, which enables Moana to continue offering meaningful support to its workforce.

Over the years, he has seen firsthand the difference health insurance can make. From employees who had been living with health concerns for extended periods to those who were able to access treatment more quickly than they otherwise could have, the impact has been significant for both individuals and their families.

"The relationship has been fantastic," Steve says. "Our staff have nothing but positive things to say. Everything has been handled with speed, care and a real understanding of the individual, as much as the business."

One employee in particular regularly reminds Steve of the value of their health cover. Having received treatment that made a significant difference to their quality of life, they often stop to express their gratitude.

"Every day I see him, he gives me a big smile and says, 'Thank goodness for UniMed!'"

For Steve, stories like these reinforce the importance of putting people first. By helping employees access timely healthcare, Moana and UniMed are working together to support healthier lives, stronger whānau and a more resilient workforce.

Appointed Actuary's Report



21 October 2026

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 2026, 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 2026 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 2026, 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

A handwritten signature in black ink, appearing to be 'Anagha Pasche'.

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

A handwritten signature in black ink, appearing to be 'Nick Stolk'.

Nick Stolk
Fellow of the Institute of Actuaries of Australia

Sydney Level 10, 68 Harrington Street,
The Rocks, NSW 2000
T +61 2 8252 3300

Melbourne Level 23, 55 Collins Street
Melbourne, VIC 3000
T +61 3 8080 0900

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Auckland, NZ 1010
T +64 9 306 7700



“I have been with UniMed for around 18 years, and only made my first claim a month ago, it was so easy, I found the service brilliant, very friendly staff, the money showed up in my bank account 5 days after making the claim; wow very impressed thank you so much”

Andrew

UniMed Member



Shape the future
with confidence

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 35 to 66, 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 2026, 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 2026 and its consolidated financial performance and cash flows for the year then ended; and
- o the service performance for the year ended 30 June 2026, in that the service performance information is appropriate and meaningful and prepared in accordance with the Group's measurement bases or evaluation methods

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 as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with Professional and Ethical Standard 1.

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

Ernst & Young provides 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 2026, Insurance Contract Liabilities totalled \$48.8 million, as disclosed in Note 3 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 handling expenses, claims loss ratios, expense ratios, cancellation rates 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 Group'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 and their alignment with the requirements of PBE IFRS 17 *Insurance Contracts*.
- o Reviewing the results of the experience investigations carried out by the Group'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, including considering the requirement of 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 the selection of elements/aspects of service performance, performance measures and/or descriptions and measurement bases or evaluation methods that present 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 preparation and fair presentation of service performance information in accordance with the Group's measurement bases or evaluation methods, 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.

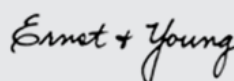
In preparing the performance report, the directors are responsible for assessing on behalf of the entity the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to 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/assurance-standards/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
23 October 2026

Financial Statements

Union Medical Benefits Society Limited

Consolidated Statement of Comprehensive Income | For the year ended 30 June 2026

	Note	2026 \$000	2025 \$000
Insurance service result			
Insurance revenue		208,851	175,546
Insurance service expense	4	(210,219)	(199,717)
Total Insurance service result		(1,368)	(24,171)
Non-insurance income and expenses			
Net investment surplus	7	4,344	10,898
Rental income		365	283
Share of associates' profit/(loss) accounted for using the equity method and gain on sale of associate	12	(148)	(5)
Non directly attributable expenses	5	(319)	(444)
Transfer gain	12	-	2,340
Operating surplus/(deficit)		2,874	(11,098)
Other comprehensive revenue and expense			
Items that will not be reclassified to surplus (deficit):			
Revaluation of land and buildings		-	400
Group surplus/(deficit)		2,874	(10,698)

