

DPG Services Pty Limited

ABN 38 090 007 999

NAPS Provider ID 3061

Annual Financial Report

For the year ended 31 December 2024

DPG Services Pty Limited
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For the year ended 31 December 2024

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DPG Services Pty Limited
Directors' Report
For the year ended 31 December 2024

The directors present their report together with the financial report of DPG Services Pty Limited (the Company) and its subsidiaries (the Group) for the year ended 31 December 2024.

Directors

The names of the directors of the Company in office at any time during the year or since 31 December 2024 are:

Professor Peter Shergold
Dr Victoria Atkinson
Simon Ellis
John Edward Lucey (Alternate Director for Simon Ellis)

The directors have been in office from the start of the year to the date of this report unless otherwise noted.

Nature of Operations and Principal Activities

The principal activity of the entities within the Group during the year was the provision of care and accommodation to eligible individuals in residential aged care.

There has been no significant change in the nature of the activities for the Group during the year.

Review of Operating Results

The Group reported net profit after tax of \$15.1 million (2023: \$32.3 million loss after tax).

In September 2021 the Commonwealth Government announced that bed licences would be abolished, effective 30 June 2024. As a result, bed licences have a finite life and are amortised straight line over the period commencing 1 October 2021 and ending 30 June 2024. The Group has fully amortised the value of its bed licences as at 30 June 2024. The after-tax impact from bed licence amortisation in 2024 was \$16.7 million (2023: \$33.4 million). The legislation to abolish bed licences was delayed and will now take effect on 30 June 2025.

On 1 February 2024, the Group acquired the operations of Bethania Parklands Care Community. On 1 May 2024, the Group acquired the operation of Gawler Hillside Care Community. On 30 June the Opal Healthcare Group acquired all the shares in the Blue Cross Group. The 3 approved provider operations in the Blue Cross Group were transferred to the Company on 1 July 2024. The land and building of all these Care Communities were retained or acquired by a related entity of the Company.

Significant Events After the balance date

The following material events occurred subsequent to 31 December 2024:

- The Group has acquired the operations of Cranbrook Care which completed on 3 March 2025, comprising 5 residential care communities. The land and building of all these Care Communities were acquired by a related entity of the Company.

Likely Developments

The Group is expected to commission 3 new Care Communities in the near future, which is currently under construction in Carlingford NSW, Epping NSW and in Croydon VIC.

DPG Services Pty Limited
Directors' Report
For the year ended 31 December 2024

Insurance of Officers

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

Indemnification of Auditors

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

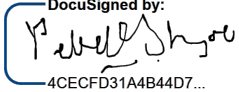
Rounding

The amounts contained in this report and in the financial report have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the Company under *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*. The Company is an entity to which the Class Order applies.

Auditor Independence

A copy of the auditor's independence declaration is set out on page 4.

Signed in accordance with a resolution of the directors:

DocuSigned by:

4CECFD31A4B44D7...
Professor Peter Shergold
Director

Sydney NSW
9 April 2025



**Shape the future
with confidence**

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Auditor's independence declaration to the directors of DPG Services Pty Ltd

As lead auditor for the audit of the financial report of DPG Services Pty Ltd for the financial year ended 31 December 2024, I declare to the best of my knowledge and belief, there have been:

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

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

A stylized, handwritten signature of Ernst & Young in black ink.

Ernst & Young

A handwritten signature of Anton Ivanyi in black ink.

Anton Ivanyi
Partner
Sydney
9 April 2025

DPG Services Pty Limited
Consolidated Statement of Comprehensive Income
For the year ended 31 December 2024

	Notes	2024 \$'000	2023 \$'000
Continuing operations			
Government fees and subsidies		1,283,279	852,040
Resident fees		279,706	202,879
Imputed revenue on RAD and Bond balances	19(c)	225,301	137,946
Other revenue		118,382	86,841
Total revenue	5(a)	1,906,668	1,279,706
Employee related expenses		(1,203,961)	(810,420)
Residents' food and supplies		(89,853)	(65,861)
Utilities and insurance		(30,490)	(23,572)
Repairs, maintenance and replacements		(67,185)	(45,949)
Recharge of plant and equipment usage		(1,505)	(1,611)
Administrative expenses		(38,845)	(28,563)
Depreciation and amortisation		(118,930)	(91,696)
Amortisation of bed licences		(23,698)	(47,396)
Finance costs	6(a)	(8,419)	(6,422)
Interest expense – lease liabilities		(62,384)	(48,601)
Imputed interest cost on RAD and Bond balances	19(c)	(225,301)	(137,946)
Other costs	6(b)	-	(70)
Loss before income tax		36,097	(28,401)
Income tax (expense)	7(a)	(21,004)	(3,884)
Net profit/(loss) for the year		15,093	(32,285)
Other comprehensive income		-	-
Total comprehensive income/(loss) for the year		15,093	(32,285)

The accompanying notes form part of these consolidated financial statements

DPG Services Pty Limited
Consolidated Statement of Financial Position
For the year ended 31 December 2024

	Notes	2024 \$'000	2023 \$'000
Current assets			
Cash and cash equivalents	8	407,455	64,406
Trade and other receivables	9(a)	1,040,849	232,940
Inventories	10	2,475	2,633
Prepayments		20,130	11,069
Total current assets		1,470,909	311,048
Non-current assets			
Trade and other receivables	9(b)	1,273	1,782
Non-interest bearing receivables	22(b)	780,294	-
Interest bearing receivables	11	1,030,993	1,397,195
Deferred tax assets	7(c)	75,698	45,323
Property, plant and equipment	12	308,129	225,049
Intangible assets	13	458,110	462,747
Right-of-use assets	19(a)	1,186,707	932,114
Total non-current assets		3,841,204	3,064,210
Total assets		5,312,113	3,375,258
Current liabilities			
Revenue received in advance		122,183	75,761
Trade and other payables	14	303,259	218,406
Refundable accommodation deposits and bonds	16	3,353,619	2,044,132
Interest bearing loans and borrowings	15(a)	324	324
Lease liabilities	19(b)	129,600	96,376
Provisions	18(a)	3,980	2,224
Employee benefits obligation	17(a)	162,659	102,551
Total current liabilities		4,075,624	2,539,774
Non-current liabilities			
Interest bearing loans and borrowings	15(b)	4,046	4,298
Lease liabilities	19(b)	1,168,753	931,536
Provisions	18(b)	10,234	7,295
Employee benefits obligation	17(b)	14,873	9,265
Total non-current liabilities		1,197,906	952,394
Total liabilities		5,273,530	3,492,168
Net (liabilities)/ assets		38,583	(116,910)
Equity			
Issued capital	20(a)	179,299	29,299
General reserves	20(b)	-	(1,664)
Accumulated losses		(140,716)	(144,545)
(Net deficiency)/Total equity		38,583	(116,910)

DPG Services Pty Limited
Consolidated Statement of Changes in Equity
For the year ended 31 December 2024

	Issued capital	General reserves	Accumulated losses	Total equity
	\$'000	\$'000	\$'000	\$'000
At 1 January 2023	29,299	(1,664)	(112,260)	(84,625)
Total comprehensive loss for the year	-	-	(32,285)	(32,285)
At 31 December 2023	29,299	(1,664)	(144,545)	(116,910)
At 1 January 2024	29,299	(1,664)	(144,545)	(116,910)
Total comprehensive gain for the year	-	-	15,093	15,093
Shares issued	150,000	-	-	150,000
Transfer to Accumulated Losses	-	1,664	(1,664)	-
Dividends paid	-	-	(9,600)	(9,600)
At 31 December 2024	179,299	-	(140,716)	38,583

The accompanying notes form part of these consolidated financial statements

DPG Services Pty Limited
Consolidated Statement of Cash Flows
For the year ended 31 December 2024

