

RACT Annual Report 2025-2026

For each other.

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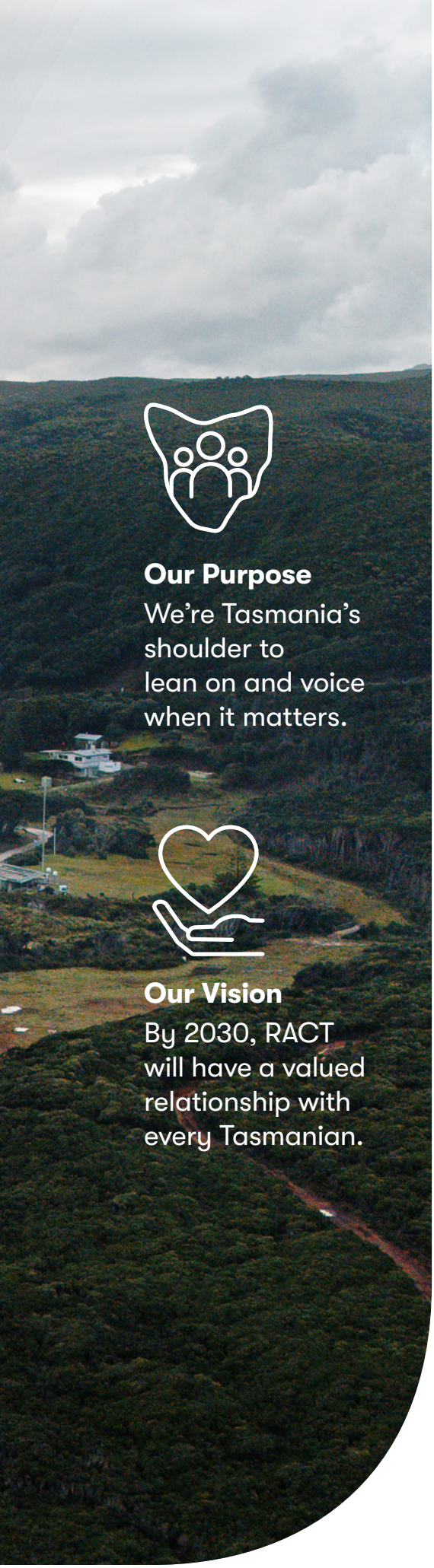


Acknowledgement of Country

In the spirit of reconciliation, we acknowledge the ancient history of the traditional owners of Lutruwita/Tasmania, their continuing connection to family, community, and the land, sea, and waterways. We also incorporate this respect into our mission for a safer, more inclusive Tasmania.

We pay our deepest respects to those who have passed before us and acknowledge today's Tasmanian Aboriginal people, the Palawa, and their enduring connection to this island.

At RACT, we stand for a future that profoundly respects and acknowledges Aboriginal perspectives, culture, language and history. Together, we strive for a future that honours and celebrates the rich culture of the Palawa.



Our Purpose
We're Tasmania's shoulder to lean on and voice when it matters.

Our Vision
By 2030, RACT will have a valued relationship with every Tasmanian.

Looking out for each other

The foundations of our brand story

Every great idea has a starting point. Ours started with a question: 'what does it mean to be a mutual, owned by Tasmanians, for Tasmanians?'

We didn't seek to answer this question in the boardroom. We went into the community and had conversations with our members, our own people, and with everyday Tasmanians going about their day.

We asked what mattered. What 'community' meant to people in the places they lived and what they wished an organisation like ours understood.

The answers came back again, and again - people talked about looking out for each other.

The neighbour who puts out your bins. The local who turns up without being asked. People who helped in a crisis, and no one was waiting to be thanked. It was less an idea and more what it meant to be Tasmanian.

As Tasmanians ourselves, we know that helping each other is what we do, and it's a trait we're proud of.

Looking out for each other is part of who we are. Across the state, people quietly show up for their neighbours, their families, their communities, and anyone who needs a hand. Small actions build stronger communities, whether that's keeping someone safe, lending support, volunteering, or simply checking in.

RACT was founded and built on that same spirit. As a mutual organisation, we're owned by our members, for our members, which means everything we do is focused on their needs, not profit margins. For over 100 years, we've stood by our promises and helped Tasmanians navigate life's challenges, big and small.

We're proud to be part of Tasmania's communities, working alongside members, partners and organisations to support the people and initiatives that help our state thrive. Because looking out for each other isn't just something Tasmanians do. It's something we do together.



Group CEO Report



Mark Mugnaioni
Group CEO - RACT

There is one thing Tasmanians do better than most. We show up.

I've seen it in moments of celebration and in the moments when life doesn't go to plan. I've had the privilege of seeing this quality up close – raising a family here, working across our industries, and experiencing what makes this place unique.

At the heart of it all is the fact that Tasmanians show up for each other in good times and bad.

RACT has spent more than a hundred years showing up. Not as an outsider offering help from a distance, but as a mutual owned by the very people it serves. We are an organisation Tasmanians built and keep shaping, and that's what sets us apart. We don't answer to shareholders chasing a return. We answer to you, and your feedback shapes our programs and our priorities.

This year we showed up in the ways we always have, and in some new ones.

Our Roadside crews were there when people needed us most, responding to nearly 80,000 call outs across the network, including 12,610 tow events.

Our store network supported 74,284 face to face customer interactions and responded to more than 333,000 calls that came through our help line.

Our insurance team was among the first on the ground after the Dolphin Sands fires, and they stayed in the community to help affected locals get back on their feet.

Events like the Dolphin Sands fires show what Tasmanians do in times of need. Neighbours opened their homes, and local businesses donated food, clothing and everyday essentials. We were proud to be standing beside members of the community during the long road to recovery.

Showing up after an emergency is necessary, but showing up before one is better.

This year we supported the UTAS Fire Centre's research into practical bushfire risk reduction for Tasmanian households and communities. We partnered with researchers, local government and communities to identify ways to reduce bushfire risk on the ground. As the State's largest household insurer, we have risk expertise, local knowledge and long-standing relationships and we are committed to using these to make communities safer.



The same logic applies on the road. Road safety has been RACT's core purpose since the beginning, and the work that matters most is with young Tasmanians as they build the skills and confidence to become safer drivers. Through our Youth Road Safety Program, delivered with the Tasmanian Government, we are working with young drivers and the people who supervise them, because the skills formed in the first year behind the wheel impact on the safety of young drivers.

Listening to our members is at the heart of who we are as a mutual. Member surveys, along with everyday conversations in our stores, contact centre, roadside interactions and digital channels, help us understand your expectations and respond to changing needs.

What you have told us most consistently this year is that household costs are rising and insurance is part of that pressure. Claims costs, increasing building costs and risk of natural disasters have driven premiums up across the country, and Tasmania is not exempt.

Through our work on resilience, our collaboration with reinsurers and disciplined financial management, we have worked to keep insurance costs affordable while maintaining the standards of care and support you rely on.

None of this is possible without a financially sound organisation behind it. Our sound financial performance this year meant we could keep investing in what matters most to our members, and that's something I'm genuinely proud of, from community resilience work to road safety programs and being there for Tasmanians when they need us most.

