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ANNUAL REPORT

30 June 2026

Our Ark Mutual Ltd

ACN 627 006 213

Docusign Envelope ID: A209D604-25B2-8A7D-81F6-EB8BC530EE89

Our Ark.

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DIRECTORS' REPORT

Our Ark Mutual Ltd ("**Our Ark**", "**Company**") was incorporated on 22 June 2018. The Directors of Our Ark are pleased to present their report on the Company for the year ended 30 June 2026.

1. Directors of Our Ark Mutual Ltd

Our Ark's board comprises the following directors - an independent non-executive chairperson; a non-executive member representative; two executive manager representatives; and a non-executive Mutual Capital Instrument ("**MCI**") holder representative. The table below shows the name and details of Directors in office at any time during or since the year ended 30 June 2026.

Director	Date of Appointments	Date of resignation	Special responsibility
Rowan Ward	31 August 2020	N/A	Chairperson & Independent Non-Executive
Charles Pollack	22 June 2018	N/A	CEO and Manager Representative
Chris Wright	31 August 2020	N/A	Non-Executive, Member Representative
Simone Collins	25 November 2022	N/A	Executive, Manager Representative
Daniel Bunning	18 October 2023	N/A	Non-Executive, MCI Holder Representative

1.1 Experience and Qualifications of Directors

Rowan Ward BSc FIAA

Rowan is a highly respected Company Director with significant experience in financial services including life insurance, general insurance, superannuation, and statutory insurance schemes.

In his executive career, he held the role of Chief Actuary with statutory responsibilities to the Board of Directors of Suncorp. Rowan has first-hand experience in the governance of mutual funds and protecting the interests of members of those funds including life insurance, superannuation, property funds management and another mutual discretionary fund.

His current directorships and commitments include Chairperson of the Audit Committee National Disability Insurance Scheme (Qld), ART Life Insurance, and Chair and Non-Executive Director of LFI Group. He also sits on the Insurance Commissioner's Advisory Committee of the Motor Accident Insurance Commission QLD.

Rowan is a qualified actuary and brings expert understanding in liability assessment, risk-based pricing, risk management, capital management and reinsurance assessment.

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DIRECTORS' REPORT

1. Directors of Our Ark Mutual Ltd

1.1 Experience and Qualifications of Directors continued.

Chris Wright OAM

Chris is the Archdeacon of the Anglican Diocese of North Queensland. He was ordained in 1988 and for more than 20 years has been the priest of the Kuranda district plus the region spanning from Cairns and Cooktown out to the Gulf of Carpentaria and the Torres Strait Islands.

He has been Archdeacon of North Queensland since 2007 and was awarded the Medal of the Order of Australia in 2019 in recognition of his life-long contribution to the Anglican Church and the communities within his Diocese.

Chris is a director of Trinity Anglican school in Cairns, as a representative of the Anglican Diocese of North Queensland.

In addition, he is the former chair of Tourism Kuranda and is actively involved with the local ambulance committee, as well as providing support to local schools and childcare services, and the Kuranda Neighbourhood Centre.

Charles Pollack BEc FIAA

Charles has over 30 years' experience in General Insurance in Australia and is a Fellow of the Actuaries Institute of Australia.

Prior to joining Our Ark, he was the Chief Actuary of Youi Insurance for 9 years. He has previously held actuarial roles at FAI and Suncorp, where he was the principal actuary for 10 years. His extensive professional career has covered all aspects of insurance operations, pricing, underwriting, product design, reinsurance, plus capital and financial management.

Charles is the designated CEO of Our Ark Mutual on behalf of the Board.

Simone Collins, FIAA, CERA, BAct

Simone is an Australian Actuary with over 14 years' of experience in general Insurance. Prior to joining Picnic, she was the Head of Corporate Actuarial and Appointed Actuary for Youi Insurance. Simone has experience in pricing, reinsurance, reserving, capital management, product development and regulatory experience across finance and Insurance.

Daniel Bunning B.Com

Daniel is an experienced director with a broad and diversified background in business operations, tourism, development delivery and commerce. He has negotiated property transactions over a period of 22 years including long term leases, management contracts over serviced apartments and hostels, put and call options over commercial office buildings and joint venture agreements.

He is in active participant in relevant industry bodies including Backpacker Operators Association, Adventure Queensland and WYSE and developed relationships with key industry bodies such as Tourism Australia where he has been a member of an Industry Advisory Panel. Daniel is currently a Shareholder and Board Director of the following companies: TAG, Happy Travels, Mojo Surf and Goki.

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DIRECTORS' REPORT

1. Directors of Our Ark Mutual Ltd

1.2 Attendance at Board meetings

The number of meetings of Directors held during the year and the number of meetings attended by each Director were as follows:

Meetings held	Board of Directors	
	Eligible	Attended
Rowan Ward	13	13
Charles Pollack	13	13
Chris Wright	13	7
Simone Collins	13	12
Daniel Bunning	13	11

There were 13 Our Ark Mutual Board meetings during the financial year.

Chris Wright was granted a medical leave of absence for a period of the financial year.

2. Principal activity

Our Ark is a mutual entity, owned by its members and headquartered in Townsville, Queensland. The aim of Our Ark is to bring members together as a community to protect themselves, improve their protection experience and reduce the cost of protection in the long term.

The principal activity of the Company during the year was to offer discretionary financial risk products to subscribing members of Our Ark to protect the assets of those members from financial loss. The Company can only offer discretionary financial risk products to members of Our Ark. The Company pays claims lodged by members on a discretionary basis in accordance with the Company's Constitution and Rules.

3. Operating and financial review

The operating result for the financial year ended 30 June 2026 and the financial position of the Company are set out in Pages 10 and 11, respectively, of these financial statements.

Investments

The investment mandate aims to maximise returns whilst protecting Members' funds and ensures that funds are available as and when required. The investment mandate also aims to minimise discount rate exposures through providing a natural hedge by matching assets and liabilities where possible and allows investment in member owned organisations.

The investments comprise solely of cash deposits with Australian banks and credit unions with a minimum Standard & Poor's ("**S&P**") rating of BBB. Further details on investment risk management are provided in Note 5 of this Financial Report. Our Ark's investments are all in cash and cash equivalents, the total amount is $5,312,730 (2025: $3,762,259).

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DIRECTORS' REPORT

4. Strategy

The Company continues to enact its strategic objectives of offering risk protection products to businesses, raising its profile, increasing membership, building strong industry relationships, and expanding its capital position.

New Member acquisitions: Over the year, Our Ark has continued to expand its membership with new members joining during the financial year. Gross written protection is up 35% (2025: 51.3%) on last year from $16,856,382 to $22,742,861**.** Total property protected by Our Ark Mutual at 30 June 2026 exceeded $7 bn (2025: $5.5bn).

Pay claims to members: As well as settling claims outstanding from the prior year, the mutual has received new claims from various occurrences experienced by members though this financial period. A number of claims remain outstanding including several large claims which involve the complete rebuild of buildings with staged payments.

Continued to build strong relationships with (re)insurance partners: Our Ark continues to use reinsurance as a key tool in its risk management strategy. All reinsurers used are rated A- or above as rated by Standard and Poor's. During the course of the year, the Company has successfully introduced a quota share reinsurance program as part of its risk management strategies.

5. Outlook and Opportunities

Our Ark continues to target community-focussed organisations as new Members. The Company has identified several key industry segments in which it wishes to expand its membership and has had success in these segments through 2026 financial year. These areas include accommodation providers such as youth hostel groups, community housing, aboriginal land councils, religious organisations and other not-for-profit organisations. There is significant demand for the Our Ark protection products in these sectors and as such gross protection revenue is expected to increase during the next financial year to 30 June 2027.