	Notes	2024 \$'000	2023 \$'000
Cash flows from operating activities			
Receipts from customers		1,678,821	1,123,025
Payments to suppliers and employees		(1,442,683)	(951,135)
Interest received		27,671	6,988
Interest paid		(6,814)	(5,911)
Interest paid on lease liabilities		(62,384)	(48,601)
Net cash from operating activities		194,611	124,366
Cash flows from investing activities			
Purchase of property, plant and equipment		(83,093)	(70,755)
Purchase of intangibles		(954)	(719)
Cash paid for business acquisition	26	(12,920)	(11,498)
Net cash used in investing activities		(96,967)	(82,972)
Cash flows from financing activities			
Accommodation bonds/RADs received		1,170,337	836,670
Accommodation bonds/RADs refunded		(678,043)	(491,739)
Loans to related parties		(811,201)	(344,013)
Repayment of loans from related parties		628,900	12,000
Payment of principal portion of lease liabilities		(54,664)	(43,661)
Repayment of loan from external party		(324)	(324)
Dividends paid to owners of the company		(9,600)	-
Net cash used in financing activities		245,405	(31,067)
Net (decrease)/increase in cash and cash equivalents		343,049	10,327
Cash and cash equivalents at beginning of the year		64,406	54,079
Cash and cash equivalents at the end of the year	8	407,455	64,406

The accompanying notes form part of these consolidated financial statements

DPG Services Pty Limited
Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

1. Corporate information

The consolidated financial statements of DPG Services Pty Limited (the Company) and its subsidiaries (the Group) for the year ended 31 December 2024 (the year) were authorised for issue in accordance with a resolution of directors on 9 April 2025.

The Company is a company limited by shares that is incorporated and domiciled in Australia and operates in the residential aged care industry. The nature of the operations and principal activities of the Group are described in the Directors' Report.

The registered office and principal place of business of DPG Services Pty Limited is as follows:

DPG Services Pty Limited
Level 11, 420 George Street
Sydney NSW 2000

2. Statement of Significant Accounting Policies

(a) Basis of preparation

The general-purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. DPG Services Pty Ltd is a for-profit entity for the purpose of preparing the financial statements.

The consolidated financial statements for the Group have been prepared in accordance with Australian Accounting Standards – Simplified Disclosures as issued by the Australian Accounting Standards Board (AASB).

The financial statements have been prepared on a historical cost basis.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated, as provided in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Company is an entity to which this legislative instrument applies.

(b) Working capital deficiency

The Group's current liabilities exceeded current assets by \$2,605 million as at 31 December 2024 (31 December 2023: \$2,229 million). Notwithstanding the working capital deficiency, the consolidated financial statements have been prepared on a going concern basis as the deficiency is mainly the result of the current classification of the liability for refundable accommodation deposits (RADs) of \$3,354 million (31 December 2023: \$2,044 million) which does not affect the Group's ability to continue to pay its debts as and when they fall due. In addition, the cash outflows resulting from the settlement of an accommodation bond or RAD liability to departing residents usually results in cash inflows of a greater value from new incoming residents. \$425 million funding is available via the Syndicated Funding Agreement for working capital purposes for which the Group is a party to the Agreement.

DPG Services Pty Limited
Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

2. Statement of Significant Accounting Policies (cont'd)

(c) New accounting standards and interpretations

Change in accounting policy, disclosures, standards and interpretations

New and amended standards and interpretations

Several amendments and interpretations apply for the first time in the period beginning on or after 1 January 2024, but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

(d) Basis of consolidation

The consolidated financial statements comprise the financial statements of DPG Services Pty Limited and its controlled entities as at 31 December 2024.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee, as outlined in note 22(b). The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a group controls another entity.

The financial statements of the controlled entities are prepared for the same reporting period as the parent company, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profits and losses resulting from intra-group transactions have been eliminated in full.

Controlled entities are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group. Investments in controlled entities held by DPG Services Pty Limited are accounted for at cost.

If the Group lose control over a subsidiary, they derecognise the related assets (including goodwill), liabilities, non-controlling interest, and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

The acquisition of controlled entities is accounted for using the acquisition method of accounting. The acquisition method of accounting involves allocating the cost of the business combination to the fair value of the assets acquired and the liabilities and contingent liabilities assumed at the date of acquisition.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income, and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

DPG Services Pty Limited
Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

2. Statement of Significant Accounting Policies (cont'd)

(d) Basis of consolidation (cont'd)

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

(e) Business combinations

The acquisition method of accounting is used to account for all business combinations regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued, or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the combination. Where equity instruments are issued in a business combination, the fair value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value, and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs relating to business combinations are expensed.

Except for non-current assets or disposal groups classified as held for sale (which are measured at fair value less costs to sell), all identifiable assets acquired, and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of the business combination over the net fair value of the Company's share of the identifiable net assets acquired is recognised as goodwill. If the cost of acquisition is less than the Company's share of the net fair value of the identifiable net assets of the subsidiary, the difference is recognised as a gain in the statement of comprehensive income, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of the consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

DPG Services Pty Limited
Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

2. Statement of Significant Accounting Policies (cont'd)

(f) Foreign currency translation

Functional and presentation currency

Both the functional and presentation currencies of DPG Services Pty Limited and its subsidiaries are Australian dollars (\$).

Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

(g) Cash and cash equivalents

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

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

(h) Financial Assets

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Initial recognition and measurement

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in the profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

DPG Services Pty Limited
Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

2. Statement of Significant Accounting Policies (cont'd)

(h) Financial Assets (cont'd)

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified, or impaired.

The Group's financial assets at amortised cost includes trade receivables and loan to related parties.

The Group has no financial assets at fair value through OCI (debt instruments), financial assets designated at fair value through OCI (equity instruments) or financial assets at fair value through profit or loss.

De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired or,
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

DPG Services Pty Limited
Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

2. Statement of Significant Accounting Policies (cont'd)

(h) Financial Assets (cont'd)

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The collectability of trade receivables is reviewed on an ongoing basis. Individual debts that are known to be uncollectible are written off when identified. An impairment provision is recognised when there is objective evidence that the Group will not be able to collect the receivable. Financial difficulties of the debtor, default payments or debts more than 60 days overdue are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate.

(i) Deferred management fees

A receivable is recorded in respect of management fees charged in accordance with the terms of a Deed of Management to a resident occupying Assisted Living Apartment (ALA) where the resident holds an ALA Resident Lease. The management fee amount is calculated based on the pro rata number of days from admission to reporting date and will be settled on termination of the Deed of Management. Deferred management fees are not settled in cash until such time as the resident departs, accordingly a deferred management fee receivable is recognised on the statement of financial position calculated as above as the amount owed to the Group.

In accordance with the Deed of Management, the Group has a legally enforceable right to set off the deferred management fee receivable against the amount refundable to the outgoing resident when the lease is surrendered and a new lease entered into with an incoming resident. In practice the settlement of the asset and surrender and issue of the new lease occur simultaneously.

(j) Inventories

Inventories are comprised of finished goods valued at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

(k) Other financial assets - investments

Investment in subsidiaries

Investments in subsidiaries are recorded at cost less any impairment in the investment value.

DPG Services Pty Limited
Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

2. Statement of Significant Accounting Policies (cont'd)

(l) Property, plant and equipment

Construction in progress is stated at cost, net of accumulated impairment losses, if any. Plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful life of the specific assets. The estimated useful lives range from 5 to 30 years for plant and equipment. Leasehold improvements are depreciated over 10 years. Buildings are depreciated over 40 to 60 years.

The assets' residual values, useful lives and amortisation methods are reviewed and adjusted, if appropriate, at each period end.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

(m) Leases

The Groups assess at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. For new leases commencing after the 1 January 2019 transition date, the estimated make good costs are included in the lessee's right-of-use asset when the lessee incurs an obligation for those costs. If the make good costs are related to leasehold improvements, they will continue to be capitalised as part of leasehold improvements rather than right-of-use assets. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

DPG Services Pty Limited
Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

2. Statement of Significant Accounting Policies (cont'd)

(m) Leases (cont'd)

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

iii) Short-term leases and leases of low-value assets

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

iv) Make-good provisions

Provision for make good obligation is recognised when a present obligation as a result of past events exists. It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made. Where a lease agreement contains a make good clause (e.g. the lessee needs to return the asset in its original state prior to fit out to the lessor at the end of the lease term), the lessee recognises a provision under AASB 137, and measures its present value based on a best estimate.