I want to thank our people, the patrols, the assessors, the store and contact centre teams and everyone behind them, along with our Board for their guidance through a demanding year. Thank you, our members, for the trust you place in us and for the part you play in strengthening your communities.

Tasmania is a place where people turn up to help. RACT doesn't just celebrate that, we are built on it. In the year ahead we will keep showing up, as we have for more than a century, for the Tasmanians who built this organisation and continue to shape it.

There for more than

74,000

Tasmanians who visited our stores

President and Chair Report





Keryn Nylander
President and Chair - RACT

Across many industries, organisations are moving further away from the people they serve. Mutuals move the other way. Our 230,000 members choose us because they trust us, and that trust has been built over more than a hundred years.

I am honoured to lead a board that is committed to upholding that trust and using our influence, expertise and resources to make a real difference, not only on behalf of our members, but for Tasmania as a whole.

A powerful example of that commitment is our work on insurance affordability and disaster resilience. RACT Insurance is the state's only Tasmanian-owned general insurer, providing insurance coverage for $55 billion dollars of our members' assets.

Our insurance operations focus on developing and delivering insurance solutions for Tasmanians, underpinned by deep research into Tasmania's risk profile. There is growing recognition of the link between growing risk and higher insurance prices.

In March 2025 an RACT survey of 17,000 Tasmanians revealed people overwhelmingly want more support to prepare for natural disasters. In response, we committed $1.2 million to support the UTAS Fire Centre's word-leading research into how we can transform Tasmania from one of the most bushfire-prone places on the planet, to one of the most resilient.

Our partnership with the City of Hobart and Kingborough Council is translating the theory into practical support for households and communities to better prepare for bushfire threat.

RACT has welcomed the Tasmanian Government's adoption of a partnership-first approach to improve insurance affordability and accessibility for Tasmanians.

As I told a Parliamentary Breakfast with the Business Council of Co-operatives and Mutuals, these are the types of purpose-led initiatives that only mutuals can drive. The mutual model isn't old-fashioned, it's exactly what's needed for Tasmania right now.

When communities face rising costs, climate risk and the loss of local services, they need an organisation that is genuinely connected to this state, with a real stake in better outcomes for its people.

That connection shows up in our everyday work, shapes our actions and guides how RACT supports members and makes Tasmania better now and into the future.

Governance and financial results Investing back into community is only possible if our organisation is financially strong. Our job as a Board is to ensure RACT is sustainable, well-governed and focused on long term value for the people we serve.

This year we welcomed three new directors Natasha Fenech, Tracey Matthews and Alex Costabile whose skills will help guide RACT through a changing environment while keeping us true to our purpose.

On behalf of the Board, I thank our members for their continued support, our Group CEO and Executive Leadership Team, and every employee whose commitment brings our purpose to life.



Elevating member voices on key issues

Listening to Tasmanians

Hearing our members' stories, experiences, ideas, and concerns is core to who we are as a mutual. Being member-owned means member voices directly shape how we operate, and it's how we stay accountable to the people who own us. We advocate on what Tasmanians tell us matters most.

We seek this input in a few ways: in person through our stores, driving school, and roadside team; on the phone with our local claims and call centre staff; online; and by checking in at key moments such as after an insurance claim, driving lesson, or roadside call out.

Our survey program this year focused on asking more RACT members and Tasmanians about what matters most to them and communities where they live. We explored views on road safety, community safety and bushfire and climate resilience, alongside broader insights on what makes Tasmania a great place to live.

Over 10,000 members responded to our survey on resilience and preparedness. Their input has shaped how we support members and their communities to be more prepared, and helped us raise these concerns with local, state, and federal government.

We are always humbled by the responses we receive from our members and the wider community for taking the time to share their thoughts with us.

More than
80%
of surveyed Tasmanians said RACT Insurance understood the needs of Tasmanians.

Tasmanians want more done to prepare for future natural disasters, with strong support for better firefighter support, clearer guidance on protecting homes, and practical help to make homes more resilient.



Our highlights – Year at a glance

Corporate

Most trusted **Tasmanian** brand

Net promoter score **86**

457-strong team across the state

229,657 members (as at 30 June 2026)

$247.9m total income

$346.3m total assets

$196.4m net assets

Delivering for our members

$2.7m saved by members across our rewards program

27, 959 members participated in surveys which helps us to better meet their needs

757,000+ visitors to ract.com.au

74,000+ customers supported through our stores

333,200 calls answered by our local team this year

In the community

4,951 students and experienced drivers took part in road safety programs

1,279 year 3 and 4 students participated in one of **57** RoadSafe programs

400 Year 10 to 12 students participated in safe driving activities

2,849 children took part in our road safety story time program, YIPPEE!

423 senior drivers engaged in community programs

41 staff volunteered in the community supporting **8** different organisations

250+ community members joined partnership event with SPEAK UP! Stay ChatTY

1,640 lessons through the Driving for Jobs program in schools statewide



More than 74,000 Tasmanians were supported by staff in one of our 7 stores

Mobility

45,000+ members assisted by Roadside

78,446 Roadside call outs across the network, including **12,610** tow events

8,661 batteries fitted on the roadside across the state

15,144 Driving lessons delivered through RACT drive school

1,229 P1 assessments delivered

115 licenced driver assessments delivered for corporate customers

226 child restraints checked or fitted

Insurance

Provided insurance coverage to more than **$55b** in Tasmanians' assets

159k members covered by RACT Insurance

43% of Insured Tasmanians hold a Motor or Home insurance policy with RACT

96% of claims accepted

20,000+ claims settled

$123 million in claims paid to members

Our people

90 people took part in Emergency Preparedness Training

77 leaders took part in bespoke leadership development program

844 voluntary learning courses completed

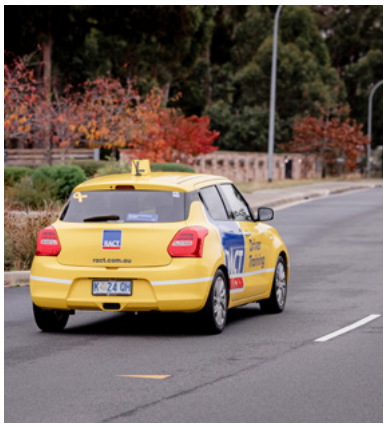
232 development goals progressed

71% employee engagement result

131 people took part in supporting mental health and neurodiversity sessions

Supporting Tasmanians





RACT's advocacy strategy is focused on making Tasmania a better place to live, work and travel, building on more than 100 years of standing up for our members and community.

Safer Journeys

We continue to represent our members' concerns in conversations with governments and other organisations, informing and influencing the funding, data and infrastructure decisions that make the biggest difference.

When the fuel crisis this year impacted members and the wider community, we increased our oversight of fuel prices in Tasmania and attended ACCC, government and other forums to advocate for Tasmanian motorists. Our ongoing work with agencies, partners and the community focuses on improving Tasmanians' safety on our roads and addresses the causes behind the tragic increase in road fatalities in 2025.

National Road Safety Week

Every year, RACT promotes National Road Safety Week to raise awareness about road safety, the tragic effects of road trauma, and to advocate for safer habits on Tasmanian roads.