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 2026

	Note	2026 \$000	2025 \$000
Current assets			
Cash at bank		6,770	5,517
Managed investments	8	156,650	154,538
Prepayments and other receivables		871	567
Total current assets		164,291	160,622
Non-current assets			
Property, plant & equipment	9	15,005	15,090
Intangibles	10	3,573	4,870
Associate investments	12	873	1,021
Total non-current assets		19,451	20,981
Total assets		183,742	181,603
Current liabilities			
Insurance contract liabilities	3	48,825	49,571
Employee benefits		219	164
Other payables		78	122
Total liabilities		49,122	49,857
Net assets		134,620	131,746
Members' funds			
Accumulated funds		129,171	126,298
Revaluation reserve		5,449	5,449
Total members' funds		134,620	131,746

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

P Tynan

Board Chair

21 October 2026



A Dixon

Audit & Risk Committee Chair

21 October 2026



Financial Statements

Union Medical Benefits Society Limited

Consolidated Statement of Changes in Equity | For the year ended 30 June 2026

	Note	Revaluation Reserve \$000	Accumulated Funds \$000	Total Equity \$000
2026				
Opening balance at 1 July 2025		5,449	126,298	131,746
Operating surplus/(deficit)		-	2,874	2,874
Closing balance at 30 June 2026		5,449	129,171	134,620
2025				
Opening balance at 1 July 2024		5,049	137,396	142,444
Fair value gain/(loss) recognised in other comprehensive income		400	-	400
Operating surplus/(deficit)		-	(11,098)	(11,098)
Closing balance at 30 June 2025		5,449	126,298	131,746

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 2026

	Note	June 2026 \$000	June 2025 \$000
Cash flows from operations			
Cash provided from:			
Premiums received	3	211,482	175,020
Building rental income		365	270
Interest received		103	177
Cash was applied to:			
Claims and other insurance service expenses	3	212,267	187,753
Other operating payments		477	241
Total cash flows from operations		(794)	(12,527)
Cash flows from investing activities			
Cash was provided from:			
Proceeds from sale of investments	8	15,500	14,500
Proceeds from sale of assets		15	-
Proceeds from sale of associate	17	-	6,900
Loan repayment from associate	17	-	1,600
Business combination transfer	12	-	2,340
Cash was applied to:			
Loan advances to associate	17	-	800
Purchase of property and equipment	9	337	225
Purchase of intangibles	10	131	453
Purchase of investments		13,000	8,500
Acquisition of associates		-	960
Total cash flows from investing		2,047	14,403
Opening cash balance as at 01 July		5,517	3,641
Net increase/ (decrease) in cash		1,253	1,876
Closing balance		6,770	5,517

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 2026

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 providing 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 Financial Markets Conduct (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 21 October 2026.

Basis of Compliance

The consolidated financial statements have been prepared in accordance with accounting standards as appropriate for Tier 1 not-for-profit public benefit entities, and comply with Generally Accepted Accounting Practice in New Zealand (NZ GAAP).

Basis of Consolidation

The consolidated financial statements comprise the Society and its subsidiaries (together referred to as the "Group") as at 30 June 2026.

Subsidiaries are entities controlled by the Society, with control existing when the Society has the power to direct the relevant activities, is exposed to, or has rights to, variable returns from its involvement, and has the ability to use its power to affect those returns. Control is generally presumed when the Society holds a majority of voting rights, although all relevant facts and circumstances are considered when ownership is less than a majority. Subsidiaries are fully consolidated from the date control is obtained until the date control ceases, with their assets, liabilities, income, and expenses included during that period. 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 8 Managed investments)
- o Revalued land and buildings (see note 9 Property, plant and equipment)
- o Actuarial quantification of insurance liabilities (see note 3 Insurance contracts)
- o Certain financial instruments (see note 14 Risk management)

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

Standards issued but not yet effective and not early adopted

Omnibus Amendments to PBE Standards

In October 2024, the External Reporting Board issued 2024 Omnibus Amendments to PBE Standards that, relevantly for UniMed, amends PBE IPSAS 1 Presentation of Financial Reports to clarify the principles for classifying a liability as current or non-current. The amendments are effective for UniMed from 1 July 2026 and are not expected to have a material effect on UniMed's financial statements.

Amendments to PBE Standards: Specific IFRIC Interpretations

In June 2026, the External Reporting Board issued Amendments to PBE Standards: Specific IFRIC Interpretations that add guidance to PBE IPSAS 10, PBE IPSAS 19 and PBE IPSAS 39. The amendments are effective for UniMed from 1 July 2027 and are not expected to have a material effect on UniMed's financial statements.