Group as a lessor

In Residential Aged Care, Permanent residents with means may choose to pay Refundable Accommodation Deposits. Under AASB 16, this arrangement to pay a RAD to occupy a specified bed, without substantive "substitution rights" are now deemed to contain a lease. Hence, income is recognised where a resident chooses to pay a RAD in exchange of the provision of accommodation.

DPG Services Pty Limited
Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

2. Statement of Significant Accounting Policies (cont'd)

(n) Impairment of non-financial assets other than goodwill

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

The Company conducts an annual internal review of asset values, which is used as a source of information to assess for any indicators of impairment. External factors, such as changes in legislation, demographics, and economic conditions, are also monitored to assess for indicators of impairment. If any such indication exists, an estimate of the asset's recoverable amount is calculated.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Non-financial assets other than goodwill that suffered impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

(o) Intangibles

(i) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Currently the only cash-generating unit of the Group to which the goodwill is allocated is a residential aged care service and assisted living apartments.

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units), to which the goodwill relates. Goodwill and operational places are allocated entirely to the Aged Care operating segment for the purposes of impairment testing because it is this CGU that is expected to benefit from these assets. The Company performs its impairment testing as at the reporting date each year using a value in use, discounted cash flow methodology for the above cash generating unit to which goodwill has been allocated.

DPG Services Pty Limited
Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

2. Statement of Significant Accounting Policies (cont'd)

(o) Intangibles (cont'd)

(i) Goodwill (cont'd)

When the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. When goodwill forms part of a cash-generating unit (group of cash-generating units) and an operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this manner is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained. Impairment losses recognised for goodwill are not subsequently reversed.

(ii) Software

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets where the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use
- management intends to complete the software and use or sell it
- there is an ability to use or sell the software
- it can be demonstrated how the software will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

(iii) Bed licences

Bed licences have been granted by the relevant government agency. In the May 2021 Federal Budget, the Australian Govt announced its intention to cease the Aged Care Approvals Round (ACAR) process and remove bed licenses by 1 July 2024. In September 2021, the Department of Health released a discussion paper Improving Choice in Residential Aged Care – ACAR Discontinuation. The focus of consultation is on the transition to the new arrangements and their implementation; the focus is not on whether the bed licences will be discontinued.

ASIC has provided guidance on what providers should consider such as amortisation or impairment of bed licences. The Group started amortising bed licences over a period of 33 months, effective from 1 October 2021. The Group has fully amortised the value of bed licences as at 30 June 2024.

DPG Services Pty Limited
Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

2. Statement of Significant Accounting Policies (cont'd)

(o) Intangibles (cont'd)

(iv) Research and development

Research expenditure and development expenditure that do not meet the criteria in (iii) above are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

(v) Intangible assets' initial recognition and amortisation

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

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted prospectively by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level consistent with the methodology outlined in note 2(o)(i). Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed at each reporting period to determine whether indefinite life assessment continues to be supportable. If it is not, the change in the useful life assessment from indefinite to finite is treated as a change in an accounting estimate and is thus accounted for on a prospective basis.

A summary of the policies applied to the Group's acquired intangible assets is as follows:

	<i>Useful life</i>	<i>Amortisation method</i>
Bed licences	Fully amortised as of 30 June 2024	Straight Line
Computer software	4 – 5 years	Straight Line

Gains or losses arising from the derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

(p) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the Statement of Comprehensive Income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

DPG Services Pty Limited
Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

2. Statement of Significant Accounting Policies (cont'd)

(p) Income tax (cont'd)

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognised for all taxable temporary differences except:

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

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

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

Tax consolidation legislation

The Company joined the tax consolidated group on 1 January 2012.

The head entity, DAC Finance Pty Limited, and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The Group has applied the modified stand-alone approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group.

DPG Services Pty Limited
Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

2. Statement of Significant Accounting Policies (cont'd)

(p) Income tax (cont'd)

Goods and services tax (GST)

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

- When the GST incurred on a sale or purchase of assets or services is not payable to or recoverable from the taxation authority, in which case the GST is recognised as part of the revenue or the expense item or as part of the cost of acquisition of the asset, as applicable
- When receivables and payables are stated with the amount of GST included

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

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

(q) Trade and other payables

Trade and other payables are carried at amortised cost. Due to their short-term nature, they are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the period that are unpaid and arise when the Group becomes obliged to make future payments with respect to the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

(r) Refundable accommodation deposits and bonds (RADs)

RAD payables (net)

A net liability is recorded in respect of RADs received/receivable by residents who choose to pay their accommodation in a lump sum. The recorded amount represents the amount received/receivable less any retention and interest amounts due in accordance with the terms of the agreement and in compliance with the *Aged Care Act 1997 (Cth)*. The retention amount is calculated from the first day of the first month of admission to the reporting date. RADs liabilities are classified as current liabilities as the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting date. The obligation to settle could occur at any time.

(s) Resident loans

A liability is recorded in respect of loans from residents occupying an assisted living apartment under a loan licence at the reporting date. The recorded amount represents the loan received less any retention in accordance with the terms of the loan agreement in compliance with the *Retirement Village Act 1999 (NSW)*. The retention amount is calculated based on the pro rata number of days from admission to reporting date.

Notwithstanding the expected term of an occupancy is several years, the resident has the option to cancel the residency agreement at any time. As this option constitutes a demand feature, the liability is not discounted (based on the expected date of settlement) and is recognised as a current liability in the statement of financial position. Resident loans are stated net of retentions.

DPG Services Pty Limited
Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

2. Statement of Significant Accounting Policies (cont'd)

(t) Financial liabilities

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield-related are included as part of the carrying amount of the loans and borrowings.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Interest is recognised as an expense when incurred. Prepaid borrowing costs related to the subordinated loan from a related party are amortised to the consolidated statement of comprehensive income over the term of the facility.

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) are capitalised as part of the cost of that asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

DPG Services Pty Limited
Notes to the Consolidated Financial Statements
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2. Statement of Significant Accounting Policies (cont'd)

(u) Employee benefits obligation

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

When the Group expects some or all of its obligation to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any obligation is presented in the statement of comprehensive income net of any reimbursement.

Obligations are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date using a discounted cash flow methodology. The risks specific to the obligation are factored into the cash flows and, as such, a market yield at the reporting date on high quality corporate bonds with terms to maturity and currencies that match, as close as possible, the estimated future cash outflows is used as a discount rate. If the effect of the time value of money is material, obligations are discounted using current pre-tax rate that reflects the time value of money and the risks specific to the liability. The increase in the obligation resulting from the passage of time is recognised in finance costs.

Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

Long service leave

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

Long Term Incentive Plan

The Group entered into a share-based payment arrangement with members of the Leadership team. This arrangement will be cash-settled at the end of the three-year and five-year vesting period, subject to meeting performance measures, and is governed by the Opal Aged Care Long Term Incentive Plan Rules (the Plan) dated 24 February 2017. A cash-settled share-based payment transaction is accounted for by recognising the cost of the services provided as an expense to the statement of comprehensive income with a corresponding liability representing the expected cash to be paid to participants at settlement date. This cost is recognised over the vesting period. At each reporting period between grant date and settlement date, this liability will be remeasured.

Subsequently, the fair value is measured at each reporting date and the amount of the employee benefits expense is adjusted to reflect changes in fair value and the actual number of shares that are expected to vest.

When the Group issues shares to employees of controlled entities, the fair value at grant date is recognised as an increase in the investment in subsidiaries, with a corresponding increase in equity over the vesting period of the grant.

DPG Services Pty Limited
Notes to the Consolidated Financial Statements
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2. Statement of Significant Accounting Policies (cont'd)

(v) Issued Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Treasury Shares

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Groups' own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in the share-based payments reserve.