Through the last two financial years, Our Ark has developed relationships with a number of organisations which provide opportunities to prepare quotes for potential new members. It is expected through the next financial year that these existing relationships will yield additional opportunities, with some that to date have provided limited connections to date being a key area of focus.

The mutual continues to have appetite for new members across Australia. There are some geographic areas that are currently under-represented in the portfolio (such as Victoria and South Australia) and these are an area of additional focus in the year to 30 June 2027.

During the next financial year Our Ark is aiming to offer other products that are relevant to its members such as, but not limited to, public liability, professional indemnity, and motor fleet subject to procure suitable reinsurance being in place, in line with the Company's risk appetite. In some cases, like Cyclone Insurance, these may be available as insurance, rather than risk protection, issued by an APRA-authorised general insurer exclusively for Our Ark Mutual members.

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DIRECTORS' REPORT

6. Indemnification of Directors and Officers

The Company has arranged for insurance premiums to be paid in respect of its Directors and Officers, the Company Secretary of the Company. The insurance premium relates to:

- costs and expenses incurred by the relevant Director or Officer in defending proceedings; and
- other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain a personal advantage.

The contract prohibits disclosure of the nature of the liabilities and the amount of the premium.

7. Proceedings

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

8. Parent entity

Our Ark Mutual Ltd is a company limited by guarantee. In the event of the winding up of the Company, every member of the company undertakes to contribute to the property of the Company, the amount which is agreed to be paid by each Member to be applied:

- To the payment of the debts and liabilities of the Company before ceasing to be a Member;
- To fund the claims approved for payment by the Board;
- To the costs, charges and expenses of winding up; and
- For the adjustment of the rights of the contributors among themselves.

The liability of each member will terminate on the day on which the last Member's membership of the company ceases.

Until otherwise determined, the limit of liability of each Member is $2.

9. Independence declaration

On page 9 is the Auditors' Independence Declaration which forms part of the Directors' Report for the year ended 30 June 2026.

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DIRECTORS' REPORT

10. Rounding of amounts

The Company is of a kind referred to in the ASIC Corporations (Rounding in Financial / Directors' Reports) Instrument 2026/183. Amounts have been rounded off in the Directors' Report to the nearest $1.

11. Subsequent events

As at the date of this report, there were no material or unusual events or transactions occurring after the reporting date that the Directors are aware of that would significantly affect the Company's operations or its state of affairs.

12. Environmental regulation

The Company's operations are not subject to any significant environmental regulation under either Commonwealth or State legislation.

Signed in accordance with a resolution of the Directors:

DocuSigned by:
AF6CDCE9B313444...

Rowan Ward	Charles Pollack
Chairperson	CEO and Executive Director
23 October 2026	23 October 2026

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Our Ark Mutual Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Our Ark Mutual Limited for the financial year ended 30 June 2026 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Leann Yuen
Partner
Sydney
23 October 2026

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STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2026

	Notes	Company ($) 2026	Company ($) 2025
Gross earned protection revenue	6	19,615,234	12,477,611
Protection service expense	6	(9,347,588)	(5,240,474)
Protection service result before reinsurance contracts held		**10,267,646**	**7,237,137**
Allocation of reinsurance premiums	7	(10,539,173)	(6,114,313)
Amounts recoverable from reinsurers for incurred claims	7	1,997,964	-
Net expense from reinsurance contracts held		**(8,541,209)**	**(6,114,313)**
Protection service result		**1,726,437**	**1,122,824**
Other interest and similar income, net		206,346	130,034
Total investment income, net		**206,346**	**130,034**
Management fees		(2,362,702)	(1,760,792)
Other operating expenses		(408,499)	(453,454)
(Deficit) / Surplus before income tax		**(838,418)**	**(961,388)**
Income tax	8	(43,070)	(40,000)
(Deficit) / Surplus after income tax		**(881,488)**	**(1,001,388)**
Total comprehensive deficit attributable to Members of Our Ark Mutual Ltd		**(881,488)**	**(1,001,388)**

The accompanying notes form an integral part of these financial statements.

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Our Ark.

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2026

		Company ($) 2026	Company ($) 2025
Cash and cash equivalents	9	5,312,730	3,762,259
Reinsurance contract assets	7	1,609,262	1,788,709
Other assets including deferred management fees		2,751,365	1,483,127
Total Assets		**9,673,357**	**7,034,095**
Liabilities			
Tax liabilities, including GST		948,023	820,470
Other payables		2,049,461	2,561,003
Protection contract liabilities	6	6,260,704	3,255,965
Total Liabilities		**9,258,188**	**6,637,438**
Net Assets		**415,169**	**396,657**
Equity			
Members' Balances		(3,220,831)	(2,339,343)
Mutual Capital Instruments	14	2,886,000	2,736,000
Convertible Instruments	14	750,000	-
Total Equity		**415,169**	**396,657**

The accompanying notes form an integral part of these financial statements.

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

	Members' Balance ($)	Mutual Capital Instruments ($)	Total Equity ($)
Balance as at 30 June 2023	**(1,466,731)**	**2,486,000**	**1,019,269**
Total comprehensive surplus for the year	128,776	-	128,776
Balance as at 30 June 2024	**(1,337,955)**	**2,486,000**	**1,148,045**
- Issue of Class A MCI	-	250,000	250,000
Total comprehensive deficit for the year	(1,001,388)	-	(1,001,388)
Balance as at 30 June 2025	**(2,339,343)**	**2,736,000**	**396,657**
- Issue of Class A MCI	**-**	150,000	150,000
- Issue of Convertible Instruments	**-**	750,000	750,000
Total comprehensive deficit for the year	**(881,488)**	**-**	**(881,488)**
Balance as at 30 June 2026	**(3,220,831)**	**3,636,000**	**415,169**

The accompanying notes form an integral part of these financial statements.

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STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2026

	Notes	Company ($) 2026	Company ($) 2025
Cash flows from operating activities			
Result for the year		(881,488)	(1,001,388)
Movement in operating assets / liabilities:			
Reinsurance contract assets		179,447	(1,071,620)
Other assets*		(518,238)	(334,337)
Tax liabilities		127,553	238,421
Other payables		(511,542)	1,184,452
Protection contract liabilities		3,004,739	3,119,718
Net cash flow from operating activities		**1,400,471**	**2,135,246**
Cash flow from financing activities			
Proceeds from issue of Class A MCI		150,000	150,000
Net cash flow from financing activities		**150,000**	**150,000**
Net movement in cash and cash equivalents		1,550,471	2,285,246
Cash and cash equivalents at the beginning of the year		3,762,259	1,477,013
Cash and cash equivalents at the end of the year	**9**	**5,312,730**	**3,762,259**

The accompanying notes form an integral part of these financial statements.

* Other assets are net off $750,000 which were due on the Convertible Instruments, which have been subsequently received on 25 August 2026.

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NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. CORPORATE INFORMATION

The financial report covers Our Ark Mutual Ltd (ACN: 627 006 213; "**Our Ark**" or "**the Company**" or "**the Mutual**"), incorporated on 22 June 2018 and domiciled in Australia. Our Ark is a company limited by guarantee and a not-for-profit. The registered office is 44 Hamilton Street, Townsville, Queensland, 4810.