PBE Conceptual framework update

In August 2024, the External Reporting Board issued PBE Conceptual Framework Update that, relevantly for UniMed, amends the Public Benefit Entities' Conceptual Framework to update guidance on materiality, prudence, the definitions of an asset and a liability, and unit of account. The amendments are effective for UniMed from 1 July 2028 and are not expected to have a material effect on UniMed's financial statements.

Other changes in accounting policies and accounting estimates

During the year, UniMed revised the useful life of a health policy administration system following the decision to migrate policies to another system. This revision reflects the period over which the remaining economic benefits are expected to be consumed and constitutes a change in accounting estimate in accordance with PBE IPSAS 3 Accounting Policies, Changes in Accounting Estimates and Errors.

The change has been applied prospectively and resulted in an increase in amortisation expense of \$0.4m for the year ended 30 June 2026, with a corresponding decrease in surplus.

For the year ended 30 June 2027, the estimated effect of this change is to increase amortisation expense by approximately \$1.6m.

There have been no other changes to accounting policies or accounting estimates.

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 are described in the following notes:

- o Note 9 Property, plant and equipment
- o Note 10 Intangible assets
- o Note 3 Insurance contracts
- o Note 2 Solvency, capital adequacy and financial strength rating
- o Note 14 Risk management

Financial Statements

Union Medical Benefits Society Limited

Cash

Cash comprises funds held in bank accounts for short-term operational requirements.

Financial assets

Financial assets, excluding shares in subsidiaries and associates, are initially recognised at fair value and subsequently measured at fair value through surplus or deficit (FVTSD) or amortised cost, depending 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.

Foreign currency transactions

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

Goods and services tax (GST)

Changes in cash flows from GST are excluded from insurance revenue and adjusted in the Liability for Remaining Coverage (LRC) as defined in note 3.

Taxation

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

Contingent liabilities

There are no contingent liabilities at balance date (2025: none).

Comparatives

Comparative information presented at and for the year ended 30 June 2025 within these consolidated financial statements is consistent with the Society's audited consolidated financial statements for the year ended 30 June 2025, unless otherwise indicated.

2. Solvency, capital adequacy and financial strength rating

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 Reserve Bank of New Zealand (RBNZ) solvency standards that require it to maintain a positive solvency margin – meaning that its solvency capital position must exceed a prescribed capital requirement. The solvency calculations were prepared in accordance with the RBNZ's Interim Solvency Standard Second Amendment (ISS2), published 12 December 2024 and effective from 1 March 2025. The Society complied with all externally-imposed capital requirements during the year ended 30 June 2026.

The Society's policy is to maintain a strong capital base sufficient to support the Society's ongoing operations, absorb adverse events, and maintain financial strength, while avoiding the retention of excess capital that could result in higher-than-necessary premiums for Members. This policy is regularly reviewed by the Board.

Solvency	2026 \$000	2025 \$000
Solvency capital	203,735	182,826
Prescribed capital requirement	107,075	90,449
Solvency margin	96,660	92,377
Solvency ratio	190%	202%

Financial Statements

Union Medical Benefits Society Limited

Financial strength rating

On 1 October 2026, AM Best affirmed the Society's financial strength rating of A (Excellent) and long-term issuer credit rating of "a" (Excellent).

Significant accounting policies

Significant accounting policies that materially affect the measurement of financial performance and financial position are presented within the relevant disclosure notes below.

3. Insurance contracts

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 the time value of money is made in determining the liability for remaining coverage or the liability for incurred claims, as all premiums are due and all claims are expected to be settled within one year.

Insurance contracts

The Society issues health insurance contracts accounted for under PBE IFRS 17. Under the contracts, the Society assumes significant insurance risk and pays claims when covered health events occur.

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.

Insurance service expenses

Insurance service expenses arising from insurance contracts, as detailed in notes 4 and 5, are recognised in the

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consolidated statement of comprehensive income as they are incurred.