(w) Revenue

Revenue from contracts with customers

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Government fees and subsidies

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

Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised in the income statement net of expenses incurred on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

Resident fees

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

The Group has considered whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated and there are none.

Imputed Revenue on RAD and Bond Balances

Following the adoption of AASB 16, the Group has determined that when a permanent resident chooses to pay a RAD or an accommodation bond, a lease arrangement is established with the Group acting as the lessor and the resident as lessee. The accounting treatment is that a non-cash imputed revenue on RAD and Bond balances and a non-cash imputed interest cost on RAD and Bond balances are recognised, with no net impact on the result for the financial year.

DPG Services Pty Limited
Notes to the Consolidated Financial Statements
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2. Statement of Significant Accounting Policies (cont'd)

(w) Revenue (cont'd)

Interest

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

Lease premiums

A lease premium arising from the grant of 99-year lease to a resident of an assisted living apartment is recognised as revenue in the period when settlement occurs.

Retention amount for accommodation bonds

The retention amount for accommodation bonds is recognised on an accruals basis based on the number of days of residence in each period and the percentage retention allowed under the terms of the bond agreement and in compliance with the *Aged Care Act 1997 (Cth)*. Retentions are no longer charged under the Government's reforms to aged care, with effect from 1 July 2014.

Deferred management fees and deferred service fees

Management fees and service fees charged to a resident occupying an Assisted Living Apartment (ALA) where the resident holds an ALA Resident Lease are recognised on an accruals basis based on the number of days of residence during the year.

(x) Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period or,
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

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

DPG Services Pty Limited
Notes to the Consolidated Financial Statements
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3. Significant Accounting Judgments, Estimates and Assumptions

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Taxation

The Group's accounting policy for taxation requires management's judgment as to the types of arrangements considered to be a tax on income in contrast to an operating cost. Judgment is also required in assessing whether deferred tax assets and certain deferred tax liabilities are recognized on the consolidated statement of financial position. Deferred tax assets, including those arising from unrecouped tax losses, capital losses and temporary differences, are recognized only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits.

Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future increases in bed places and fee levels, operating costs, capital expenditure, dividends, and other capital management transactions.

Judgments are also required about the application of income tax legislation. These judgments and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognized on the consolidated statement of financial position and the amount of other tax losses and temporary differences not yet recognized. In such circumstances, some or all of the carrying amounts of recognized deferred tax assets and liabilities may require adjustment, resulting in a corresponding credit or charge to the consolidated statement of comprehensive income.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that future taxable profits will be available to utilise those temporary differences.

Impairment of goodwill and intangibles with indefinite useful lives

The Group determines whether goodwill and intangibles with indefinite useful lives are impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash-generating units, using a value in use discounted cash flow methodology, to which the goodwill is allocated.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level consistent with the methodology outlined in note 2(n). Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed at each reporting period to determine whether indefinite life assessment continues to be supportable. If it is not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate and is thus accounted for on a prospective basis.

Estimation of useful lives of assets

The estimation of the useful lives of assets is based on historical experience as well as manufacturers' warranties (for plant and equipment), quantity surveyors (for buildings) and turnover policies (for motor vehicles). In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

Estimation of outstanding claims under self-insurance

The provision is measured at management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period, for both (i) claims reported and (ii) claims incurred and not yet reported. The estimate is reassessed at the end of each reporting period, and may also be reassessed between reporting periods based on information obtained from the review of open claims under self-insurance.

DPG Services Pty Limited
Notes to the Consolidated Financial Statements
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3. Significant Accounting Judgments, Estimates and Assumptions (cont'd)

Share-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. The key estimate is the valuation of the shares and units. It also requires determination of the most appropriate inputs to the valuation model including fair value of the underlying securities, the expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about them. The Group initially measures the cost of cash-settled transactions with employees using a binomial model to determine the fair value of the liability incurred. For cash-settled share-based payment transactions, the liability needs to be remeasured at the end of each reporting period up to the date of settlement, with any changes in fair value recognised in profit or loss. This requires a reassessment of the estimates used at the end of each reporting period. The valuation of the share/units is undertaken at the end of the reporting period by independent consultants.

Leases - Estimating the incremental borrowing rate

Where the Groups, as lessees, cannot readily determine the interest rate implicit in a lease, it uses an Incremental Borrowing Rate ("IBR") to calculate interest expense on leases. The IBR is the interest rate that the lessee would have to pay to borrow over a similar term of each lease. The Groups estimate the IBR using market interest rates and make adjustments to align the rates to Opal's actual debt facility.

4. Segment Information

The Groups operate predominantly in one business and geographical segment being the provision of residential aged care services in Australia. The financial statements comprise both the residential aged care communities and the assisted living apartments (ALAs) operating segments, where the ALAs represent less than 0.1% of the group's total income.

5. Revenue

(a) Disaggregated revenue information

Set out below is the disaggregation of the Group's revenue:

	2024	2023
	\$'000	\$'000
<u>Contracts with Customers</u>		
Government fees and subsidies	1,283,279	852,040
Resident fees	279,706	202,879
Imputed revenue on RAD and Bond balances	225,301	137,946
	1,788,286	1,192,865
<u>Other Revenue</u>		
Interest income	44,135	37,335
Rent income	454	102
Gain on disposal of assets	64	-
Gain on lease termination	4,229	-
Other operating income	69,500	49,404
Total revenue	1,906,668	1,279,706

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5. Revenue (cont'd)

(b) Performance obligations

Information about the Groups' performance obligations are summarised as per following:

The Group has considered whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated and there are none.

Revenue Streams	Revenue Recognition Policy
Government fees and subsidies	Revenue is recognised upon delivery of the services to the residents on a daily basis at an amount that reflects a standard daily rate. The daily rate is regulated by government. Government fees and subsidies are generally received in advance at the beginning of each month. Over-payments or short-payments are adjusted in the following months.
Resident fees	Revenue is recognised upon delivery of the services to the residents on a daily basis at an amount that reflects each standard daily fee which are predominantly regulated by government. Resident fees contribution are on 30 days settlement terms, after the monthly invoices are issued to the residents.
Imputed revenue on RAD and Bond balances	A non-cash imputed revenue on RAD and Bond balances as well as an equivalent non-cash imputed interest cost on RAD and Bond balances are both recognised, with no net impact on the result for the financial year.
Other operating income	This revenue is recognised upon delivery of the services to the residents on a daily basis at an amount that reflects each standard daily service fee. This revenue is received on 30 days settlement terms, after the monthly invoices are issued to the residents.

(c) Contract balances

	Notes	2024 \$'000	2023 \$'000
Trade receivables	9(a)	33,979	21,537
Contract assets		1,273	5,635
Contract liabilities		123,585	75,761

6. Expenses

(a) Finance costs

	2024 \$'000	2023 \$'000
Issue and debt administration costs	396	971
Interest expense – accommodation bonds	8,023	5,444
Other interest expense	-	7
	<u>8,419</u>	<u>6,422</u>

(b) Other costs

	2024 \$'000	2023 \$'000
Loss on disposal of assets	-	70
	<u>-</u>	<u>70</u>

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7. Income Tax

The major components of income tax expense are:

(a) Income tax expense	2024	2023
	\$'000	\$'000
Current income tax		
Current income tax charge	38,975	37,746
Deferred tax		
Relating to origination and reversal of temporary differences	(17,971)	(33,862)
Relating to tax loss carry forward		-
Income tax expense / (credit) reported in statement of comprehensive income	21,004	3,884

(b) Reconciliation between aggregate income tax credit recognised in the statement of comprehensive income and tax expense calculated per the statutory income tax rate	2024	2023
	\$'000	\$'000
Accounting loss before tax from continuing operations	36,097	(28,401)
At the statutory income tax rate of 30%	10,829	(8,520)
Amounts not deductible for income tax	10,175	12,404
Aggregate income tax credit	21,004	3,884

Aggregate income tax expense is attributable to continuing operations.