This year's focus was on young people, particularly the pressure and aggression that learner drivers face from other motorists. This is a pattern RACT driver trainers see regularly through tailgating, aggressive overtaking, and impatience on the road.

Drive School – supporting diverse learners

In July 2025, our Driving Instructor team undertook training focused on supporting students with diverse learning needs. Facilitated by Troublesmiths, the session gave our instructors deeper insights into working with different learning styles and needs and helped them tailor lessons to ensure that every learner gets the most out of their time behind the wheel with RACT.



Alongside - keeping young people safe on the roads

Now in its second year, RACT's five-year, $8 million Youth Road Safety partnership with the Tasmanian Government has laid the foundation for more work to support young people as they prepare to take to the roads.

The program's direction has been shaped by successful statewide consultation, the development of a Youth Advisory Group with the Youth Network of Tasmania and progressed the program's three focus areas.

- **Education** – working with educators across Tasmania to co-design curriculum for years 9–12 and expanding to TAFE to reach apprentices on the road.
- **Driver supervision** - supporting driver supervisors and learners via a co-designed approach in consultation with the community and industry experts. This included the development of online and app-based coaching support, and piloting Learning to Drive Together sessions through the RACT Drive School.
- **Community** - undertaking social return on investment analysis with Social Ventures Australia, to understand and measure the impact of programs for vulnerable young drivers.

RACT was accepted as the Australian participant in the UNITAR-FIA Safe Mobility 4 All & 4 Life Fellowship Program, attending the Asia-Pacific forum in the Philippines and invited to attend the program's Geneva forum in July 2026. This activity laid the groundwork for approximately $230,000 in additional funding through the program which will be used to expand trials and continue improving road safety outcomes across the state.

The funding will accelerate the program's impact and connect Tasmania's approach with world-leading road safety frameworks.

We have delivered road safety programs to

5,000

students

STORY:

Supporting the next generation on the road

A story from the Youth Road Safety Team

The Youth Road Safety Project team saw one of its biggest pieces of work come to life this year. 'Alongside' supports learner drivers to be safer and more prepared on the road by building knowledge and skill in collaboration with their driver-supervisors.

Learner driver-supervisors told us they needed more support mentoring their young people. To develop a solution, we visited communities across Tasmania to understand, learn and co-design tools that would work for them.

Our team is now trialing this solution with the community. The first pilot session took place at the Kingborough Football Club in June 2026.

While footy players trained under lights outside, a small group of learners and their supervisors, parents, grandparents and mentors gathered inside the clubroom to talk through how to approach the learn-to-drive journey.

Global research shows quality instruction is one of the biggest influences on driver safety. As one parent put it, "We weren't sure where to start, or how to teach the skills we have."

Before the session, half of all supervisors described themselves as only 'a little clear' on their role, and 75 per cent had "never" or "sometimes" planned a practice drive in advance. By the end, 80 per cent felt more confident about how to approach the journey ahead.

The sessions are designed to give supervisors and their young people practical skills, breaking the learner journey into key steps and covering the staged approach to learning to drive, including how to plan a practice drive and what to do when something goes wrong.



One grandmother, who attended with her grandson while his mum was at work, left the event inspired to take on a supervisor role herself.

One of the most encouraging moments came from a mum who'd planned to leave the driving practice to her husband, but said the session changed her mind: "I'd planned my husband would do the bulk of the training, but I feel more confident giving it a go."

The team is looking forward to growing the trial, with more sessions planned for parent and learner groups across the state throughout FY27.





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Building a Resilient Tasmania



Back in 2024, with input from our members, RACT began work to help Tasmanians be better prepared for the increasing number of weather events.

As the state's only local and mutually owned insurance company, we hold a unique understanding of Tasmanian risk, placing us in a strong position to bring leaders together and build a stronger, safer Tasmania, one where every community is better shielded from natural disasters.

What Tasmanians told us

In 2025, we undertook a large-scale survey of members and non-members to understand Tasmanians' views and where they most wanted support, with more than 11,000 Tasmanians taking part and over people 7,000 providing comments.

This is what Tasmanians said:

- Tasmanians are worried about natural disasters, with a clear majority expecting more frequent events over the next five to 10 years.
- More than half were concerned about the link between natural disasters and rising insurance premiums.
- Tasmanians are more worried about their community than their own home.
- There was strong backing for practical resilience measures

Supporting research through the UTAS Fire Centre

The partnership with University of Tasmania Fire Centre, launched in December 2025, committed up to $1.2 million over four years to translate world leading fire science into practical tools for households and councils.

The funding supports research led by Professor David Bowman focused on real world implementation, alongside trials of household preparedness programs designed to encourage risk reducing action.

By combining RACT's deep understanding of Tasmanian risk with the Fire Centre's world recognised scientific expertise, the partnership aims to strengthen property resilience, reduce local fire risk and support better decisions when fire threatens.



Partners in preparedness

In June, RACT launched a partnership with the City of Hobart, Kingborough Council and the University of Tasmania Fire Centre to bring this research to life.

The pilot program offers free, individual bushfire risk assessments for households, using high resolution mapping to identify the most important actions to take. Participating households are then supported to act on these findings, helping them understand and prioritise what will make the biggest difference for their property. This work continues into FY27.

Insurance affordability and availability

RACT responded to the State Government's election announcement to launch a state-owned insurer 'TasInsure'. As a member-owned mutual and the state's largest general insurer, we welcomed the discussion on the important issue of insurability in the Tasmanian community. Insurance affordability and availability was already an area of focus for RACT and one we were engaging and advocating with governments on.



72%

of RACT members believe that Tasmania will face more natural disasters in the next 5-10 Years

90%

of RACT members would like more to be done to prepare their community for natural disasters

49%

of RACT members would like better information on how to protect their home from the threats of natural disaster

STORY:

The people who stood with Dolphin Sands

When bushfire swept through Dolphin Sands in December 2025, it changed everything for the small community in a matter of hours. Homes were lost or damaged, and in the days that followed, RACT was on the ground, helping residents begin the long road to recovery.

For one resident, preparation may have made all the difference. Knowing that they lived in a high bushfire risk area the resident had cleared 50 metres of defendable space around the home. "I think that's the only reason it's still standing," he said, after losing his outbuildings and fencing to the flames.

For others, the losses were harder to measure. One woman, evacuated with her family and a group of stranded tourists, spent hours navigating by boat in the dark, carrying only what they could. "We didn't know what else to do," she said. "We just got everyone to safety."

Drawing on lessons from previous fires, some residents had already turned their past experiences into action, working with local government to establish a safe space for future evacuees, complete with beds, amenities and supplies for the next time disaster strikes.

Through it all, RACT was privileged to be able to support where we could. Not just to process claims, but to listen, to reassure, and to stand alongside the community as it began to rebuild. The community's resilience was tangible.

We helped members who couldn't access their properties and organised trades and support before the Christmas break. Every tradesperson sent in had to be fully self-sufficient, carrying all materials needed, since there was no nearby hardware store and only one road in and out.



We also revised our traditional panel builder approach. Instead of contractors working at a distance, RACT worked with selected tradespeople who operated directly inside the claims process. This meant our claims managers had real-time visibility of repairs as they happened, and every affected family had a single contact who owned their repair from start to finish.