The Company is not an authorised insurer and therefore, is not subject to general insurance prudential standards and guidance established by the Australian Prudential Regulation Authority ("**APRA**").

The Manager, Our Ark Management Pty Ltd (ACN: 619 600 118; "**the Manager**") is an authorised representative (AR no: 1302936) of Picnic Licensing Pty Ltd (ACN: 647 642 117 AFSL no: 532540; "Picnic") which is regulated by ASIC. Through Picnic, the Manager is authorised to provide general financial advice on miscellaneous financial risk products when promoting the offer of discretionary protection issued by Our Ark Mutual Ltd.

Protections are issued to members through Picnic Distribution Pty Ltd (ACN: 652 925 294) which is also an authorised representative (AR no: 1300250) of Picnic.

The nature of the operations and principal activities of the Company are described in the Directors' Report.

NOTE 2. BASIS OF PREPARATION

2.1 Statement of Compliance

This Financial Report is a general-purpose financial report that was authorised by the Board of Directors on 23 October 2026 and has been prepared in accordance with applicable Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board ("**AASB**") and the *Corporations Act 2001 (Cth).* It also complies with International Financial Reporting Standards ("**IFRS"**) as issued by the International Accounting Standards Board ("**IASB**"). The Directors have the power to amend and reissue the financial report.

2.2 Basis of measurement

The financial statements have been prepared on the basis of historical cost principles, as modified by certain exceptions noted in the financial report, with the principal exceptions being the measurement of all investments at fair value. The balance sheet is prepared with the assets and liabilities presented broadly in order of liquidity. The assets and liabilities comprise both current amounts (expected to be recovered or settled within 12 months after the reporting date) and non-current amounts (expected to be recovered or settled more than 12 months after the reporting date). The Directors have considered and concluded that the Company is appropriately positioned to manage its liquidity requirements and will have adequate resources to meet its obligations for a period of at least 12 months from the date of approval of these financial statements. Accordingly, the Directors consider it appropriate to prepare the financial statements on a going concern basis.

2.3 Presentation and Foreign Currency

The financial report is presented in Australian Dollars, which is the functional currency of the Company. Foreign currency transactions are translated into Australian Dollars using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at reporting date are translated to Australian Dollars using reporting date exchange rates. Resulting exchange differences are recognised in profit or loss.

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NOTES TO THE FINANCIAL STATEMENTS

NOTE 2. BASIS OF PREPARATION (continued)

2.4 Rounding of amounts

The Company is of a kind referred to in the ASIC Corporations (Rounding in Financial / Directors' Reports) Instrument 2026/183. Amounts have been rounded off in the financial report to the nearest $1.

2.5 Use of estimates and judgements

In the process of applying the material accounting policies, certain critical accounting estimates and assumptions are applied, and judgements are made by management, the results of which affect the amounts recognised in the financial statements. The estimates and related assumptions are based on experience and other factors that are considered to be reasonable and are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which they are revised, and future periods if relevant.

Details of the material estimates and judgements are set out in Note 4.

2.6 New accounting standards and interpretations

As at the date of this financial report, there are a number of applicable new and revised accounting standards published by the Australian Accounting Standards Board for which the mandatory application dates fall after the end of this current reporting period. None of these standards have been early adopted and applied in the current reporting period.

AASB 18 – Presentation and disclosure in Financial Statements

AASB 18 Presentation and Disclosure in Financial Statements (AASB 18) is a new accounting standard that replaces AASB 101 Presentation in Financial Statements. AASB 18 was issued in June 2024, and it incorporates International Financial Reporting Standards (IFRS 18).

The new standard is effective for the Company’s financial statements for the reporting period beginning 1 July 2027. The Company is in the process of assessing the impact of the new standard which is expected to result in changes to presentation and disclosure in the financial statements, including the presentation of certain line items in the Statement of Comprehensive Income.

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NOTES TO THE FINANCIAL STATEMENTS

NOTE 3. MATERIAL ACCOUNTING POLICIES

3.1 Outsourced Operations

The Company has entered into an agreement with the Manager to outsource its general administration, underwriting, claims management and member administration. The amount of the fee payable to the Manager is defined in the Mutual Management Agreement and was determined by the Board after referencing independent market information for similar outsourced arrangements.

3.2 Protection contracts classification

The Company issues protection contracts in the normal course of business, under which it accepts significant protection risk from its members. As a general guideline, the Company determines whether it has significant protection risk, by comparing benefits payable after a protected event with benefits payable if the protected event did not occur. Protection contracts can also transfer financial risk. The Company issues non-life protection to individuals, businesses and other organisations. These products offer protection of member's assets and consequential financial loss.

A) Separating components from protection contracts

The Company assesses its non-life protection products to determine whether they contain distinct components which must be accounted for under Financial Instrument (AASB 9) instead of under Insurance Contract (AASB 17). After separating any distinct components, the Company applies AASB 17 to all remaining components of the protection contracts. Currently, the Company's products do not include any distinct components that require separation.

B) Level of aggregation

AASB 17 requires a company to determine the level of aggregation for applying its requirements.

The level of aggregation for the Company is determined firstly by dividing the business written into portfolios. The Company issues one type of protection contract for its members to protect the member's assets. The Company has identified a single portfolio of protection contracts which is subject to similar risk and managed together. The portfolio is further divided based on expected profitability at inception into three categories:

- onerous contracts on initial recognition,
- contracts with no significant risk of becoming onerous, and
- any remaining contracts in the portfolio.

AASB 17 also requires that no group for level of aggregation purposes may contain contracts issued more than one year apart.

The profitability of groups of contracts is assessed by actuarial valuation models that take into consideration existing and new business. The Company assumes that no contracts in the portfolio are onerous at initial recognition unless facts and circumstances indicate otherwise. For contracts that are not onerous, the Company assesses, at initial recognition, that there is no significant possibility of becoming onerous subsequently by assessing the likelihood of changes in applicable facts and circumstances.

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NOTES TO THE FINANCIAL STATEMENTS

NOTE 3. MATERIAL ACCOUNTING POLICIES

3.2 Protection contracts classification

B) Level of aggregation (continued)

The Company considers facts and circumstances to identify whether a group of contracts are onerous based on:

- Pricing information
- Results of similar contracts it has recognised
- Environmental factors, e.g., a change in market experience or regulations

C) Recognition

The Company recognises groups of protection contracts it issues from the earliest of the following:

- The beginning of the coverage period of the group of contracts
- The date when the first payment from a policyholder in the group is due or when the first payment is received if there is no due date; and
- For a group of onerous contracts, if facts and circumstances indicate that the group is onerous.

The Company adds new contracts to the group in the reporting period in which that contract meets one of the criteria set out above.

D) Contract boundary

The Company includes in the measurement of a group of protection contracts all the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of a protection contract if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel the member to pay the contributions, or in which the Company has a substantive obligation to provide the member with protection contract services.

A substantive obligation to provide insurance contract services ends when the Company has the practical ability to reassess the risks of the member and, as a result, can set a price or level of benefits that fully reflects those risks.

3.3 Protection contracts – Initial recognition

The Company applies the Premium Allocation Approach ("PAA") to all the protection contracts that it issues as the coverage period of each contract in the group is one year or less.

On the initial recognition of each group of protection contracts, the carrying amount of the liability for remaining coverage is measured as the premiums received on initial recognition.

Where facts and circumstances indicate that contracts are onerous at initial recognition, the Company performs additional analysis to determine if a net outflow is expected from the contract. Such onerous contracts are separately grouped from other contracts, and the Company recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows.