Discounting of future cashflows

i) Liability for remaining coverage

The Society 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 within 12 months from initial recognition.

ii) Liability for incurred claims (LIC)

Applying PBE IFRS 17.59(b), The Society does not discount its liability for incurred claims (LIC) for the time value of money and financial risk, as claims are expected to be paid in one year or less from the date the claims are incurred.

Level of aggregation

The Society only issues health insurance contracts, which 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 (ie, the beginning of its coverage period) or 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

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contract. The Society has determined the contract boundary for its insurance contracts to be 12 months or less.

Insurance contract liabilities

	30 June 2026				
	\$000				
	LRC		LIC		
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	Total insurance liabilities
Opening insurance contract liabilities at 1 July 2025	6,471	10,062	30,060	2,978	49,571
Changes in the statement of surplus and deficit or other comprehensive income					
Insurance revenue	(208,851)				(208,851)
Insurance service expenses					
Incurred claims and other expenses	-	(10,063)	214,248	-	204,185
Changes relating to past service	-	-	(5,979)	(1,213)	(7,192)
Losses on onerous contracts and reversals	-	13,225	-	-	13,225
Total insurance services expenses	-	3,162	208,269	(1,213)	210,219
Insurance service result	(208,851)	3,162	208,269	(1,213)	1,368
Cash flows					
Premiums received	211,482	-	-	-	211,482
Claims and other expenses paid	-	-	212,267	-	212,267
Total cash flows	211,482	-	(212,267)	-	(785)
Other insurance related non cash items *	52		(1,382)		(1,329)
Closing insurance contract liabilities at 30 June 2026	9,154	13,224	24,681	1,765	48,825
	LRC		LIC		Total insurance liabilities
Total	22,378		26,446		48,825

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	30 June 2025				
	\$000				
	LRC		LIC		
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	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)	187,734	225	178,734
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 contract liabilities at 30 June 2025	6,471	10,062	30,060	2,978	49,571
	LRC		LIC		Total insurance liabilities
Total	16,532		33,038		49,571

* This adjustment includes depreciation included within incurred claims and other expenses as a directly attributable cost.

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Valuation of insurance liabilities

The valuation of the insurance liabilities as at 30 June 2026 was performed by Anagha Pasche, a Finity Consulting actuary. Anagha Pasche is a Fellow of the New Zealand Society of Actuaries and the Society's appointed actuary.

Liability for incurred claims (LIC)

The liability for incurred claims represents the 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 a triangulation analysis of historical paid claims by development month. Historic payment patterns are analysed and used to estimate future claim development patterns by month.

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:

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

Loss component on onerous contracts (LC)

The Society determines the LC for all its insurance contracts applying the PAA. Onerous contracts are identified at a portfolio segment level and there are 13 portfolio segments (2025: 14). If relevant facts and circumstances indicate that a group of insurance contracts is onerous, the Society 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 applied at 30 June 2026 was 10% of future claims and expenses (30 June 2025: 10.5%).

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Key assumptions	2026	2025
Liability for incurred claims		
Payment per member factors	Based on paid claims per member by development month, adjusted for seasonality and inflation	Based on paid claims per member by development month, adjusted for seasonality and inflation
Claims handling costs, as a percentage of claims	6.5%	6.5%
Risk adjustment	8.6%	11.2%
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	10.0%	10.8%
Cancellation rates	Based on cancellation experience over the past year	Based on cancellation experience over the past year

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

The decrease in the FY26 risk adjustment percentages compared to FY25 reflects a reassessment of the uncertainty associated with future claims settlement outcomes, driven by macroeconomic factors, such as reduced volatility in health insurance claims experience; and changes in underlying assumptions, including a lower assessment of model and parameter uncertainty.

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.

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4. Insurance service expense	Note	2026 \$000	2025 \$000
Claims and benefits incurred		(179,406)	(159,167)
Changes to liabilities for incurred claims		7,192	(10,922)
Losses on onerous contracts and reversals		(3,163)	(836)
Directly attributable expenses	5	(34,842)	(28,792)
Insurance service expenses		(210,219)	(199,717)

Directly attributable expenses comprise costs incurred in acquiring, servicing and administering insurance contracts and in handling and settling claims. These expenses include policy administration and maintenance costs and an allocation of directly attributable overheads.