(c) Recognised deferred tax assets and liabilities	2024	2023
	\$'000	\$'000
Deferred income tax at year end relates to the following:		
<i>Deferred tax liabilities</i>		
Deferred management fees and service fees	352	503
Intangible Assets	-	6,963
Prepayments	4,227	1,990
Accelerated depreciation for tax purposes	18,560	15,030
Other timing differences	12	325
Gross deferred tax liabilities	23,151	24,811
Set off against deferred tax assets	(23,151)	(24,811)
Net deferred tax liabilities	-	-
<i>Deferred tax assets</i>		
Leases	31,872	28,739
Accrued expenses	1,906	3,225
Allowance for impairment	716	285
Provisions – employee entitlements	58,338	35,029
Provision - self insurance	4,227	2,766
Provision for make good	36	90
Blackhole expenditure	1,754	-
Gross deferred tax assets	98,849	70,134
Set off deferred tax liabilities	(23,151)	(24,811)
Net deferred tax assets	75,698	45,323

DPG Services Pty Limited
Notes to the Consolidated Financial Statements
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7. Income Tax (cont'd)

(d) Tax losses

The Group does not have any unrecognised tax losses at the reporting date (2023: \$0).

(e) Tax consolidation

(i) Members of the tax consolidated group and the tax sharing arrangement

DAC Finance Pty Limited and its 100% owned Australian resident subsidiaries formed a tax consolidated group with effect from 29 February 2008. The members of the tax consolidated group have entered into a Tax Sharing Agreement and a Tax Funding Agreement. DAC Finance Pty Limited is the head entity of the tax consolidated group.

(ii) Tax effect accounting by members of the tax consolidated group

The head entity and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The Group has applied the stand-alone taxpayer approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group. Members of the tax consolidated group have entered into a tax funding agreement. Hence, no compensation is receivable or payable for any deferred tax asset or current tax payable/(receivable) assumed by the head entity.

8. Cash and Cash Equivalents

	2024	2023
	\$'000	\$'000
Cash at bank	407,455	64,406

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

9. Trade and Other Receivables

	Notes	2024	2023
		\$'000	\$'000
(a) Current			
Trade receivables		33,979	21,537
Allowance for expected credit losses		(2,385)	(951)
		<u>31,594</u>	<u>20,586</u>
Other receivables		131	10,473
Related party receivables	22(b)	1,009,124	201,881
		<u>1,040,849</u>	<u>232,940</u>
(b) Non-current			
Deferred management fees		1,273	1,782
		<u>1,273</u>	<u>1,782</u>

DPG Services Pty Limited
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9. Trade and Other Receivables (cont'd)

Trade receivables are non-interest bearing and are generally on 30-60 day terms and are consequently classified as current.

As a result of the FWC's decision to increase aged care workers' wages on the 1 July 2023, the Department of Health approved a grant for 50% of the leave entitlements at the higher rate. \$4.59m has been included as part of the Other receivables balance as at 31 December 2023. The Department of Health approved it and made full payment in March 2024.

10. Inventories

	2024	2023
	\$'000	\$'000
Finished goods	2,475	2,633
	<u>2,475</u>	<u>2,633</u>

Finished goods consist of linen, cutlery, crockery, nutritional supplements, and medical supplies for use in the residential care communities.

11. Interest Bearing Receivables

	Notes	2024	2023
		\$'000	\$'000
Related party receivables	22(b)	<u>1,030,993</u>	<u>1,397,195</u>

Refer to note 22(b) for terms and conditions relating to related party receivables.

12. Property, Plant and Equipment

Reconciliation of carrying amounts at the beginning and end of the period

	Notes	Land and buildings	Plant and equipment	Total
		\$'000	\$'000	\$'000
At 31 December 2023				
Cost		45,325	327,993	373,318
Accumulated depreciation		(12,672)	(135,597)	(148,269)
Net book amount		<u>32,653</u>	<u>192,396</u>	<u>225,049</u>
At 31 December 2023				
At 1 January 2024, net of accumulated depreciation		32,653	192,396	225,049
Additions		14,320	71,445	85,765
Acquisitions through business combinations	26	-	40,376	40,376
Transfer between accounts		(15,592)	15,592	-
Disposals		-	(6)	(6)
Depreciation charge for the year		(1,008)	(42,047)	(43,055)
At 31 December 2024, net of accumulated depreciation		<u>30,373</u>	<u>277,756</u>	<u>308,129</u>
At 31 December 2024				
Cost		44,053	455,400	499,453
Accumulated depreciation		(13,680)	(177,644)	(191,324)
Net book amount		<u>30,373</u>	<u>277,756</u>	<u>308,129</u>

DPG Services Pty Limited
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13. Intangible assets

	Notes	Goodwill \$'000	Bed licences \$'000	Computer software \$'000	Total \$'000
At 31 December 2023					
Cost		436,818	130,339	4,631	571,788
Accumulated amortisation and impairment		-	(106,641)	(2,400)	(109,041)
Net book amount		436,818	23,698	2,231	462,747
At 31 December 2023					
At 1 January 2024, net of accumulated amortisation		436,818	23,698	2,231	462,747
Additions		-	-	954	954
Acquisitions through business combinations	26	19,243	-	-	19,243
Amortisation charge for the year		-	(23,698)	(1,136)	(24,834)
At 31 December 2024, net of accumulated amortisation		456,061	-	2,049	458,110
At 31 December 2024					
Cost		456,061	130,339	11,451	597,851
Accumulated amortisation and impairment		-	(130,339)	(9,402)	(139,741)
Net book amount		456,061	-	2,049	458,110

14. Trade and Other Payables

	Notes	2024 \$'000	2023 \$'000
Current			
Trade payables		16,774	9,380
Resident loans payable		-	130
Accruals		92,160	63,632
Share based payment accrual		47,511	18,342
Other payables		32,852	20,304
		189,297	111,788
Related party payables:			
Amount payable to related entities	22(b)	113,962	106,618
		303,259	218,406

15. Interest bearing loans and borrowings

		2024 \$'000	2023 \$'000
(a) Current			
Zero Real Interest Loan		324	324
(b) Non-current			
Zero Real Interest Loan		4,238	4,562
Borrowing costs on loan from a related party		(192)	(264)
		4,046	4,298

Zero Real Interest Loan is a loan received from the Department of Health in respect of Geraldton Shore residential aged care service development in Western Australia. The loan interest rate is based on the prevailing Consumer Price Index. The initial loan amount was \$6.5 million with the interest due on a monthly basis. The first principal repayment commenced in February 2019. The interest and principal repayment occur monthly over 20 years. As at 31 December 2024, the total current and non-current loan balance is \$4.6 million.

DPG Services Pty Limited
Notes to the Consolidated Financial Statements
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16. Refundable accommodation deposits and bonds

	2024	2023
	\$'000	\$'000
Refundable accommodation deposits and bonds (net)	<u>3,353,619</u>	<u>2,044,132</u>

Refundable accommodation deposits and bonds are current non-interest-bearing liabilities due to be refunded to residents upon departure from residential aged care within a timeframe prescribed by the *Aged Care Act 1997* (Cth).

17. Employee benefits obligation

(a) Current	2024	2023
	\$'000	\$'000
Provision for annual leave	106,373	68,428
Provision for long service leave	48,522	27,534
Provision for bonus	7,733	6,557
Provision for rostered day off	31	32
	<u>162,659</u>	<u>102,551</u>
(b) Non-current		
Provision for long service leave	<u>14,873</u>	<u>9,265</u>
	<u>14,873</u>	<u>9,265</u>

Long service leave

Refer to note 2(u) for the relevant accounting policy and a discussion of the significant estimations and assumptions applied in the measurement of this provision.

18. Provisions

(a) Current	2024	2023
	\$'000	\$'000
Provision for self-insurance	<u>3,980</u>	<u>2,224</u>
	<u>3,980</u>	<u>2,224</u>
(b) Non-current		
Provision for make good	124	300
Provision for self-insurance	<u>10,110</u>	<u>6,995</u>
	<u>10,234</u>	<u>7,295</u>

NSW State Insurance Regulatory Authority (SIRA) approved a two-year group self-insurance licence to DAC Finance Pty Ltd, effective 1/9/2019. The licence has been further extended to 31/10/2025. Gallagher Basset have been contracted to undertake the processing and management of our claims since September 2019. Reinsurance for claims above \$2 million is in place.