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NOTES TO THE FINANCIAL STATEMENTS

NOTE 3. MATERIAL ACCOUNTING POLICIES

3.3 Protection contracts – Initial recognition (continued)

A loss component is established by the Company for the liability for remaining coverage for such onerous group depicting the losses recognised.

3.4 Protection contracts – Subsequent measurement

The Company measures the carrying amount of the liability / (asset) for remaining coverage at the end of each reporting period as the liability / (asset) for remaining coverage at the beginning of the period:

- Plus, premiums received in the year
- Plus, any amounts relating to the amortisation of the insurance acquisition cash flows recognised as an expense in the reporting period for the Company
- Less, the amount recognised as insurance revenue for the services provided in the period

The Company estimates the liability for incurred claims as the fulfilment cash flows related to incurred claims. The fulfilment cash flows incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows, they reflect current estimates from the perspective of the Company and include an explicit adjustment for non-financial risk (the risk adjustment).

The Company does not adjust the future cash flows for the time value of money and the effect of financial risk for the measurement of liability for incurred claims that are expected to be paid within one year of being incurred.

Where, during the coverage period, facts and circumstances indicate that a group of protection contracts is onerous, the Company recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Company for the liability for remaining coverage for such onerous group depicting the losses recognised.

3.5 Reinsurance contracts – Initial recognition

The Company measures its reinsurance assets for a group of reinsurance contracts that it holds on the same basis as protection contracts that it issues. However, they are adapted to reflect the features of reinsurance contracts held that differ from protection contracts issued, for example the generation of expenses or reduction in expenses rather than revenue.

3.6 Reinsurance contracts – Subsequent measurement

The subsequent measurement of reinsurance contracts held follows the same principles as those for insurance contracts issued and has been adapted to reflect the specific features of reinsurance held.

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NOTES TO THE FINANCIAL STATEMENTS

NOTE 3. MATERIAL ACCOUNTING POLICIES (continued)

3.7 Protection contracts – modification and derecognition

The Company derecognises protection contracts when the rights and obligations relating to the contract are extinguished (i.e., discharged, cancelled or expired or when the contract is modified such that the modification results in a change in the measurement model or the applicable standard for measuring a component of the contract, substantially changes the contract boundary, or requires the modified contract to be included in a different group.

In such cases, the Company derecognises the initial contract and recognises the modified contract as a new contract. When a modification is not treated as a derecognition, the Company recognises amounts paid or received for the modification with the contract as an adjustment to the relevant liability for remaining coverage.

3.8 Protection contracts – Acquisition cash flows

Protection acquisition cash flows arise from the costs of selling, underwriting and starting a group of protection contracts (issued or expected to be issued) that are directly attributable to the portfolio of insurance contracts to which the group belongs.

Where protection acquisition cash flows have been paid or incurred before the related group of protection contracts is recognised in the statement of financial position, a separate asset for protection acquisition cash flows is recognised for each related group. The asset for protection acquisition cash flow is derecognised from the statement of financial position when the protection acquisition cash flows are included in the initial measurement of the related group of protection contracts.

At the end of every reporting period, the Company assesses the recoverability of the asset for protection acquisition cash flows, if facts and circumstances indicate the asset may be impaired.

If an impairment loss is recognised, the carrying amount of the asset is adjusted and an impairment loss is recognised in profit or loss. The Company recognises in profit or loss a reversal of some or all of an impairment loss previously recognised and increases the carrying amount of the asset, to the extent that the impairment conditions no longer exist or have improved.

3.9 Presentation

The Company has presented separately, in the statement of financial position, the carrying amount of portfolios of protection contracts issued that are assets and portfolios of protection contracts issued that are liabilities.

The Company disaggregates the total amount recognised in the statement of profit or loss and other comprehensive income into a protection service result, comprising protection revenue and protection service expense, and protection finance income or expenses (if applicable). The Company does not disaggregate the change in risk adjustment for non-financial risk between a financial and non-financial portion and includes the entire change as part of the protection service result.

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NOTES TO THE FINANCIAL STATEMENTS

NOTE 3. MATERIAL ACCOUNTING POLICIES

3.10 Protection revenue

The protection revenue for the period is the amount of expected protection receipts (excluding any investment component) allocated to the period. The Company allocates the expected protection receipts to each period of protection contract services on the basis of the passage of time. But if the expected pattern of release of risk during the coverage period differs significantly from the passage of time, then the allocation is made on the basis of the expected timing of incurred protection service expenses.

The Company changes the basis of allocation between the two methods above as necessary, if facts and circumstances change. The change is accounted for prospectively as a change in accounting estimate. For the periods presented, all revenue has been recognised on the basis of the passage of time.

3.11 Net income or expense from reinsurance contracts held

The Company presents separately on the face of the statement of profit or loss and other comprehensive income, the amounts expected to be recovered from reinsurers, and an allocation of the reinsurance premiums paid. The Company treats reinsurance cash flows that are contingent on claims on the underlying contracts as part of the claims that are expected to be reimbursed under the reinsurance contract held, and excludes investment components and commissions from an allocation of reinsurance premiums presented on the face of the statement of profit or loss and other comprehensive income.

3.12 Protection service expenses

Protection service expenses arising from protection contracts issued are recognised in income statement as they are incurred. They comprise:

- Incurred claims and other protection service expenses.
- Losses on onerous contracts and reversals of such losses; and
- Adjustments to the liabilities for incurred claims for movements in the undiscounted claims experience.

3.13 Financial assets

Initial recognition

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially recognised on the trade date measured at their fair value. Transaction costs are added to this amount.

Measurement categories

The Company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms. The categories include the following:

- Amortised cost
- Fair Value through Other Comprehensive Income (FVOCI)
- Fair Value through Profit and loss (FVTPL)

The Company categorizes all its financial assets as financial assets at amortised cost.

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NOTES TO THE FINANCIAL STATEMENTS

NOTE 3. MATERIAL ACCOUNTING POLICIES

3.13 Financial assets (continued)

Subsequent measurement of financial assets at amortised cost

After initial measurement, debt instruments are measured at amortised cost, using the effective interest rate (EIR) method, less allowance for impairment. Amortised cost is calculated by considering any discount or premium on acquisition and fee or costs that are an integral part of the EIR.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the asset have expired or when the Company has transferred its right 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 Company has transferred substantially all the risks and rewards of the asset; or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

3.14 Income taxes

Current tax consists of the expected tax payable on the taxable income for the year, after any adjustments in respect to previous years. Current tax assets and liabilities are the expected tax recoverable or payable on the taxable income for the year and any adjustments to tax payable in respect of previous financial periods.

Deferred tax is recognised in respect to temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax liabilities are recognised for all temporary differences between the carrying amount and tax bases. Deferred tax assets (deductible temporary differences, carried forward unused tax assets and unused tax losses) are recognised to the extent it is probable that future taxable profits will be available to utilise them before the unused tax losses or credits expire.

No deferred tax assets or liabilities are recognised if temporary differences arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting or taxable profit or loss.

Current tax and deferred tax assets and liabilities are offset when there is a legally enforceable right to offset and the tax balances relate to the same taxation authority.

The Company is limited by guarantee and operates for the mutual benefit of its Members and as such, the Company is not liable for income tax on contributions received from Members, nor are the related outgoings allowable as an income tax deduction. The Company is, however, liable for income tax on interest and other income from investments.