5. Total operating expenses	Note	2026 \$000	2025 \$000
People related		13,927	12,359
Selling and commission		7,990	6,426
Technology and projects		6,478	4,294
Administration & general		2,537	2,756
Marketing		1,704	1,559
Depreciation and amortisation		1,381	913
Directors' fees		485	379
Audit fees	6	226	235
		34,728	28,922
Building operating expenses:			
Rates and operating expenses		304	239
Building depreciation		200	200
Operating expenses recovered		(71)	(125)
Total building operating expenses		433	314
Total operating expenses		35,161	29,236
Operating expenses split :			
Directly attributable expenses	4	34,842	28,792
Non attributable expenses		319	444
Total operating expenses		35,161	29,236

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6. Audit fees

	2026 \$000	2025 \$000
Auditor remuneration and other fees paid to EY		
Audit of financial statements	217	226
Audit or review related services		
Assurance on annual solvency return	9	9
Total fees for services provided by EY	226	235

7. 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. Income from financial assets measured at fair value through surplus or deficit (FVTSD) comprises distributions from managed funds, together with realised and unrealised fair value gains and losses, which are recognised in the consolidated statement of comprehensive income as they arise.

Net investment surplus	2026 \$000	2025 \$000
Distributions from managed funds at fair value through surplus or deficit	4,800	5,849
Fair value gains/(losses) on managed funds	(185)	5,194
Effective interest income from financial assets measured at amortised cost	103	114
Interest received from +IMPAC loan	-	63
Portfolio management fees	(373)	(322)
Net investment surplus	4,344	10,898

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8. Managed investments

The Society invests in a range of managed funds. Investments are initially recognised on acquisition and derecognised on maturity or sale. They are subsequently measured at fair value through surplus or deficit, with changes recognised in the consolidated statement of comprehensive income. Investments held by the Society are available on demand and have been classified as current assets. Fair value is determined as described in note 14.

Asset allocations	2026 \$000	2025 \$000
Cash	43,939	56,453
Fixed interest	92,210	73,065
International equities	20,501	25,020
Total investments	156,650	154,538

During the year, the Society introduced new managers to its investment portfolio. A portion of investments managed by the previous manager were realised and proceeds invested with new managers. These transfers were settled directly between investment managers and did not involve any cash or cash equivalents of the Society. Accordingly, the transactions have not been presented in the statement of cash flows.

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9. Property, plant and equipment

Property, plant and equipment is initially measured at cost. As well as the purchase price, cost includes directly attributable costs. There has been no changes in accounting policy from the prior financial year.

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.

Assets' useful lives and depreciation 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.

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2026	Freehold land \$000	Buildings \$000	Fixtures fittings & equipment \$000	Motor vehicles \$000	Work in progress \$000	Total \$000
Cost or Fair Value	4,300	10,050	2,688	84	25	17,146
Accumulated depreciation	-	(200)	(1,869)	(71)	-	(2,141)
Closing book value	4,300	9,850	819	13	25	15,005

Opening net book value	4,300	10,050	690	23	26	15,090
Additions	-	-	195	-	142	337
Transfers from WIP	-	-	142	-	(142)	-
Disposals	-	-	(55)	(28)	-	(83)
Accumulated depreciation from disposals	-	-	47	23	-	70
Fair value gain/(loss) recognised in other comprehensive income	-	-	-	-	-	-
Write downs	-	-	-	-	(2)	(2)
Depreciation	-	(200)	(200)	(5)	-	(406)
Closing book value	4,300	9,850	819	13	25	15,005

2025	Freehold land \$000	Buildings \$000	Fixtures fittings & equipment \$000	Motor vehicles \$000	Work in progress \$000	Total \$000
Cost or Fair Value	4,300	10,050	2,407	111	26	16,868
Accumulated depreciation	-	(0)	(1,716)	(89)	-	(1,805)
Closing book value	4,300	10,050	690	23	26	15,063

Opening net book value	4,150	10,000	663	30	-	14,843
Additions	-	-	199	-	26	225
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

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Land and buildings valuation

Land and buildings were last valued as at 30 June 2025 by FordBaker Valuation Limited, an independent professional valuer, using valuation techniques appropriate to the circumstances. No valuation was performed in the current year as the carrying amount reflects fair value.