Dolphin Sands is still rebuilding, and it will be for some time yet. But the response from RACT staff, and the resilience of the community itself, showed what's possible when people are supported not just with a claim number, but with a genuine helping hand. It's a reminder of why RACT exists: to stand alongside Tasmanians, in the moments that matter most.





It's a reminder of why RACT exists: to stand alongside Tasmanians, in the moments that matter most.

Images on this page: Tasmania Fire Service.



Supporting community



At RACT, we're proud that when a member needs help, there's a real person ready to give it whether it's in a store, on the phone, out on the road.

This year we focused on making that support easier to get to. Claims you can lodge in person at any store and membership options that ease the cost of living. These small changes are important to us and the kind that matter when you're the one who needs them.

We also put time into the community itself through volunteering, spending time backing local organisations already doing the work and giving back where we can.

Our work with the community

RACT's commitment to Tasmania goes well beyond insurance and roadside assistance. Throughout the year, RACT shows up for the community through hands-on volunteering and partnerships with organisations doing important work across the state.

This year these have included:

- Kingborough Volunteer Program
- Home Base
- Catholic Care
- Bonorong Wildlife Sanctuary
- Ronald McDonald House
- Variety Tasmania
- Surf Life Saving Tasmania
- Make A Wish
- Council on the Ageing
- Women in Agriculture
- Dress for Success
- SPEAK UP! Stay ChatTY

This work reflects how RACT chooses to support our community in a way that matters to Tasmanians. As well as volunteering and events, RACT works directly with communities to design and deliver programs that solve real problems and help keep Tasmanians safer and more prepared.



Insurance



Working to improve understanding of Tasmanian risks

RACT is a Tasmanian organisation. Our people live here, and our members live here. This means we apply what know about the island: its weather, its landscape, its claims history, and the everyday reality of the people we cover.

RACT draws on local expertise and information because national data alone doesn't capture Tasmania's local reality. When the new Tasmanian Strategic Flood Maps came out, our team reviewed them in detail against on-the-ground knowledge and Tasmanian claims history instead of applying the figures as is.

That work found flood risk across the state was, in aggregate, lower than first suggested, and RACT moved to reflect that in pricing, with some areas seeing significant revisions.

The same local expertise is applied to bushfire risk and the motor supply chain which is translating into improved affordability for thousands of members.

Local expertise creates value when it's paired with a structure built to pass that value on, and that combination is what makes RACT genuinely Tasmania's shoulder to lean on.

Responding to extreme weather

RACT's response to extreme weather is built on the same principle as everything else we do: our people live here, so we understand what's needed when things go wrong.

During these significant events, we work to get assessors on the ground quickly, give our staff the authority to make decisions without unnecessary delay, and work with trusted local suppliers to see the job through to completion.

This year was no exception, with our teams responding to a number of weather events across the state, including the Dolphin Sands bushfire, reinforcing that physical presence and local relationships remain central to how RACT supports its members during a crisis.

STORY:

Trial Harbour, showing what it means to be there for each other

A story from RACT's Brand and Marketing Team

Trial Harbour is a small town on Tasmania's west coast, right on the ocean. About 14 people live in the town full-time, with no mains power and no town water, nothing to rely on except each other. This is a real place, with real people, on the edge of the earth, where the wild seas of the west coast are right out the back door.

Leaning on each other is how the town runs, and has run, for more than 50 years.

Here, we recognised the same thread that has come to RACT through our research with the Tasmanian community. In our conversations, the concept of how Tasmanians support each other came up again, and again. Being there for each other is part of Tasmania's DNA.

The concept of the 'for each other' story was born out of this experience.

We wanted people across Tasmania to see themselves in the story, and so we reached out to the community in Trial Harbour, with our film crew to spend a few incredible days on the West Coast.

During these days we were welcomed into kitchens, given cups of tea, and got sandy on the beach with the people who live there. Trial Harbour became the place where we knew we could tell a story about what it means to be there for each other.

We met a retired miner, also the local Fire Chief, who told us he 'checked on the older residents simply because he's one of the younger ones there, and that's what you do'. And the man they call The Sheriff walked us around the town and told us plainly that they care for each other and their area because they haven't got anything else.

Nothing about it was staged. Trial Harbour is where our new direction was built, not around a campaign line but around something we found sitting in a kitchen in a town most Tasmanians have never visited.

We fell in love with the place and the people who shared it with us. We captured a story on the shores of that town, and we're hoping it's a story every Tasmanian can feel part of.

Over the coming year, we want to keep doing what got us here in the first place: listening, getting out into communities, and asking them to help shape what comes next.

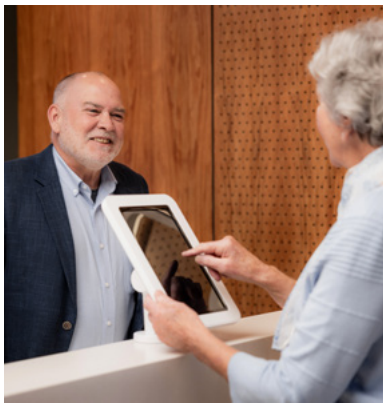
We also hope that a little of the support that was shown to us in Trial Harbour is something Tasmanians can grab hold of. We think that means continuing to show up the way the people in Trial Harbour showed up for us: cups of tea before cameras, listening before telling, and returning value to our members as a mutual should, for each other, the way Tasmanians always have.





We captured a story on the shores of that town, and we're hoping it's a story every Tasmanian can feel part of.

Delivering more for our members



Being here for our members means showing up, wherever they are in Tasmania.

This year, that meant tens of thousands of roadside callouts, thousands of driving lessons, and hands-on support for families across the state. Our teams are local, they know their regions and looking after their community matters to them.

Better for members

This year RACT's Group Operations Team has been working to make membership easier for the Tasmanians who rely on it every day, delivering a range of initiatives focused on accessibility, community and everyday value.

This has included free membership offers, and improved in-store service, reflecting RACT's commitment to support Tasmanian communities where it matters most.

Highlights include:

- **In-Store Claims** – In-person claims are now available in all stores, supporting both accessibility and community connection.
- **Free Lifestyle Membership for all Tasmanians** – To help Tasmanians overcome cost of living pressures while also supporting Tasmanian business partners.
- **The Merge Project** – Initiated to resolve duplicate records and create one true view of each member. Delivered in December 2025 it will create streamlined services for members.
- **Roadside Renewals** – Transitioned to digital roadside renewals to improve the service and reduce our environmental footprint.

A new in-store experience

This year, RACT bought a new store to life at Spring Farm Village, Kingston, in the heart of a growing community.

Building on the learnings from our award-winning Eastlands Concept Store, the new location gave members the convenience of being able access our products and services, including in store claims lodgement and our drive school with dedicated parking out the front for our students, making it easier than ever for learners to get started.

Members loved the design, the experience and the ability to interact with our team in a welcoming and accessible environment.



Roadside assistance

Roadside assistance remains a critical service offering for members across the state.

In 2026, our patrols attended just under 80,000 callouts across the state, with an average response time of just under 30 minutes. We continued to invest in our fleet, technology and staff training to keep response times and service experience strong.