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NOTES TO THE FINANCIAL STATEMENTS

NOTE 3. MATERIAL ACCOUNTING POLICIES

3.15 Goods and Services Tax ("GST")

Revenues, expenses, assets and liabilities are recognised net of the amount of GST, except where the amount of GST incurred on a purchase of goods or services is not recoverable from the relevant tax authority. In these circumstances, GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense as applicable and receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the relevant tax authority is included as part of receivables or payables in the Statement of Financial Position. Cash flows are included in the Statement of Cash Flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the relevant tax authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the relevant tax authority.

3.16 Cash and cash equivalents

Cash and cash equivalents include cash at bank and on hand which are used in the cash management function on a day-to-day basis and short-term deposits with an original maturity of three months or less.

Cash and cash equivalents are carried at face value of the amount deposited. The carrying amounts of cash assets approximate their fair value. For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

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NOTES TO THE FINANCIAL STATEMENTS

NOTE 4. SIGNIFICANT JUDGEMENTS AND ESTIMATES

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Protection and reinsurance contracts

The Company applies the PAA approach to simplify the measurement of insurance contracts.

Liability for remaining coverage

Insurance acquisition cash flows

The Company is eligible and chooses to recognise insurance acquisition cash flows as an expense immediately as incurred. This is because all protection contracts issued by the Company have a coverage period of one year or less. The effect of electing to recognise insurance acquisition cash flows as an expense when incurred for a group of insurance contracts, is to increase the liability for remaining coverage and reduce the likelihood of any subsequent onerous contract loss. There would be an increased charge to profit or loss on incurring the expense, offset by an increase in profit released over the coverage period.

Onerous groups

When applicable, for groups of contracts that are onerous, the liability for remaining coverage is determined by the fulfilment cash flows. Any loss-recovery component is determined with reference to the loss component recognised on underlying contracts and the recovery expected on such claims from reinsurance contracts held.

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NOTES TO THE FINANCIAL STATEMENTS

NOTE 4. SIGNIFICANT JUDGEMENTS AND ESTIMATES (continued)

Liability for incurred claims

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as Chain Ladder and Bornheutter-Ferguson methods.

The main assumption underlying these techniques is that a Company's past claims development experience can be used to project future claims development and hence ultimate claims costs. These methods extrapolate the development of paid and incurred losses, average costs per claim (including claims handling costs), and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident years, but can also be further analysed by geographical area, as well as by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In addition, the Bornhuetter-Ferguson method makes explicit assumptions regarding ultimate claim loss ratios.

Claims inflation assumptions used are those implicit in the historical claims development data on which the projections are based. Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, (e.g., to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the probability weighted expected value outcome from the range of possible outcomes, taking account of all the uncertainties involved. Other key circumstances affecting the reliability of assumptions include variation in interest rates, delays in settlement and changes in foreign currency exchange rates.

Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts. The risk adjustment reflects an amount that an insurer would rationally pay to remove the uncertainty that future cash flows will exceed the expected value amount.

The Company has estimated the risk adjustment using a confidence level (probability of sufficiency) approach at the 50th percentile. That is, the Company has assessed its indifference to uncertainty for all product lines (as an indication of the compensation that it requires for bearing non-financial risk) as being equivalent to the 50th percentile confidence level less the mean of an estimated probability distribution of the future cash flows. The Company has estimated the probability distribution of the future cash flows, and the additional amount above the expected present value of future cash flows required to meet the target percentiles.

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NOTES TO THE FINANCIAL STATEMENTS

NOTE 5. RISK MANAGEMENT

The operating activities of Our Ark exposes the Company to risks including underwriting risk, market risk, credit risk, liquidity risk and operational risk.

Risk Management Framework ('RMF')

The board has developed their Risk Management Framework (RMF) to ensure the completed RMF is embedded at Board level and throughout each functional area of the Company. Effective risk management is essential to allow Our Ark to pursue sustainable growth with risk being managed in accordance with the Company's risk appetite.

A RMF provides reasonable assurance that material risks in the business are being prudently and soundly managed. The Board understands that all business activity entails varying degrees of risk. The focus of the RMF is to provide a framework to assess the exposure and impact of the risk and then appropriately control or avoid it, in accordance with the Company's defined risk appetite.

The completed RMF details the layers of managerial responsibility, risk management related policies and the key processes used to identify, assess, monitor, report on and mitigate all material risks likely to impact on the operations of the Company.

The Board has delegated its authority for the oversight of the RMF to the Manager. Multiple members of the Manager's team are responsible for oversight of risk management including the Chief Executive Officer, Chief Actuary, Company Secretary and Head of Legal. The Board is charged with overall accountability for the RMF and risk management capability. The Manager is responsible for the effective identification, assessment and management of the risks. The key risks addressed by the RMF are detailed below.

5.1 Underwriting risk

Underwriting is the risk of financial loss and the inability to meet liabilities due to inadequate or inappropriate product design, pricing, underwriting, concentration risk, reserving, claims management and / or reinsurance management. Notwithstanding that payment of all claims relating to protections issued by the company are entirely at the discretion of the Board, and therefore the inability to meet liabilities is limited, the Board would prefer to not have to decline a fair claim or pay less than the full amount claimed.

For all protections, the Company retains responsibility for:

- acceptance criteria and process;
- pricing;
- product wordings;
- portfolio management; and
- monitoring of underwriting performance.

The principal risk associated with any protection contract is the possibility of the protected event occurring and the uncertainty of the amount of the resulting claim.

At 30 June 2026 and 30 June 2025, insurance contract liabilities were all concentrated within the geographical location of Australia and arose from the single product type issued by the Company.

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NOTES TO THE FINANCIAL STATEMENTS

NOTE 5. RISK MANAGEMENT

5.1 Underwriting risk (continued)

To mitigate the impact of underwriting risk, the Company has the following key policies and procedures in place:

a) Product risk

The Board has delegated product development to the Manager. A process is in place by the Manager to ensure appropriate underwriting and legal reviews and board approval are undertaken prior to the release of a product.

b) Claims risk

All claims undergo a review by the Manager. The Manager has delegated claims administration to a third-party claims administrator. Due to the size, nature and complexity and the portfolio, all claims are approved by the Board.

Claims advice is captured and updated on a timely basis and with a realistic assessment of the ultimate claims costs. It is the Company's policy to respond to and resolved genuine claims as quickly as possible. This process seeks to ensure the adequacy of the Company's reserve and ensures effective claim management.

c) Reinsurance risk

Reinsurance is used to limit the Company's exposure to individual claims and multiple claims from catastrophe events. A Reinsurance Management Strategy ("**ReMS**") has been developed to ensure that Our Ark implements appropriate reinsurance arrangement in relation to the risks it underwrites.

The ReMS outlines the Board's requirements for the purchase and maintenance of the reinsurance program. The ReMS is approved by the board and forms part of the Company's overall risk management framework.

The Company uses a professional reinsurance broker to source reinsurance capital and to negotiate the terms of each program. The reinsurance program is approved by the Board annually or when material changes are made.

d) Selection and pricing of risk

The Company has developed underwriting guidelines. The guidelines include risk assessment and selection criteria as well as restrictions and limits. The guidelines are reviewed regularly, particularly when changes occur in the internal or external environment.

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NOTES TO THE FINANCIAL STATEMENTS

NOTE 5. RISK MANAGEMENT

5.1 Underwriting risk (continued)

e) Sensitivities

The liability for incurred claims is sensitive to the key assumptions in the table below. It has not been possible to quantify the sensitivity of certain assumptions such as legislative changes or uncertainty in the estimation process.