The valuation techniques and significant unobservable inputs used in determining the fair value of land and buildings, as well as the inter-relationship between key unobservable inputs and fair value, are set out in the table below. Land and buildings are measured using the revaluation model and are independently valued at least every two years.

Valuation technique used	Discounted cashflow approach supported by the Market income capitalisation and Initial(passing) capitalisation methods
Significant unobservable inputs	7.5% sales evidence discount rate
	7.00% terminal yield / capitalisation rate
	Income Growth: Office Central and Retail Market Growth (Net): 0.5% to 2% range over the next 10 years
Interrelationship between key unobservable inputs and fair value	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.

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 (2025: \$1,869,095)
- ii) Buildings - cost \$9,141,742 and NBV \$6,838,180 (2025: cost \$9,141,742 and NBV \$7,038,509)

10. 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.

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Internally generated intangible assets (development costs)

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

- o 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) controlled by UniMed ie, 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 at 30 June 2026 are as follows:

Intangible asset	Useful economic life
Acquired through business combination:	
Health policy administration system*	Less than 12 months
Internally generated/acquired:	
Software	7 years

* In 2026, UniMed revised the useful life of a health policy administration system following the decision to migrate policies to another system. This revision is accounted for prospectively as a change in accounting estimate. All other intangible assets have useful lives of seven years.

	2026 \$000	2027 \$000
Amortisation using original estimate	512	512
Amortisation using updated useful life	927	2,100
Impact to Statement of comprehensive income	415	1,588

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2026	Software \$000	Work-in-progress \$000	Total \$000
Opening cost at 1 July	7,440	450	7,890
Additions	-	131	131
Transfers from work-in-progress	308	(308)	-
Costs written off	-	(253)	(253)
	7,748	20	7,768
Opening accumulated amortisation & impairment	3,020	-	3,020
Amortisation for the year	1,175	-	1,175
	4,195	-	4,195
Closing carrying amount at 30 June	3,553	20	3,573

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

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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11. 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 service 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. Impairment losses are reversed if the circumstances giving rise to them no longer apply, to the extent permitted by PBE IPSAS 21.

12. Investment 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 in the consolidated financial statements. 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.

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. 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 41. 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.

Consideration transferred

As per the transfer agreement, the purchase consideration for the Accuro transfer was nil. No consideration was transferred from 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). Post settlement of transfer and upon finalisation, 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 in FY25.

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13. Operating leases

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. Rental income from operating leases where the Society is lessor is recognised on a straight-line basis over the lease term.

Lease commitments

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:

	2026 \$000	2025 \$000
Less than one year	303	294
Between one and five years	261	548
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:

	2026 \$000	2025 \$000
Less than one year	162	193
Between one and five years	485	499
More than five years		-

Capital commitments

There are no capital commitments as at 30 June 2026 (2025: \$0)

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14. Risk management

The Society 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 outlines the strategies, policies and procedures adopted to identify and manage risk at the society 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 - where claims cost vary from what was assumed when premium rates were set.

Risk management objectives, policies and processes for mitigating insurance risk

The primary objective in managing this 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 this risk include:

- o Underwriting procedures and processes which evaluate new risks and offer terms that do not endanger the portfolio.
- o Claims management procedures to ensure the payment of claims is in accordance with policy conditions.
- o Pricing strategy adopted by the board together with procedures support pricing based on underlying risk
- o Regular monitoring of financial and operating results and 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 3.

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 linear.