A provision for self-insurance has been made to recognise outstanding workers compensation claims in NSW. The provision is measured at management's best estimate of the expenditure required to settle the present obligation as at 31 December 2024, for both (i) claims reported and (ii) claims incurred and not yet reported. The provision is based on an independent actuarial assessment.

DPG Services Pty Limited
Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

18. Provisions (cont'd)

Movements during the year in the self-insurance provision are as follows:

	Provision for self-insurance \$'000
At 1 January 2024	9,219
Utilised	(4,984)
Additional provisions recognised	9,855
At 31 December 2024	14,090

19. Leases

Group as lessee

The Group is the lessee and has lease contracts with external parties for the Murdoch University property lease and, Home Office (Level 11, 420 George Street, Sydney NSW). The Group also lease and sublease a number of residential care communities from subsidiaries in the DAC Finance Pty Limited Group. The Home Office lease was renewed on 1 January 2024 and the term was increased to 10 years 5 months so as to expire on 31 December 2030. The Regional Administrative Office-VIC Hub was terminated on 30 September 2024.

In addition, the Group is the lessee for a number of residential care communities from Principal Healthcare Finance Trust and DPG Canada Bay Pty Limited.

During the year, there was an internal reorganisation whereby several residential aged care facilities in WA and NSW previously owned by Principal Healthcare Finance Trust and leased to DPG Services Pty Limited were sold to OHCA Property Holdings Pty Limited, a related entity of DPG Services Pty Limited and consolidated within DAC Finance Pty Limited. Lease adjustments were made as a result of the sales.

The Group elects to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

(a) Right-of-use assets

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Commercial offices \$'000	Care communities \$'000	Total \$'000
As at 1 January 2024	11,550	920,564	932,114
Additions	-	473,966	473,966
Re-measurement of right-of-use assets	5,951	20,902	26,853
Derecognition of lease liabilities	-	(122,216)	(122,216)
Disposals during the year	(107)	(49,164)	(49,271)
Depreciation expense	(1,445)	(73,294)	(74,739)
As at 31 December 2024	15,949	1,170,758	1,186,707

DPG Services Pty Limited
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19. Leases (cont'd)

(b) Lease liabilities

Set out below are the lease liabilities at the period end for the Group:

	2024	2023
	\$'000	\$'000
Current lease liabilities	129,600	96,376
Non-current lease liabilities	1,168,753	931,536
	<u>1,298,353</u>	<u>1,027,912</u>

The maturity analysis of future lease payments is presented as per below:

	2024	2023
	\$'000	\$'000
Not later than 1 year	133,536	99,023
Later than 1 year and not later than 5 years	534,922	391,970
Later than 5 years	1,201,598	980,313
	<u>1,870,056</u>	<u>1,471,306</u>

(c) Group as a lessor

The Group is the lessor and have lease contractual agreements with residents who are provided with Residential Aged Care Accommodation. In Residential Aged Care, Permanent residents may choose to pay Refundable Accommodation Deposits. Under AASB 16, this arrangement to pay a RAD to occupy a specified bed, without substantive "substitution rights" are now deemed to contain a lease. Hence, income is recognised where a resident chooses to pay a RAD in exchange of the provision of accommodation. The value of the RAD income and notional interest expense have been calculated, applying the maximum permissible interest rate (MPIR). The Group's Imputed revenue on RAD and Bond balances and Imputed interest cost on RAD and Bond balances recognised in the Income Statement for financial year 2024 are \$225 million (\$138 million in 2023)

20. Equity

(a) Issued Capital

Movement in ordinary shares on issue:

	No. of shares	\$'000
At 1 January 2024	29,298,852	29,299
Movement related to shares issued	150,000,000	150,000
At 31 December 2024	<u>179,298,852</u>	<u>179,299</u>

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

On 9 January 2024, the Company issued \$150 million fully paid ordinary shares to its parent entity at a subscription price of \$1.00 per share.

(b) General Reserves

In accordance with an initiative to simplify Opal's corporate structure, DPG Services PL acquired 100% of the voting shares of the Domain Aged Care (Kirra Beach) PL, Domain Annex PL and Domain Aged Care (Ashmore) PL on 1 October 2019. The general reserve is used to record, on consolidation, the elimination of pre-acquisition negative retained earnings and investment held in these entities by DPG Services PL of \$1.664 million. This has been transferred to retained earnings.

DPG Services Pty Limited
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21. Commitments and Contingencies

Cross guarantee and charges

The Company is a member of the Borrower Group (as defined in the Syndicated Facility Agreement dated 18 December 2014 and as amended from time to time) and is obligated to contribute to the mandatory debt repayments and other debt servicing costs in respect of the related party loan, for the purposes of providing aged care to recipients in accordance with the Aged Care Act 1997 (Cth). The debt was refinanced on 8 September 2022. As at 31 December 2024, the amount drawn down under the facilities was \$375 million (31 December 2023: \$125 million) and \$425 million is available for further drawdown under the facilities.

22. Related Party Disclosures

(a) Controlled entities

The consolidated financial statements include the financial statements of DPG Services Pty Limited and the following controlled entities:

Name	Country of Incorporation	% Equity Interest	
		2024	2023
Principal Healthcare Apartments Pty Limited ^{^#*}	Australia	100	100
Domain Annex Pty Limited ^{^#*}	Australia	100	100
Domain Aged Care (Kirra Beach) Pty Limited ^{^#*}	Australia	100	100
Domain Aged Care (Ashmore) Pty Limited ^{^#*}	Australia	100	100

[^] These entities are parties to a deed of cross guarantee with DAC Finance Pty Limited dated 26 June 2008 (as amended from time to time) (Deed of Cross Guarantee) in accordance with ASIC Corporations (Wholly-owned Companies) Instrument 2016/785. For the purposes of that deed and that ASIC Instrument, the 'closed group' comprises DAC Finance Pty Limited and all of these entities (Closed Group). Please refer to Note 22(b) for further information.

[#] These entities were added to the Closed Group by way of an Assumption Deed dated 7 December 2020.

^{*} These entities are "small proprietary companies" (as defined in the Corporations Act 2001 (Cth)) for the year to 31 December 2024.

The following table provides the total amount of transactions which have been entered into with related parties for the relevant financial period.

(b) Transactions with related parties

	2024	2023
	\$'000	\$'000
Rent paid/payable		
Aquarius AV Pty Ltd	564	510
Aquarius Health Property Trust	2,521	2,405
DPG Canada Bay Pty Limited	1,309	1,314
DAC Finance (NSW/QLD) Pty Limited	7,436	7,063
DAC Finance (VIC) Pty Limited	6,724	6,720
Principal Healthcare Finance Trust	74,883	65,202
Domain Group Aged Care Unit Trust No. 2	6,913	6,890
OHCA Property Holdings Pty Limited	874	-
Third Age Australia Pty Ltd	2,553	-
Blue Cross Community Care Services Group	7,883	-
Blue Cross Properties (Toorak) Pty Ltd	3,269	-
BlueCross Independent Living Pty Ltd	198	-
	115,127	90,104

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22. Related Party Disclosures (cont'd)

(b) Transactions with related parties (cont'd)