We have investigated the effect of changes in the key assumptions adopted for this valuation. The results have been summarised in Table below. Each change has been calculated in isolation of the other changes and are net of reinsurance recoveries. The movements are stated in absolute terms where the base assumption is a percentage. For example, if the IEULR assumption was 30%, a 10% increase would mean assuming a 40% loss ratio. The sensitivity test for IUELR and LDF is applied for the last accident quarter only.

The variations selected in this sensitivity analysis do not represent upper and lower bounds of the possible liability outcomes but represent the impact of changes to the experience and assumption on the base outstanding claims liability at 30 June 2026.

Year ended 30 June 2026 (Figures in AUD'000)	Change in assumptions	Impact on equity - Gross of reinsurance	Impact on equity - Net of reinsurance
BF loss ratio assumption	**+ 10%**	(61,339)	(29,778)
	- 10%	61,339	29,778
Loss development factor	**+ 10%**	(50,320)	(25,826)
	- 10%	51,924	26,418

f) Claims development table

The following tables show the estimates of cumulative incurred claims, including both claims notified and IBNR for each successive accident year at each reporting date, together with cumulative payments to date.

As required by AASB 17, in setting claims provisions, the Company considers the probability and magnitude of future experience being more adverse than assumed which is reflected in the risk adjustment. In general, the uncertainty associated with the ultimate cost of settling claims is greatest when the claim is at an early stage of development. As claims develop, the ultimate cost of claims becomes more certain.

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NOTES TO THE FINANCIAL STATEMENTS

NOTE 5. RISK MANAGEMENT

5.1 Underwriting risk

f) Claims development table (continued)

Gross undiscounted liabilities for incurred claims for the year ended 30 June 2026 and 30 June 2025 are as below:

Financial Year 2026 (Figures in AUD '000)	2021	2022	2023	2024	2025	2026
At the end of accident year	-	459	511	1,460	3,317	4,612
One year later	-	(42)	98	89	909	-
Two years later	-	(69)	-	(3)	-	-
Three years later	-	-	1	-	-	-
Four years later	-	-	-	-	-	-
Ultimate estimated claims	**-**	**347**	**611**	**1,557**	**4,294**	**5,144**
Cumulative payments to date	**-**	**347**	**610**	**1,545**	**2,765**	**1,875**
Total Gross Liabilities for Incurred Claims	**-**	**-**	**1**	**12**	**1,528**	**3,269**

5.2. Market risk

Market risk is the risk of adverse financial impact due to changes in the value or future cash flows of financial instruments from fluctuations in foreign currency exchange rates, interest rates and equity prices.

A) Currency risk

Currency risk is the risk of loss from unfavourable movements in market exchange rates. Given that the Company only operates in Australia it has no exposure to currency risk.

B) Interest rate risk

Interest rate risk is the risk of loss arising from an unfavourable movement in market interest rates. The Company's interest rate exposure is limited to the on-going valuation of protection liabilities which are discounted, and the risk that new or renewed investments need to be made at different interest rates.

The Company seeks to minimise exposure to interest rate movements on claims liabilities through adherence to the Investment Policy which requires investing in fixed interest securities that are broadly matched in duration to the expected pattern of the claims liabilities. The short-tail nature of the portfolio also means that exposure to discount rate adjustments is minimal.

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NOTES TO THE FINANCIAL STATEMENTS

NOTE 5. RISK MANAGEMENT

5.2 Market risk (continued)

C) Price Risk

Price risk is the risk of loss arising from unfavourable movements in market prices of financial instruments. The Company currently has no exposure to market price risk. The Company eliminates price risk by investing only in cash and/or term deposits which do not fluctuate.

5.3 Credit risk

Credit risk is the risk of loss from a counterparty failing to meet their obligations.

The Company's credit risk arises predominantly from investment activities, reinsurance activities and underwriting activities including contributions receivable and third-party recoveries receivable.

The Reinsurance Management Strategy ("**ReMS**") includes references to the minimum Standard & Poor's ("**S&P**") rating that must be used in the composition of the reinsurance panel.

It is Company policy to only deal with reinsurers with credit ratings of at least A- unless approved by the Board. Where the credit rating of a reinsurer falls below the required quality during the period of risk, a contractual right to replace the counterparty exists.

The reinsurance program is spread across major reinsurance markets and reinsurers to avoid over-dependency upon any one market and to generate competition. To reduce concentrations of credit risk, Our Ark seeks to limit exposure to any single reinsurer, or group of related reinsurers, when purchasing reinsurance protection. The Company transacts with a number of reinsurers in various regions without any individual counterparty having a material outstanding balance or exposure.

Contribution receivables are for protections that are charged to Members' accounts and directly collected by the Company. Non or short-payment of contributions results in the cancellation of the protection contract with the Member, eliminating both the credit risk and underwriting risk for the unpaid balance.

The carrying amount of financial assets in the balance sheet represents the maximum exposure to risk. The Company's investing activities are restricted to deposits with APRA regulated institutions, i.e. with highly regulated markets which significantly reduces the exposure to credit risk.

The following table provides information regarding the credit risk exposure of the Company based on S&P's counterparty credit ratings (or Fitch ratings if S&P is not available) to its financial assets.

Component	Rating*	2026 ($)	2025 ($)
Cash at bank*	A+	5,312,730	3,762,259
MCI receivable	Not Rated	750,000	150,000
Total		**6,062,730**	**3,912,259**

**Fitch Ratings*

All contributions due from members, included as part of Insurance Contract Assets, are due within one year (2025: Due within one year), of the balance sheet date.

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NOTES TO THE FINANCIAL STATEMENTS

NOTE 5. RISK MANAGEMENT

5.4 Liquidity risk

Liquidity risk is concerned with the risk of there being insufficient cash resources to meet payment obligations without affecting the daily operations or the financial condition of the Company. Liquidity facilitates the ability to meet expected and unexpected requirements for cash.

The liquidity position is derived from operating cash flows, investment portfolios and reinsurance arrangements. To ensure payments are made when they fall due, the Investment Policy provides sufficient cash deposits to meet day to day obligations. Investment funds can be realised to meet significant claims payment obligations and in the event of a catastrophe event, immediate cash access is available under the terms of reinsurance arrangements.

An analysis of Our Ark's investments by contractual maturity is provided in the following table, along with maturity profile of the estimated net discounted outstanding claims liability, based on the remaining term to settlement at the reporting date. This maturity profile is a key tool used in the investment of assets backing protection liabilities in accordance with the policy of attempting to match the maturity profile of the assets with the estimated pattern of claims payments.

Timing of future claim payments are inherently uncertain. The table above represents estimated timing. The financial liabilities that exist are trade and other payables and outstanding claims liabilities. These liabilities are based on an undiscounted contractual obligation basis, except for outstanding claims liabilities which are discounted based on estimated timing of their settlement.

These financial liabilities have the following maturity pattern.

	Company ($ '000) - 2026		Company ($ '000) - 2025	
Maturity profile of financial liabilities	1 year or less	Over 1 year	1 year or less	Over 1 year
Protection contract liabilities	19,367,477	-	16,588,595	-
Reinsurance contract liabilities	3,265,469	-	2,428,009	-

5.5 Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. In addition to financial loss, operational risks can result in reputational damage, increased regulatory supervision, loss of members, loss of licence and personal injury.

Operational risks are identified and assessed on an on-going basis by the Manager and its employees. Risks are assessed and controls are identified to mitigate inherent risks to an acceptable residual risk level.