Roadside brings more than just a callout, it brings peace of mind. For many members, the real value is knowing that help is on the way whenever they need it. That reassurance matters just as much as the assistance itself, particularly for people who may be travelling alone, living further from services, or simply want the comfort of knowing someone reliable is only a phone call away.

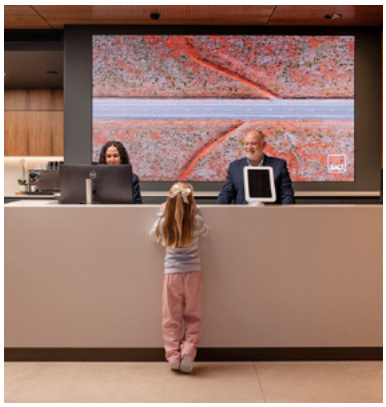
In September 2025, RACT and the national auto clubs partnered with Apple to launch a new feature for iPhone users to access roadside assistance via satellite coverage across Australia.

We engaged with our valued contract network over the financial year, continuing to improve our towing services and operations across the state. We acknowledge and thank our contractors across the state for their ongoing member support.

International driving permits

We are pleased to introduce a service to members who need to pick up an international driving permit when travelling overseas are now able to pick these up from our statewide store network.

In Tasmania, RACT is the only location where international driving permits can be issued onsite.



Member feedback has been outstanding, with members loving the design, the experience and the ability to interact with our team in a welcoming and accessible environment.







The Technical Underwriting team supported and managed 157 escalated vulnerability cases, predominantly relating to financial hardship and domestic violence.

Supporting accessibility for vulnerable Tasmanians

In 2025, RACT redeveloped its Motor Product insurance documents to make them easier for members to understand. The result earned Gold Plain Language Certification from Plain Language Certified, an independent body. The document met at least 80% of 32 assessment criteria, making it one of only four general insurance documents in Australia to hold this certification.

Driver training

This year, we continued to grow the Drive School beyond our traditional service locations in Hobart, Launceston and north west Tasmania. The new Spring Farm store gave us coverage across the Channel, Huon and Kingston areas, and Eastlands covered the Clarence municipality.

Our partnership with Workskills Tasmania grew, delivering lessons via the Glenorchy, Bridgewater and New Norfolk sites. On the Tasman Peninsula, lessons delivered in partnership with Tasman Council became an established part of our service. We also invested in our Drive School vehicle fleet, moving toward hybrid as standard and trialing EVs.

RACT's is committed to ensuring new drivers are ready for the road. This included just over 15,000 driver training lessons across the state and more than 1,200 P1 Assessments completed. RACT's continued partnership with the Tasmanian Government delivered just under 2,000 driving lessons to support vulnerable students in high schools and colleges across the state.

AutoServe

Our AutoServe mechanical workshops in Launceston and Hobart continued to deliver strong customer service and quality workmanship for mechanical repairs and vehicle servicing.

RACT launched a new electric vehicle (EV) Battery Testing product with AutoServe, giving Tasmanians the opportunity to have their EV battery health tested, including as part of a second-hand EV purchase decision.

Child seats

RACT installed and checked over 220 child seats across the financial year, reinforcing our dedication to ensuring the correct fitment of car seats for Tasmanians and their families. This vital service addresses the critical issue of child safety and provides peace of mind to parents and care givers.



Over 15,000 driver training lessons across the state and more than 1,200 P1 Assessments completed

Member benefits





As Tasmanians felt cost-of-living pressures this year RACT was focused on providing benefits that made a real difference.

This year we introduced a free Lifestyle Membership, expanded our fuel partner network and savings, and enhanced self-service tools, all designed to make everyday life a little easier for our members.

Making member benefits easier

RACT continues to invest in self-service capabilities, giving members greater choice and convenience in how they interact with us. Beyond logging in to view their products and services, pay bills, access important documents, and lodge claims, members can now access their digital card via phone wallet, update roadside payment details, and manage their communication preferences, all from one place.

This year we moved to email delivery of roadside renewal notices for members with an email on file, reducing paper use and reflecting our ongoing commitment to more efficient, member-friendly service. Members who prefer paper notices retain the flexibility to opt back in at any time.

We also enhanced our Fuel Saver App, reinforcing our commitment to helping Tasmanians navigate cost-of-living pressures by finding the best fuel deals in their area.

Free Lifestyle

In June 2025, RACT offered Lifestyle Membership for free to help Tasmanians to ease cost of living pressures. Members are able to access discounts and savings across our reward partners, helping put a little more back in their pockets.



Fuel partners

RACT's new fuel partners, Bennett's Petroleum and Bonney Energy have completed their first full year of operations, providing members with discounts on fuel. This year we've worked with both partners to expand the network to 49 locations and stock RACT batteries for members at a discounted price. We also launched our stacked offer in September 2025, allowing members to save up to 9c/litre when spending $15 in store.

Pet Insurance

We've continued to support Tasmanian pet owners with our pet insurance product in partnership with PetSure Pty Ltd. The GapOnly service is now available at more than 95% of vets across Tasmania, which means policyholders can lodge a claim directly with the vet and, if approved, only pay the gap amount rather than the full bill.

PetSafetyNet™ launched in Tasmania in November 2025 and has already helped over 100 pets receive veterinary care, giving Tasmanians facing hardship the support they need. The program is funded by RACT's pet insurance partner PetSure and VetPartners, with $1 from every GapOnly® claim going towards it.

PetSafetyNet™ has helped

100+

pets receive care

Our people

Our people are the heart of RACT. We believe an engaged, energised and passionate team is critical to achieving our Vision, and it shows in how our people show up for members and for each other.



Volunteering

RACT employees receive one paid volunteer day a year for a cause that matters to them. Our people use that day to support events, organisations and causes that strengthen the connection between our workforce and the communities we serve.



Workforce Snapshot

We employ **457** people: **59%** women, **41%** men, and some team members identifying outside the binary. Our people bring cultures from a range of countries, and we welcome the perspective this brings to our workplace.



Leadership Development

Our Unleash Potential leadership program focused on strengthening leadership across the business, working with **77** people leaders to identify individual focus areas, and using these insights to shape a new leaders program, individual and group coaching, and clear leadership goals for participants.



Growth and Development

We launched a new career and capability system to help our people understand their strengths, set goals and build new skills. Our Career Map lets people explore roles and the skills needed, backed by a course library linked to our capability framework.

People self-enrolled in **844** courses, with **82** actively requesting courses to build their own skills. Our Coaching Framework has also grown, now supported by four accredited internal coaches and a panel of external coaches, alongside **45** internal secondments.



Launch of the RACT Training Academy

Our Group Operations team developed and delivered the RACT Training Academy, creating a dedicated learning and development Centre of Excellence providing nationally recognised certification for our frontline teams. Starting from the gem of an idea, the team created career pathways and developed partnerships and a new brand to bring this to life. To date **723** people have participated in the Training Academy.

Wellbeing and Psychosocial Safety

Twelve psychosocial risk workshops engaged **97** people, with **85** completing follow up assessments. We also ran onboarding workshops for **72** new starters, designed Fit to Lead, a program on wellbeing and resilience, and delivered psychology partnered lunch and learns reaching **131** people.