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Group portfolio sensitivities		2026	
Variable	Movement	Impact on net assets / operating surplus	
		Increase \$000	Decrease \$000
Liability for incurred claims			
Payment per member factors	10.0%	(2,226)	2,226
Claims handling cost	2.5%	(524)	524
Risk adjustment	5.0%	(1,028)	1,028
Loss component			
Claims ratio	5.0%	(4,005)	3,996
Expense ratio	2.5%	(1,820)	1,820
Risk adjustment	5.0%	(3,243)	3,243
Cancellation rate	5.0%	(4,272)	4,272
Group portfolio sensitivities		2025	
Variable	Movement	Impact on net assets / operating surplus	
		Increase \$000	Decrease \$000
Liability for incurred claims			
Payment per member factors	10.0%	(2,966)	2,966
Claims handling cost	2.5%	(700)	700
Risk adjustment	5.0%	(1,327)	1,327
Loss component			
Claims ratio	5.0%	(3,140)	3,140
Expense ratio	2.5%	(1,401)	1,401
Risk adjustment	5.0%	(2,604)	2,604

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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 contract 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.

	2026	2025
	Up to 1 year \$000	Up to 1 year \$000
LIC	24,681	30,060
LIC risk adjustment	1,765	2,978
Total insurance liabilities	26,446	33,038

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.

	2026	2025
	0-6 months \$000	0-6 months \$000
<i>Financial assets</i>		
Cash and cash equivalents	6,770	5,517
Other receivables	871	61
Investments	156,650	154,538
Total financial assets	164,291	160,116
<i>Financial liabilities</i>		
Other payables	78	122
Total financial liabilities	78	122

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

Financial liabilities are all short term or payable on demand. Investments can be liquidated at short notice.

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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:

2026	Fair value through surplus and deficit \$000	Amortised cost \$000
Cash and cash equivalents	-	6,770
Other receivables	-	871
Investments	156,650	-
Total financial assets	156,650	7,641

Other payables	-	78
Total financial liabilities	-	78

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

Fair value of financial instruments

Financial instruments carried at fair value in the financial statements are categorised within the fair value hierarchy described as 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.

Managed investments comprise units in unlisted managed funds and are measured using the redemption price (exit price) provided by the external fund manager. The redemption price represents the net asset value per unit available to the Society on redemption. Management assessed whether the price represented fair value at 30 June 2026 by considering the valuation date and frequency, the fund's redemption terms and any restrictions, the liquidity of the underlying investments, and significant market movements or other events between the valuation time and reporting date. The price was current at the reporting date and management identified no circumstances requiring an adjustment; accordingly, no adjustment was made.

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The investments are classified as Level 2 because the valuation technique uses the unadjusted redemption price and, based on information obtained from the fund manager, the net asset value is derived principally from quoted market prices or other observable market inputs for the underlying investments. Management also considered whether stale pricing, illiquidity, redemption restrictions, significant unobservable inputs or adjustments to net asset value were present. None were identified as significant. If significant unobservable inputs or adjustments were required, the investment would be classified as Level 3.

There were no transfers between categories during the year.

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 that are exposed to price risk.

The Society has no significant concentration of price risk.

The Society is exposed to price risk arising from its investment portfolio 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 investments held at the reporting date would, all other variables held constant will result in the impact as shown below:

	2026		2025	
	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	7,832	7,832	7,727	7,727
5% decrease	(7,832)	(7,832)	(7,727)	(7,727)

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.

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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 the Society'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 the Society's and our key stakeholders from relevant and plausible insurable threats. Policy coverage is reviewed annually.

Credit risk

Credit risk is the potential risk of loss arising from the failure of a debtor or counterparty to meet contractual obligations.

In the normal course of its business the Society is exposed to credit risk from its health insurance and investments in financial assets.

The Society maintains policies which are used to manage the exposure to premiums related credit risk. Limits on counterparty exposures have been set and are monitored on an ongoing basis.

The credit quality of investment counterparties is assessed based on published credit ratings issued by globally recognized rating agencies. The credit quality of investment counterparties is as follows:

	2026 \$000	2025 \$000
Cash and Short term bank deposits		
Global Rating AA- (weighted average)	41,862	56,817
Financial assets at fair value through surplus or deficit		
Global Rating AA (weighted average)		72,454
Global Rating A+ (weighted average)	93,276	
Not rated	21,513	25,267
Total	156,650	154,538

15. Key management personnel compensation

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

	2026		2025	
	Number	\$000	Number	\$000
Salaries and short term benefits	6	2,195	6	2,348
Director fees	8	485	10	379

Directors represent UniMed Directors and UniMed-appointed Directors of UniMed subsidiaries. The increase in fees paid reflects the resolution passed at the Society's November 2025 Annual General Meeting.