	2024	2023
	\$'000	\$'000
Interest Income		
DAC Finance Pty Limited	9,007	7,742
Domain Aged Care Unit Trust No. 2	2,290	1,969
Principal Healthcare Finance Trust	4,962	25,896
OHCA Property Holdings Pty Limited	9,860	-
	<u>26,119</u>	<u>35,607</u>
Amounts receivable – current		
DAC Finance Pty Limited	130,159	114,297
Domain Aged Care (Victoria) Pty Limited	22,117	22,100
Domain Aged Care Unit Trust No. 2	2,290	1,969
Principal Healthcare Finance Trust	20,330	63,515
Blue Cross Group Unit Trust	442,843	-
Darnlee Business Unit Trust	229,365	-
Third Age Australia Unit Trust	141,070	-
Sapphire Care Pty Limited	1	-
OHCA Property Holdings Pty Limited	20,949	-
	<u>1,009,124</u>	<u>201,881</u>
Amounts receivable – non-current (non-interest bearing)		
DAC Finance Pty Limited	150,000	-
Principal Healthcare Finance Trust	630,294	-
	<u>780,294</u>	<u>-</u>
Amounts receivable – non-current (interest bearing)		
DAC Finance Pty Limited	199,601	199,601
Domain Aged Care Unit Trust No. 2	50,759	50,759
OHCA Property Holdings Pty Limited	780,633	-
Principal Healthcare Finance Trust	-	1,146,835
	<u>1,030,993</u>	<u>1,397,195</u>
Amounts payable - current		
Aquarius Aged Care Pty Limited	10,848	11,212
Domain Aged Care Management Pty Limited	1,311	1,246
DAC Finance Pty Limited	527	527
Domain Aged Care Unit Trust No. 2	48,639	57,126
Domain Aged Care (Qld) Pty Limited	9,154	7,674
DAC Finance (NSW/QLD) Pty Ltd	19,344	14,408
Domain Group Holdings Pty Limited	780	780
DAC Finance (VIC) Pty Limited	15,386	12,262
Aquarius Health Property Trust	3,523	1,002
Aquarius AV Pty Ltd	777	212
PHFT Finance Pty Limited	92	169
Darnlee Property Unit Trust	3,280	-
Blue Cross Independent Living Pty Limited	301	-
	<u>113,962</u>	<u>106,618</u>

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22. Related Party Disclosures (cont'd)

(b) Transactions with related parties (cont'd)

Ultimate parent entity

DAC Finance Pty Limited holds 100% of the shares in DPG Services Pty Limited.

Related entities

As at the balance date, DAC Finance Pty Limited is owned by Allium Holding Pty Limited (49.05%), Aged Care Investment Trust No. 1 (12.26%), Aged Care Investment Trust No. 2 (12.26%) and Odyssey Investment Trust (24.53%). The remaining 1.90% is held by management.

DAC Finance Pty Limited is the ultimate parent of:

DAC Finance (VIC) Pty Limited	Domain Group Investments Pty Limited
DAC Finance (NSW/QLD) Pty Limited	Domain Group Holdings Pty Limited
DPG Services Pty Limited	Domain Aged Care No 2 Pty Limited
Domain Group Aged Care Unit Trust No 2	Domain Group Aged Care Unit Trust No 3
Domain Aged Care (Ashmore) Pty Limited	Domain Aged Care (Services) Pty Limited
Domain Aged Care (Qld) Pty Limited	Domain Aged Care Management Pty Limited
Domain Aged Care (Kirra Beach) Pty Limited	Domain Aged Care (Victoria) Pty Limited
Domain Annex Pty Limited	Aquarius Aged Care Pty Limited
Domain Aged Care No 3 Pty Limited	Aquarius Group Pty Limited
Domain Principal Group Long Term Incentive Plan Trust	Aquarius Group Aged Care Pty Limited
AJS LTIP Discretionary Trust	Aquarius Health Pty Limited
Aquarius AV Pty Limited	Aquarius Health Property Trust
Principal Healthcare Apartments Pty Limited	OHCA Property Holdings Pty Limited
BlueCross Independent Living Pty Ltd*	Blue Cross Group Unit Trust*
Darnlee Business Unit Trust*	Darnlee Property Unit Trust*
Third Age Australia Unit Trust*	Blue Cross Community Care Services Group Pty Limited*
Third Age Australia Pty Ltd*	Blue Cross Properties (Toorak) Pty Ltd*
Sapphire Care Pty Ltd*	

* These entities were acquired through the Blue Cross Group acquisition on 30th June 2024.

Terms and conditions of transactions with related parties

Transactions with related parties are at arm's length and on commercial terms.

Deed of Cross Guarantee

The Company entered into a deed of cross guarantee with its parent entity and other "wholly owned subsidiaries" of the parent dated 26 June 2008 (as amended from time to time) (Deed) in accordance with ASIC Corporations (Wholly-owned Companies) Instrument 2016/785 (Instrument).

The effect of the Deed is that each party to the Deed guarantees the debts of the other parties to the Deed. That liability only arises upon a winding up of a party to the Deed of Cross Guarantee.

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23. Long Term Incentive Plan

On 13 March 2017, the Consolidated Group entered into a share-based payment arrangement with members of the leadership team. This arrangement will be cash-settled and is governed by the Opal Aged Care Long Term Incentive Plan Rules (the Plan) dated 24 February 2017. The securities, which consist of shares in DAC Finance Pty Ltd and units in Principal HealthCare Finance Trust will vest, subject to meeting Total Shareholder Return (TSR) thresholds, after three years for Tranche A securities and after five years for Tranche B securities where the senior executive remains employed on such date. The securities granted will not vest if the performance and services conditions are not met.

A cash-settled share-based payment transaction is accounted for by recognising the cost of the services provided as an expense to the statement of comprehensive income with a corresponding liability representing the expected cash to be paid to participants at settlement date. This cost is recognised over the vesting period. At each reporting period between grant date and settlement date, this liability will be remeasured.

Movements during the year

The following table illustrates the Group's number and weighted average exercise prices (WAEP) of, and movements in, securities during the year:

	2024	2024	2023	2023
	Number	WAEP	Number	WAEP
Outstanding at 1 January	4,734,595	\$3.41	11,836,488	\$3.41
Repurchased during the year	<u>-</u>	-	<u>(7,101,893)</u>	\$3.41
Outstanding at 31 December	<u>4,734,595</u>	<u>\$3.00</u>	<u>4,734,595</u>	<u>\$3.41</u>
Exercisable at 31 December	<u>-</u>	-	<u>-</u>	-

24. Key Management Personnel

Compensation for key management personnel (excluding share-based payment expenses recognised during the period in relation to the LTIP disclosed in note 23).

	2024	2023
	\$'000	\$'000
Total Compensation	<u>3,475</u>	<u>3,572</u>

DPG Services Pty Limited
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25. Parent Entity Disclosures

At, and throughout the financial year ended 31 December 2024, the parent company of the Group was DPG Services Pty Limited.

	Company	
	2024	2023
	\$'000	\$'000
Gain (Loss) of the Parent entity	15,029	(32,338)
Total comprehensive (gain) loss of the Parent entity	15,029	(32,338)
Financial position of the parent entity at year end		
Current assets	1,473,840	314,245
Total assets	5,313,537	3,376,614
Current liabilities	4,062,135	2,528,214
Total liabilities	5,270,943	3,489,449
Net Assets (liabilities)	42,594	(112,835)
Total shareholders' equity (Net deficiency)	42,594	(112,835)

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26. Business Combinations

Bethania Parklands Care Community Acquisition

On 1 February 2024, the Group acquired the operations of Bethania Parklands Care Community in Bethania, Queensland. The calculation of goodwill on acquisition is outlined below. The goodwill recognised from the acquisition is attributable to the future growth in demand for residential aged care in Queensland.

	DPG Services Consolidated Group
	\$'000
Assets	
Property, plant and equipment	497
Deferred tax assets on leave entitlements	493
	<u>990</u>
Liabilities	
Employee leave entitlements	1,834
Refundable accommodation deposits and bonds	15,819
	<u>17,653</u>
Total identifiable net assets / (liabilities) at fair value	(16,663)
Goodwill on acquisition	15,017
Net consideration*	<u>(1,646)</u>

* The Opal Healthcare Group acquired the Bethania Parklands Care Community and assessed the total fair value of identifiable net assets to be \$7.7 million. A related party acquired the land and buildings, valued at \$24.4 million and the Company acquired the remaining assets, valued at (\$16.7 million) as outlined above. The total consideration for the acquisition amounted to \$22.7 million. Goodwill of \$15 million arising from the acquisition has been allocated to the Company as the operator of the acquired business. The Opal Healthcare Group consists of the both the DAC Finance Group and the Principal Healthcare Finance Trust Group.