Physical Safety

We refreshed our hybrid workplace, reviewed emergency preparedness across all retail sites, and trained **90** employees in emergency response. We also began strengthening chain of responsibility support for towing contractors.

Financial commentary

For the 2025-26 financial year

Financial performance

The Group continued its growth in FY26, with total income increasing by 11% to $247.9m. Insurance revenue contributed $211.3m, increasing from $187.6m in FY25, whilst roadside and motor services, including driver training, delivered $28.1m, up from $26.8m in FY25.

Comparatively, total expenses had smaller growth of 4% to $226.9m, primarily due to a lower than anticipated insurance claims experience.

Other employee benefits and other operating expenses increased from a combined $73.1m in the prior year, to $78.6m in the current year, as the Group continued to invest in technology, operations, and capabilities to expand the value provided to members and Tasmanians.

Investment income provided an additional $5.8m benefit in FY26. This was down from $9.4m in FY25, due to the prior year one-off fair value gain on investment and other unrealised gains. Despite this overall decrease, interest income was $5.0m, up from $4.7m, due to additional funds invested and high interest rates.

The financial performance during FY26 resulted in a net profit after tax of $21.0m, up from $9.1m in FY25, providing the ability for the Group to further invest and reduce borrowings.

Financial position

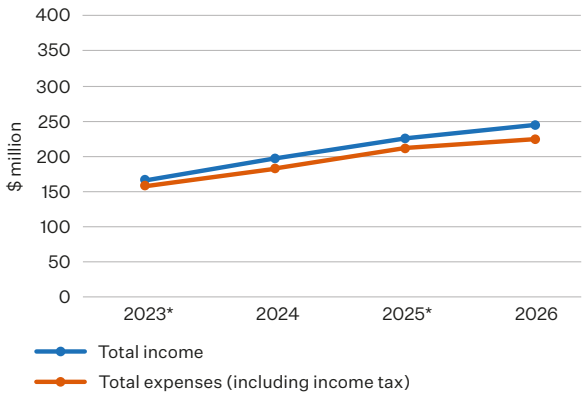
FY26 gross assets increased to $346.3m, up from $334.2m in FY25. This was driven by the underlying 9% growth in investments to $147.0m, providing a strong capital base to support insurance contract liabilities.

The strong financial performance of the Group also allowed for a $15.0m voluntary prepayment of borrowings, contributing to the overall reduction in total liabilities.

Accordingly, net assets increased 12% to $196.4m from $175.4m in FY25.

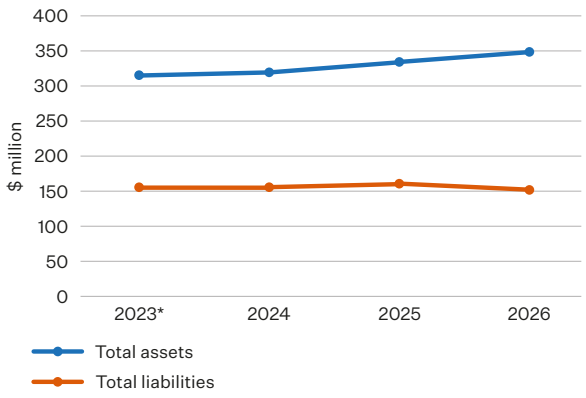
The Group's liquidity position continues to provide solid foundations, with current assets being 156% of current liabilities at 30 June 2026.

Total income and expenses



* Total income excludes the fair value adjustment recognised on receiving an updated valuation of an equity holding in 2025. The Group adopted AASB 17 Insurance Contracts from 1 July 2023 and has restated the 2023 comparative year.

Total assets and liabilities



* The Group adopted AASB 17 Insurance Contracts from 1 July 2023 and has restated the 2023 comparative year.

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Directors' report

The directors present their report together with the consolidated financial statements of the Group, comprising The Royal Automobile Club of Tasmania Limited ('RACT' or the 'Company') and its subsidiaries for the financial year ended 30 June 2026 and the auditor's report thereon.


Ms K L Nylander


Mr I A Gillespie AM


Mr A Costabile


Mr A M Coleman


Mr C A Ellis


Mrs N Fenech


Mr P A W Kolkert


Ms T B Matthews


Mr A S McKenzie

1. Directors

The names of the directors of the Company during and since the end of the financial year are:

Ms K L Nylander
(President from 14 November 2025)

Mr I A Gillespie AM (Vice President)

Mr A Costabile (from 14 November 2025)

Mr A M Coleman

Mr C A Ellis

Mrs N Fenech (from 14 November 2025)

Mr P A W Kolkert

Ms T B Matthews (from 14 November 2025)

Mr A S McKenzie

Mrs A J Flakemore
(President to 14 November 2025)

Mr M C Grey (to 14 November 2025)

Ms J A L Richardson (to 14 November 2025)

Directors are all members in accordance with the Constitution. Directors' qualifications and experience are provided in section 16 of this report.

2. Company Secretary

Mr S Lester B.Com, CA, MAppFinInv was appointed to the position of Company Secretary in December 2023. Mr Lester also holds the role of Chief Financial Officer of RACT and Director of RACT AutoServe Pty Ltd, and is a member of CA, CISI, ARPI, TIA(Aff). Mr Lester has previously held senior roles within RACT, including Executive Officer, and Chief Risk Officer, and externally as Director, Huon Aquaculture Group Limited, Board Member, CatholicCare Tasmania, and Partner, Deloitte.

Mr M Hopster is the Assistant Company Secretary.

Directors' report

3. Objectives, strategy, and principal activities

RACT's purpose to be Tasmania's shoulder to lean on and voice when it matters drives our long term objective and vision of having a valued relationship with every Tasmanian by 2030. To achieve this objective, we've implemented a strategy that is transforming the Group to grow our value proposition, scale our valued services, and deliver more for members and Tasmanians more broadly.

The short term objectives are focussed on the steps required to meet the overall long term objective with member needs at the centre of decision making. FY26 continued to build on our previous strategic investments in the transformation of Group technology, operations, and capabilities with a focus on productivity across the strategic focus areas of our experience, our technology, our processes, our sustainability, and our culture. The future short term objectives and strategy now focuses on utilising this base and expanding the value we create externally to and for members and Tasmanians.

The principal activities of the Group are to advance the interests of, and advocate on behalf of, its members in regard to any matter that is determined to be relevant to members and the Group, provide roadside assistance and motoring services, and distribute and underwrite general insurance. Our highlights detailed on pages 8-9 of the annual report, provides a snap shot of these activities, with more detailed information provided on pages 10-27.

Our principal activities deliver the value proposition required in our objectives by helping our members prevent, protect, minimise, overcome and recover from the risks they, their families, and their communities face. Through these activities, we are there for our members with a helping hand and a shoulder to lean on when they need us most, and are in their corner to advocate on their behalf when it matters most. We do this not just for our members but also for their families, communities and all of Tasmania.

RACT measures key performance across the strategic focus areas, giving consideration to our annualised net promoter score, our member share of Tasmanian population, our execution of the transformation agenda, our financial performance, and our employee engagement.