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NOTES TO THE FINANCIAL STATEMENTS

NOTE 5. RISK MANAGEMENT

5.5 Operational risk (continued)

The effectiveness of controls are subject to periodic risk reviews. The key controls relied upon to mitigate risks include:

- Using service providers with suitable industry expertise and/or specialist qualifications;
- Ensuring staff employed are charged with the responsibility for implementing the RMF within their functional areas in line with the risk appetite;
- Dual authorisation of all payments and for the addition of new supplier banking details;
- System access controls within the claims and protections system are subject to a periodic review;
- Documented policies and procedures; and
- Regular and/or formalised training for staff to maintain and develop professional knowledge and understanding of compliance obligations.

Outsourcing is an important part of Our Ark's business model and the Company recognises that the reliance on outsourcing agreements to achieve business objectives gives rise to substantial risks. The material outsourced business activities are the responsibility of the Board. The Company's primary outsourced service providers are Our Ark Management Pty Ltd with respect to the management of the Company's business.

The Board is aware that critical events could occur that are beyond the control of the Company, but which may potentially have catastrophic effects on its ability to reach business objectives.

The Company manages these risks through a combination of strategies. Adequate insurance is placed to transfer risk through reducing potential financial losses.

5.6 Economic risk

Economic risk is the risk of loss from changes in macroeconomic conditions such as government regulation, exchange rates or political stability.

Our Ark's exposure to economic risks have been identified and managed on an ongoing basis and form part of the completed risk management framework. Through risk analysis and ongoing trend analysis, information on risks are collected and reported to management and Board and used to update the Company's strategy at appropriate intervals.

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Our Ark.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6. ROLL FORWARD OF NET ASSET OR LIABLITY FOR PROTECTION CONTRACTS

	Liability for Remaining Coverage	Liability for Incurred Claims	Total
	$	$	$
Net protection contract assets / (liabilities) at 30 June 2025	**(557,599)**	**(2,698,366)**	**(3,255,965)**
Protection revenue	22,742,860	-	22,742,860
Protection service expense – Claims incurred		(6,163,590)	(6,163,590)
Protection service expense – acquisition costs incurred	(3,876,718)	-	(3,876,718)
Other non-cash movements – Unearned protection	(3,127,626)	**-**	(3,127,626)
Other non-cash movements – Deferred acquisition costs	692,720	**-**	692,720
Protection service result	**16,431,236**	**(6,163,590)**	**10,267,646**
Cash flows			
Contributions received/net off	(17,333,142)	-	(17,333,142)
Claims paid/net off	-	4,060,757	4,060,757
Total cash flows	**(17,333,142)**	**4,060,757**	**(13,272,385)**
Net protection contract assets / (liabilities) at 30 June 2026	**(1,459,505)**	**(4,801,199)**	**(6,260,704)**

	Liability for Remaining Coverage	Liability for Incurred Claims	Total
	$	$	$
Net protection contract assets / (liabilities) at 30 June 2024	(592,802)	(919,996)	(1,512,798)
Protection revenue	16,856,382	-	16,856,382
Protection service expense – Claims incurred	-	(3,157,021)	(3,157,021)
Protection service expense – acquisition costs incurred	(2,713,740)	-	(2,713,740)
Other non-cash movements – Unearned protection	(4,378,771)	-	(4,378,771)
Other non-cash movements – Deferred acquisition costs	630,287	-	630,287
Protection service result	**10,394,158**	**(3,157,021)**	**7,237,137**
Cash flows			
Contributions received/net off	(10,358,955)	-	(10,358,955)
Claims paid/net off	-	1,378,651	1,378,651
Total cash flows	**(10,358,955)**	**1,378,651**	**(8,980,304)**
Net protection contract assets / (liabilities) at 30 June 2025	**(557,599)**	**(2,698,366)**	**(3,255,965)**

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NOTES TO THE FINANCIAL STATEMENTS

NOTE 7. ROLL FORWARD OF NET ASSET OR LIABLITY FOR REINSURANCE CONTRACTS

	Asset for Remaining Coverage	Asset for Incurred Claims	Total
	$	$	$
Net reinsurance contract assets / (liabilities) 30 June 2025	**1,788,709**	**-**	**1,788,709**
Gross allocation of reinsurance premiums	(9,386,470)	-	(9,386,470)
Amounts recoverable from reinsurers		1,997,964	1,997,964
Other movements -Deferred reinsurance costs	(1,152,703)	**-**	(1,152,703)
Net expense from reinsurance contracts held	**(10,539,173)**	**1,997,964**	**(8,541,209)**
Cash flows			
Reinsurance premiums paid	8,871,191	-	8,871,191
Reinsurance recoveries received	-	(509,429)	(509,429)
Total cash flows	8,871,191	(509,429)	8,361,762
Net reinsurance contract assets at 30 June 2026	**120,727**	**1,488,535**	**1,609,262**

	Asset for Remaining Coverage	Asset for Incurred Claims	Total
	$	$	$
Net reinsurance contract assets / (liabilities) 30 June 2024	717,089	-	717,089
Gross allocation of reinsurance premiums	(7,963,814)	-	(7,963,814)
Other movements -Deferred reinsurance costs	1,849,501	**-**	1,849,501
Net expense from reinsurance contracts held	**(6,114,313)**	**-**	**(6,114,313)**
Cash flows			
Reinsurance premiums paid	7,185,933	-	7,185,933
Total cash flows	7,185,933	-	7,185,933
Net reinsurance contract assets at 30 June 2025	**1,788,709**	**-**	**1,788,709**

NOTE 8. INCOME TAX

8.1 Composition

	Company ($) 2026	Company ($) 2025
Estimate of income tax charge (@25% on investment revenue) (2025: 25%)	50,961	40,000
Advance income tax paid during the year	40,570	-
Income tax accrual for the year	2,500	40,000

8.2 Income Tax Reconciliation

A reconciliation between income tax expense and the profit before income tax multiplied by the applicable tax rate is as follows:

	Company ($) 2026	Company ($) 2025
Surplus / (deficit) for the year before income tax		
Investment revenue subject to income tax	206,346	130,034
Income tax expense - Estimated (advance tax paid and accrual)	**43,070**	**40,000**

The Company is limited by guarantee and operates for the mutual benefit of Members. Accordingly, the Company is not liable for income tax on contributions received from Members, nor are the related outgoings tax deductible. The Company is, however, liable for income tax on interest and other income from investments.

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NOTES TO THE FINANCIAL STATEMENTS

NOTE 9. NOTES TO THE STATEMENT OF CASH FLOW

Cash and cash equivalents represent cash on hand and held with banks and deposits at call readily convertible to cash. There are no cash balances held that are not available for use in normal operations.

9.1 Composition

For the purpose of the Statement of Cash Flows, cash and cash equivalents comprises of the following:

	Company ($) 2026	Company ($) 2025
Cash at bank	5,312,730	3,762,259
Total cash and cash equivalents	**5,312,730**	**3,762,259**

9.2 Significant risk

The carrying amount of cash and cash equivalents represents the maximum exposure to credit risk relevant to cash and cash equivalents at reporting date and is equivalent to the fair value of the assets because of the negligible credit risk.

NOTE 10. AUDITOR'S REMUNERATION

	Company ($) 2026	Company ($) 2025
Audit services		
KPMG - Audit of financial Statements	73,500	70,000
Total remuneration for audit services	**73,500**	**70,000**

NOTE 11. CONTINGENCIES

The Board is not aware of any contingent liabilities at the date of signing this report.