DPG Services Pty Limited
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26. Business Combinations (cont'd)

Gawler Hillside Care Community Acquisition

On 1 May 2024, the Group acquired the operations of Gawler Hillside Care Community. The calculation of goodwill on acquisition is outlined below. The goodwill recognised from the Gawler Hillside Care Community acquisition is attributable to the future growth in demand for residential aged care in South Australia.

	DPG Services Consolidated Group
	\$'000
Assets	
Property, plant and equipment	306
Amount receivable from related party	17,549
Deferred tax assets on leave entitlements	306
	<hr/> 18,161 <hr/>
Liabilities	
Employee leave entitlements	474
Refundable accommodation deposits and bonds	7,346
	<hr/> 7,820 <hr/>
Total identifiable net assets / (liabilities) at fair value	10,341
Goodwill on acquisition	4,225
Net consideration*	<hr/> 14,566 <hr/>

* The Opal Healthcare Group acquired the Gawler Hillside Care Community and assessed the total fair value of identifiable net assets to be \$8.2 million. A related party acquired the land and buildings, valued at \$15.4 million and the Company acquired the remaining assets, valued at (\$7.2 million). The total consideration for the acquisition amounted to \$12.5 million. Goodwill of \$4.2 million arising from the acquisition has been allocated to the Company as the operator of the acquired business. The amount receivable from the related party represents a loan provided to the related party for the acquisition of the land and buildings (\$15.4 million), as well as the payment of incidental expenses related to the transaction (\$2.1 million). The Opal Healthcare Group consists of the both the DAC Finance Group and the Principal Healthcare Finance Trust Group.

DPG Services Pty Limited
Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

26. Business Combinations (cont'd)

Blue Cross Group Acquisition

On 30 June 2024, the Opal Healthcare Group (comprising both the DAC Finance Group and the Principal Healthcare Finance Trust Group) acquired all the shares in the Blue Cross Group (BCG) which comprised 14 legal entities consisting of 3 Approved Providers, 3 ILU's and a Home Care business. Under the Share Sale Agreement, the transaction was structured such that a related party acquired the shares in the parent entity A.C.N 169 231 172 Pty Limited, and the 3 Approved Providers transferred to the Company on 1 July 2024. The operations of the Approved Providers included trade receivables, payables, plant and equipment and the liabilities for Refundable Accommodation Deposits (RADs) and team member entitlements below.

	DPG Services Consolidated Group
	\$'000
Assets	
Trade and other receivables	5,264
Property, plant and equipment	39,573
Deferred tax assets	10,054
Total Assets	54,891
Liabilities	
Trade and other payables	7,340
Employee leave entitlements	43,622
Resident refundable deposit	798,708
Total Liabilities	849,670
Total identifiable net assets / (liabilities) at fair value	(794,779)
Intercompany receivable	794,779

DPG Services Pty Limited
Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

26. Business Combinations (cont'd)

Delta Aged Care Homes Acquisition

On 1 June 2023, the Group acquired operations in two residential aged care communities. The calculation of goodwill on acquisition is outlined below. The goodwill recognised from the Delta Aged Care Homes acquisition is attributable to the future growth in demand for residential aged care in Victoria.

	DPG Services Consolidated Group \$'000
Assets	
Property, plant and equipment	708
Trade and other receivables	78
Deferred tax assets on leave entitlements	418
	<u>1,204</u>
Liabilities	
Employee leave entitlements	1,783
Refundable accommodation deposits and bonds	9,394
	<u>11,177</u>
Total identifiable net assets / (liabilities) at fair value	(9,973)
Goodwill on acquisition	21,471
Purchase consideration transferred	<u>11,498</u>

DPG Services Pty Limited
Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

26. Business Combinations (cont'd)

Wahroonga Tallwoods Care Community Acquisition

On 1 September 2023, the Group acquired operations in a residential aged care community. The calculation of goodwill on acquisition is outlined below. The goodwill recognised from the acquisition is attributable to the future growth in demand for residential aged care in New South Wales.

	DPG Services Consolidated Group
	\$'000
Assets	
Property, plant and equipment	42
Amount receivable from related party	287
Deferred tax assets on leave entitlements	208
	<hr/> 537 <hr/>
Liabilities	
Employee leave entitlements	805
Refundable accommodation deposits and bonds	20,300
	<hr/> 21,105 <hr/>
Total identifiable net assets / (liabilities) at fair value	(20,568)
Goodwill on acquisition	20,568
Purchase consideration transferred	<hr/> - <hr/>

DPG Services Pty Limited
Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

26. Business Combinations (cont'd)

Life Care Acquisition

On 1 October 2023, the Group acquired the operations of five residential aged care communities. The calculation of goodwill on acquisition is outlined below. The goodwill recognised from the Life Care acquisition is attributable to the future growth in demand for residential aged care in South Australia.

	DPG Services Consolidated Group
	\$'000
Assets	
Property, plant and equipment	4,586
Amount receivable from related party	51,712
Deferred tax assets on leave entitlements	1,305
	<hr/> 57,603 <hr/>
Liabilities	
Employee leave entitlements	4,674
Refundable accommodation deposits and bonds	90,318
	<hr/> 94,992 <hr/>
Total identifiable net assets / (liabilities) at fair value	(37,389)
Goodwill on acquisition	37,389
Purchase consideration transferred	<hr/> - <hr/>

DPG Services Pty Limited
Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

27. Auditor's remuneration

The auditor of DPG Services Consolidated Group is Ernst & Young Australia. Fees breakdown for the Opal HealthCare Group is:

	2024	2023
	\$'000	\$'000
Fees to Ernst & Young (Australia)		
Fees for auditing the statutory financial report of the parent covering the group and auditing the statutory financial reports of any controlled entities	469	403
Fees for auditing the Income Statement of Assisted Living Apartments	8	5
Fees for assurance services that are required by legislation to be provided by the auditor: Prudential reporting to the Department of Health	8	8
Fee for auditing the COVID-19 costs recovery grant applications	-	337
LTIP agreed upon procedures	-	10
Fee for limited assurance report of Social Loan	16	16
Fees for tax compliance services	420	57
Total auditor's remuneration	921	836


DPG Services Pty Limited
Directors Declaration
For the year ended 31 December 2024

In accordance with a resolution of the directors of DPG Services Pty Limited, I state that:

In the opinion of the directors:

- (a) The financial statements and notes of the Company and its subsidiaries (collectively the Group) are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Group's financial position as at 31 December 2024 and of its performance for the year ended on that date; and
 - (ii) complying with Australia accounting standards - simplified disclosures and *Corporations Regulations 2001*; and
- (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- (c) As at the date of this declaration, there are reasonable grounds to believe that the Company and the subsidiaries identified in Note 22 will be able to meet any obligations or liabilities to which they are or may become subject to, by virtue of the Deed of Cross Guarantee between the Company and those subsidiaries.

On behalf of the Board

DocuSigned by:

4CECFD31A4B44D7...
Professor Peter Shergold
Director

Sydney NSW
9 April 2025



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with confidence**

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Independent auditor's report to the members of DPG Services Pty Ltd

Opinion

We have audited the financial report of DPG Services Pty Ltd (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2024, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including material accounting policy information, and the directors' declaration.

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

- a. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2024 and of its consolidated financial performance for the year ended on that date; and
- b. Complying with Australian Accounting Standards – Simplified Disclosures and the *Corporations Regulations 2001*.

Basis for opinion

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

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

Information other than the financial report and auditor's report thereon

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

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

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

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

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Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Simplified Disclosures and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- ▶ Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.



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- ▶ Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group financial report. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink, appearing to read 'Ernst & Young', written over a horizontal line.

Ernst & Young

A handwritten signature in black ink, appearing to read 'Anton Ivanyi', written in a cursive style.

Anton Ivanyi
Partner
Sydney
9 April 2025