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

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Union Medical Benefits Society Limited

16. Group entities

Subsidiaries	Country of Incorporation	Interest %	
		2026	2025
UniMed Wellness Limited (2025: Helix Wellness Limited)	New Zealand	100	100
Helix Safety Limited	New Zealand	-	100
Helix Health Limited	New Zealand	-	100
Helix Solutions Limited	New Zealand	-	100
Associates			
3 Big Things Limited (3BT)	New Zealand	51	51

During FY26 Helix Wellness Limited has changed its name to UniMed Wellness Limited.

The other three entities were non-trading in the current year and have been de-registered resulting in UniMed having no interest in these entities as at 30 June 2026. Although the Society holds a 51% interest in 3 Big Things Limited, it does not control the entity as decisions over the relevant activities require a 75% majority of the Board. The investment is therefore accounted for as an associate using the equity method (refer Note 12).

17. Related party transactions

	2026 \$000	2025 \$000
Loan advance to +IMPAC	-	800
Repayment of loan by +IMPAC	-	1,600
Interest received on loan	-	(63)
Services provided by 3BT to UniMed	8	27
Services provided by UniMed to 3BT	25	6

During the year, 3BT provided counselling and training services to UniMed, while UniMed provided IT and marketing support services to 3BT.

+IMPAC was an associate of UniMed until UniMed disposed of its +IMPAC shareholding on 27 June 2025. UniMed had a loan receivable from +IMPAC of \$2.4m, of which \$0.8m was advanced during the year ended 30 June 2025. The outstanding balance was repaid in full on disposal of UniMed's shareholding.

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Union Medical Benefits Society Limited

18. Reconciliation of surplus/(deficit) to net cash flows from operating activities

Cash flow reconciliation	Note	2026 \$000	2025 \$000
Operating (loss) surplus		2,874	(11,098)
add/(less) non cash items:			
Net (gains)/losses on investments at fair value through surplus or deficit	7	(4,615)	(11,043)
Amortisation of intangibles	10	1,175	734
Depreciation	9	406	379
(Gain)/loss on sale of assets		(3)	-
Write off of PPE/intangibles WIP	9, 10	255	455
Share of (profit)/loss from associates	12	148	750
Write down of tenant trust accrued interest		4	-
add/(less) items classified as investing activities:			
Gain on transfer		-	(2,340)
Gain on sale of associate		-	(745)
		244	(22,908)
add/(less) movements in working capital:			
Increase/(decrease) in other payables		(44)	121
Increase/(decrease) in employee benefits		55	(14)
(Increase)/decrease in other receivable		16	49
(Increase)/decrease in prepayments		(320)	(157)
Increase/(decrease) in insurance contract liabilities		(746)	10,383
Total movements in working capital		(1,039)	10,381
Net cash flows from operating activities		(794)	(12,527)

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19. Events after reporting period

There have been no significant events between the reporting date of 30 June 2026 and the date these consolidated financial statements were authorised for issue on 21 October 2026.

20. Going concern

The consolidated financial statements have been prepared on a going concern basis. The Board has assessed the ability of the Group to continue as a going concern and is satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future. In making this assessment, the Board has considered the Group's current and forecast financial performance, consolidated cash flow forecasts, funding arrangements, its strong capital and solvency position (refer Note 2) and the ongoing viability of the Group's principal activities and subsidiaries. The Board has not identified any material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern. Accordingly, the Board considers it appropriate to prepare the consolidated financial statements on a going concern basis.

Company Directory

As at 30 June 2026

Nature of business

Health insurance
Commercial property ownership

Registered Office

165 Gloucester Street
Christchurch 8011

Incorporation

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

Auditor

Ernst & Young
40 Bowen Street,
Wellington 6011

Appointed Actuary

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

Board

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



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.

UniMed

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