NOTE 12. RELATED PARTY TRANSACTIONS

12.1 Parent entity

Our Ark Mutual Ltd is the parent entity.

12.2 Subsidiaries and inter-company transactions

There are no subsidiaries and inter-company transactions.

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NOTES TO THE FINANCIAL STATEMENTS

NOTE 12. RELATED PARTY TRANSACTIONS (continued)

12.3 Related party transactions

Transactions between the Company and its related parties during the year ended 30 June 2026 are detailed below:

- The Company incurred management fees of $2,362,702 under the terms of the Mutual Management Agreement with the Manager (Year ended 30 June 2025: $1,760,792);

Management fees when possible are benchmarked annually against comparable arrangements in the industry to ensure that they are on commercial terms.

12.4 Key management personnel

The Directors of the Company have been determined to be Key Management Personnel ("**KMP**") within the scope of AASB 124: Related Party Disclosures. The names of the persons who were Directors of the Company at any time during the financial year were as follows:

- Rowan Ward
- Charles Pollack
- Chris Wright
- Simone Collins
- Daniel Bunning

Directors' time in office is shown in section 1 of the Directors' report. The fees paid to Directors during the year ended 30 June 2026 and 30 June 2025 by the Company are detailed in the following table:

	Company ($) 2026	Company ($) 2025
Short term benefits	144,067	178,369
Long term benefits	13,433	16,631
Total	**157,500**	**195,000**

All other KMP are employees of the Manager. The Company receives management services from the Manager includes the provision of KMP. The Company does not remunerate KMP or directly reimburse the Manager this cost; rather an overall management fee is paid to the Manager. This is disclosed within Note 12.3 Related Party transactions.

12.5 Commitments for expenditure

Our Ark had an agreement with the Manager to manage its operations. The renewal of the agreement is being negotiated between the Our Ark and the Manager.

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NOTES TO THE FINANCIAL STATEMENTS

NOTE 13. SUBSEQUENT EVENTS

As at the date of this report, there were no material or unusual events or transactions occurring after the reporting date that the Directors are aware of that would significantly affect the Company's operations or its state of affairs.

NOTE 14. CAPITAL MANAGEMENT

Our Ark uses (re)insurance and Mutual Capital instruments to manage capital in line with its risk appetite. All current (re)insurers are rated A- or above.

In accordance with the requirements of *AASB 132 Financial Instruments: Presentation*, the Our Ark MCI balance in the Company's balance sheet is shown after deducting directly attributable transaction issuance costs, net of any income tax benefit.

Our Ark MCIs are mutual capital instruments as defined in section 167AD of the *Corporations Act 2001 (Cth)*. Mutual capital instruments are financial instruments created exclusively for Australian mutual entities, such as Our Ark Mutual Ltd, to access permanent capital without compromising their mutual entity status and to decrease their sole reliance on retained profits as a source of new capital.

The opportunity to issue mutual capital instruments was created by the *Treasury Laws Amendment (Mutual Reforms) Act 2019* which came into effect in April 2019 with the intention of improving growth, innovation and competition in sectors where mutual entities operate.

Our Ark's Class A and Class B MCIs are perpetual, fully paid mutual capital instruments. The dividends are discretionary and non-cumulative and the MCI holders have no rights to any specific dividend. The Company may determine to pay no dividend, a partial dividend or an optional dividend. Dividends that are not paid do not accrue and dividends paid are unfranked.

The proceeds from the issue of the Our Ark MCIs forms part of the Company's ongoing capital management strategy, with the proceeds to be used for ongoing working capital and providing additional financial security to support any (re)insurance program by the Company.

In accordance with the terms of Our Ark MCIs, the Company has the right to repurchase Our Ark MCIs for certain reasons. A holder has no right to request or require repurchase of Our Ark MCIs.

On a winding-up, Our Ark MCIs rank for payment behind all creditors but ahead of non-shareholder Members of Our Ark Ltd. On winding-up, Our Ark MCI holders will be entitled to a cash payment equal to face value and the amount of any dividend due and unpaid.

The Company has not paid any MCI dividends.

During the year ended 30 June 2026, the company issued Class A Mutual Capital Instruments amounting to $150,000 (30 June 2025: $250,000) and Convertible Instruments amounting to $750,000 (30 June 2025: NIL), which were fully subscribed. While these Convertible Instruments carry a yield, they are convertible into Class C MCI at the option of the Company.

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Our Ark.

CONSOLIDATED ENTITY DISCLOSURE STATEMENTS

For the year ended 30 June 2026 the Mutual is not required by the Australian Accounting Standards Board to prepare consolidated financial statements. As a result, the requirement of subsection 295(3A)(a) of the Corporation Act 2001 to prepare a Consolidated Entity Disclosure Statement does not apply to the Mutual.

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Our Ark.

DIRECTORS' DECLARATION

In the opinion of the Directors' of Our Ark Mutual Ltd:

a) the financial report and notes are in accordance with the Corporations Act 2001, including:

   (i) giving a true and fair view of financial position of the Company as at 30 June 2026 and of its performance, as presented by the results of the operations and the cash flows for the year ended on that date;
   (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001 (Cth);*
   (iii) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2.1; and

b) the consolidated entity disclosure statement as at 30 June 2026 required by Section 295(3A) of the Corporations Act 2001 is true and correct; and
c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed this 23 October 2026 in accordance with a resolution of Directors

DocuSigned by:
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Rowan Ward
Chairman

Charles Pollack
CEO and Director

Independent Auditor's Report

To the members of Our Ark Mutual Limited

Opinion

We have audited the ***Financial Report*** of Our Ark Mutual Limited (the Company).

In our opinion, the accompanying Financial Report of the Company gives a true and fair view, including of the Company's financial position as at 30 June, 2026 and of its financial performance for the year then ended, in accordance with the *Corporations Act 2001,* in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Statement of financial position as at 30 June 2026.
- Statement of comprehensive income, Statement of changes in equity, and Statement of cash flows for the year then ended
- Consolidated entity disclosure statement and accompanying basis of preparation as at 30 June 2026.
- Notes, including material accounting policies
- Directors' Declaration.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 Company in accordance with the *Corporations Act 2001* and the ethical requirements of the APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* issued by the Accounting Professional and Ethical Standards Board Limited (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Other Information

Other Information is financial and non-financial information in Our Ark Mutual Limited's annual report which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we 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.

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We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Company, and in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*
- implementing necessary internal control to enable the preparation of a Financial Report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Company, and that is free from material misstatement, whether due to fraud or error
- assessing the Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- 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 *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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 the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at:
https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf
This description forms part of our Auditor's Report.

KPMG

Leann Yuen
Partner
Sydney
23 October 2026

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CORPORATE DIRECTORY

The registered office of Our Ark Mutual Ltd is:

Our Ark Mutual Ltd
44 Hamilton Street,
Townsville,
QLD, 4810

Actuary

Our Ark Management Pty Ltd
Level 24, 300 Barangaroo Ave,
Sydney,
NSW, 2000

Bank

Commonwealth Bank
Tower 1,
201 Sussex St,
Sydney,
NSW, 2000

People First Bank
400 Ruthven Street,
Toowoomba,
QLD, 4350

Unity Bank
Level 25, 201 Elizabeth Street,
Sydney,
NSW, 2000

Macquarie Bank
Level 4
63 Pine Street,
Adelaide,
SA, 5000

Auditor

KPMG
Tower 3, International Towers Sydney
300 Barangaroo Avenue,
Sydney,
NSW, 2000