4. Operating and financial review

The Group's profit for the year was $20.993 million (2025: $9.136 million) and total comprehensive income for the year ended 30 June 2026 was $20.993 million (2025: $9.570 million).

Further review of operations and results are detailed in Group CEO Report on pages 4-5, the President and Chair's Report on page 6 and in the financial commentary on page 30.

5. Sustainability

The Board recognises that sustainability considerations, including climate-related risks and opportunities, are integral to the long term resilience of the Group. Our compliance and risk functions are actively preparing for emerging environmental, social and governance (ESG) changes. RACT is classified as group 2 for climate related financial disclosure requirements which become effective for the reporting period commencing 1 July 2026.

6. Significant changes in state of affairs

There were no significant changes in the state of affairs of the Group for the year ended 30 June 2026.

Directors' report

7. Future developments

On 10 August 2026, the Company signed a Memorandum of Understanding (MoU) with the Tasmanian Government for an initial three month partnership, including a joint steering committee, to assist in the establishment of TasInsure as a Statutory Authority. The MoU is non-binding, but notes the intention to partner with the Company for an initial term of five years to drive resilience and insurance affordability for the Tasmanian community and small businesses.

Disclosure of information regarding other likely developments in the operations of the Group in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Group. Except as disclosed here and in subsequent events below, further information on future developments has not been included in this report.

8. Environmental regulation

The operations of the Group are not materially impacted by any particular or significant environmental regulations under any law of the Commonwealth of Australia or any of its states or territories. The Group has not incurred any liability (including rectification costs) under any environmental legislation.

9. Meeting of Directors

The Board generally meets monthly, with additional meetings being arranged when required. The monthly meetings are split between formal Board meetings, education sessions and strategic workshops. Only the attendance at the formal Board meetings are recorded in the table below.

As at the date of this report, the Company had the following Committees to support the RACT Board, each of which has a clear operating charter and reports to the Board on a regular basis:

- Audit Committee
- Risk Committee
- Governance, Remuneration & Nomination Committee
- Transformation Committee

In addition, temporary Committees are formed by the Board as and when required. In the year ended 30 June 2026, this included a Committee to assess the skills, experience, and suitability of candidates in relation to nominations for election to the RACT Board (met 3 times in the year ended 30 June 2026, excluding candidate interviews). The members of the permanent Committees listed above and the number of times they met during the year can be found in the table below.

During the year there was ongoing scrutiny of the RACT's processes and procedures through the outsourced external assurance program. The Board regularly undertakes a review of its performance and that of its Committees to ensure its responsibilities are being carried out in the best possible manner. The Board periodically engages the assistance of external consultants to facilitate formal Board performance reviews.

An extensive system of documented and controlled policies and procedures is in place throughout RACT, including risk management, disaster recovery, fraud assessment, and business continuity. Since the completion of the acquisition of RACT Insurance on 30 November 2021 the governance structures and processes of RACT and RACT Insurance have been increasingly aligned with policy frameworks being combined into a single group-wide framework wherever regulations allow. The Boards of the two companies hold joint meetings, including strategic and education sessions, to assist in alignment and the transfer of knowledge and information. RACT's Board committees incorporate joint sessions with the equivalent committee's of RACT Insurance within their quarterly agendas.

Information about the RACT Board and its Committees, the RACT Constitution and By-Laws, the RACT Board Charter, and a full Corporate Governance Statement can be found on the RACT Website (www.ract.com.au).

Directors' report

During the financial year, 31 meetings of directors (including committees but excluding informal workshops) were held. The number of meetings attended by each director during the year is disclosed in the following table.

Board / Committee	Board	Audit	Risk	Governance, Remuneration & Nomination	Transformation
Total meetings held during 2025/2026	**10**	**4**	**4**	**4**	**9**
Director					
Ms K L Nylander (President)	8	*	*	3	6 (out of 6)
Mr I A Gillespie AM (Vice President)	10	*	*	4	*
Mr A Costabile (from 14 November 2025)	4 (out of 4)	*	*	*	5 (out of 6)
Mr A M Coleman^	8	4	4	2 (out of 2)	*
Mr C A Ellis^	10	4	4	*	3 (out of 3)
Mrs N Fenech^ (from 14 November 2025)	4 (out of 4)	1 (out of 2)	1 (out of 2)	*	*
Mr P A W Kolkert	10	2 (out of 2)	2 (out of 2)	2 (out of 2)	5 (out of 6)
Ms T B Matthews (from 14 November 2025)	4 (out of 4)	2 (out of 2)	2 (out of 2)	*	*
Mr A S McKenzie	9	*	*	1 (out of 2)	8
Mrs A J Flakemore (President to 4 November 2025)	6 (out of 6)	2 (out of 2)	2 (out of 2)	2 (out of 2)	*
Mr M C Grey (to 14 November 2025)	6 (out of 6)	2 (out of 2)	2 (out of 2)	*	2 (out of 3)
Ms J A L Richardson (to 14 November 2025)	6 (out of 6)	*	*	*	3 (out of 3)

* Director is not a member of this Committee.
^ Board-appointed directors

10. Subsequent events

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction, or event of a material or unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

11. Indemnity of officers and auditors

During the financial year, the Company paid a premium in respect of a contract insuring the directors of the Company (as named above), the directors and secretaries of RACT Insurance Pty Ltd and all other executive officers of the Company and of any related body corporate, against a liability incurred by such a director, secretary, or executive officer, to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits

Directors' report

disclosure of the nature of the liability and the amount of the premium. In addition, deeds of indemnity are in place between the Company and the aforementioned directors, secretaries and executive officers in accordance with the Company's Constitution.

The Company has not otherwise, during or since the financial year, indemnified or agreed to indemnify any other officer or auditor of the Company or of any related body corporate against a liability incurred by such an officer or auditor.

12. Corporate governance

The Group is committed to conducting its affairs consistent with the highest standards of corporate governance. The Board supports the Corporate Governance Principles and Recommendations as amended and published by the ASX Corporate Governance Council as those principles and recommendations apply to a non-listed entity such as the Group and the Co-operative Mutual Enterprise Governance Principles as they apply to the Company.

As at the date of this report, the RACT Board comprises nine non-executive directors. RACT's Constitution requires the composition of the Board to be six member-elected directors and up to three Board-appointed directors. The Board is responsible for setting and reviewing the strategic direction of RACT and monitoring the implementation of that strategy. The Board is also responsible for the management and control of the affairs of the organisation in accordance with the Company's Constitution, statutory and compliance obligations. In particular, the Board:

- Promotes ethical and responsible decision-making.
- Ensures compliance with laws, regulations and all appropriate accounting standards.
- Establishes long term business goals and approves strategic plans to achieve those goals.
- Approves the annual operating budget.
- Monitors the operating and financial performance of the Group.
- Monitors risk management and internal compliance and control.
- Approves and monitors major capital expenditure programs.
- Arranges the employment of the Group CEO and ensures a clear relationship between performance and executive remuneration.
- Manages appropriate succession planning and renewal of the Board.
- Represents members in line with RACT's constituted purpose and ensures that the members are fully informed of material developments.

The Group CEO is responsible for the day-to-day management of the Group with all powers, discretions and delegations authorised, from time to time, by the Board. The Group CEO leads the executive leadership team, which meets regularly to review and report on the Group's business activities including operations, financial and investment performance, and strategic direction.

All directors have the right to seek independent legal and accounting advice (at the Company's expense) concerning any aspect of the Company's operations or undertakings.

13. Ownership

RACT is incorporated under the *Corporations Act 2001* as a company limited by the guarantee of the members. If the Company is wound up, its Constitution states that each subscribing member may be required to contribute up to $2. As at 30 June 2026, the number of eligible members was 132,257, resulting in a total contribution of $264,514 upon winding up.

14. Auditor's independence declaration

The lead auditor's independence declaration is set out on page 38 and forms part of the directors' report for the year ended 30 June 2026.

15. Rounding off

The Group is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2026/183,* and in accordance with that Instrument, amounts in the directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Directors' report

16. Directors' qualifications and experience

Ms K L Nylander (Chair and President)
BA
Company Director
Director, RACT Insurance Pty Ltd
(to 14 November 2025)
Chair, Committee for Greater Hobart
Director, Aurora Energy
Director, Tempus Village Management Pty Ltd
Director, KLN Tasmania Pty Ltd

Mr I A Gillespie AM (Vice President)
FAICD, FAIM, FCEOI, BA, DipLaw (BAB)
Company Director
Director, RACT Insurance Pty Ltd
Director & Trustee, International Road Assessment Programme
Director, Racing Together, Indigenous Australian Motorsport Program

Mr A Costabile (from 14 November 2025)
MSc, MBA
Company Director
Former Chief Strategy Officer, Wawa Inc.

Mr A M Coleman
BA, MBA, Hon D.Bus (Macq), FIAA, CERA, FAICD
Actuary and Company Director
Chair, RACT Insurance Pty Ltd
Director, Munich Re Insurance (Australia and NZ)
Director, Greenpeace Australia Pacific Ltd

Mr C A Ellis
BCom (Econ), ACA
Company Director
Director, RACT Insurance Pty Ltd
Director, Income Insurance Ltd

Mrs N Fenech (from 14 November 2025)
BSc, BEc, AIAA, MBA, GAICD
Company Director
Director, RACT Insurance Pty Ltd
(from 14 November 2025)
Director, United Super Pty Ltd (Cbus Super)
Acting Chair, Australian Medical Publishing Company (to 11 September 2026)

Mr P A W Kolkert
FAICD
Executive and Company Director
Director, RACT Insurance Pty Ltd
Executive Director & Secretary, Ditech Holdings Pty Ltd
Director & Secretary of DPJ (TAS) Properties Pty Ltd
Director, Glass Wall Labs Pty Ltd
Director & Secretary, 39 Sandy Bay Road Pty Ltd
Director, Treklok Pty Ltd

Ms T B Matthews (from 14 November 2025)
BCom, FCA, FAICD
Company Director
Director, Van Dieman's Band Ltd
Director, SGS Economics and Planning Pty Ltd
Independent Chair Audit & Risk Committee, Hazell Bros Group
External Chair Risk and Audit Committee, Building Tasmania

Mr A S Mckenzie
BA LLB (Hons), GDLP
Legal Practitioner and Company Director
Director, RACT Insurance Pty Ltd
Director, McLean McKenzie & Topfer
Director, Tasmanian Law Reform Institute
Chair, TasNetworks Bright Future Fund

Mrs A J Flakemore (to 14 November 2025)
B.Com (Hons), FCA, RCA, FAICD, PMIIA CIA
Chartered Accountant and Company Director
Senior Partner - Audit & Assurance, Crowe
National Council Member, Australian Automobile Association

Mr M C Grey (to 14 November 2025)
BA, CS, GDACG, FCPA, FAICD
Company Director
Director, St Giles Disability Services
Director, The Public Trustee Tasmania
Chair, General Practice Registrars Australia
Member, RSL Queensland Audit & Risk Committee

Ms J A L Richardson (to 14 November 2025)
JP, MBA, FAICD, FGIA, CAHRI
Company Director
Director, OneCare Ltd (from November 2024)
Panel Member, Local Gov Code of Conduct Panel

This director's report is made out in accordance with a resolution of the directors, this 29th day of September, 2026.

K L Nylander
Director

A M Coleman
Director

Auditor's Independence Declaration

KPMG

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

To the Directors of The Royal Automobile Club of Tasmania Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of the annual financial report of The Royal Automobile Club of Tasmania 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

KPMG

Tracey Barker

Partner

Brisbane

29 September 2026

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Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2026

	Note	2026 $'000	2025 $'000
Insurance revenue	2, 16.1	211,293	187,621
Insurance service expense	3, 16.1	(116,763)	(120,970)
Allocation of reinsurance premiums	16.2	(23,162)	(22,968)
Amounts recoverable from reinsurers for incurred claims	16.2	1,886	6,128
Insurance service result		**73,254**	**49,811**
Revenue from contracts with members and customers	2	28,129	26,833
Investment income	6	5,839	9,366
Other income		2,507	2,543
Other employee benefits	3	(41,275)	(37,276)
Other operating expenses	3	(37,368)	(35,834)
Interest expense		(2,979)	(3,242)
Share of profit of equity-accounted investees, net of tax	7	63	139
Net finance income / (expense) from insurance contracts	16.1	49	(19)
Net finance income / (expense) from reinsurance contracts	16.2	20	(14)
Profit before income tax		**28,239**	**12,307**
Income tax expense	4	(7,246)	(3,171)
Profit for the year		**20,993**	**9,136**
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Fair value revaluation / (devaluation) of land and buildings, net of tax		-	434
Total other comprehensive income		**-**	**434**
Total comprehensive income for the year		**20,993**	**9,570**

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated statement of financial position

As at 30 June 2026

	Note	2026 $'000	2025 $'000
Current assets			
Cash and cash equivalents	19.1	9,453	9,296
Trade and other receivables	5	6,392	5,847
Investments	6	135,940	123,587
Reinsurance contract assets	16	256	1,027
Other assets	10	3,217	1,670
Total current assets		**155,258**	**141,427**
Non-current assets			
Trade and other receivables	5	493	-
Investments	6	11,031	11,191
Investment in associates	7	191	273
Property, plant and equipment	11	27,866	27,420
Right-of-use assets	12	3,939	3,673
Reinsurance contract assets	16	302	302
Intangible assets	8	13,433	16,060
Goodwill	9	127,833	127,833
Deferred tax asset	4	5,984	6,001
Total non current assets		**191,072**	**192,753**
Total assets		**346,330**	**334,180**
Current liabilities			
Payables	13	7,688	6,142
Current tax liability	4	5,764	238
Lease liabilities	12	1,022	1,084
Insurance contract liabilities	16	64,707	65,260
Contract liabilities	2	13,997	13,986
Provisions	14	6,316	5,699
Total current liabilities		**99,494**	**92,409**
Non-current liabilities			
Borrowings	15	36,500	51,500
Provisions	14	1,580	1,275
Lease liabilities	12	3,231	2,803
Insurance contract liabilities	16	3,572	4,339
Contract liabilities	2	15	27
Deferred tax liability	4	5,548	6,430
Total non current liabilities		**50,446**	**66,374**
Total liabilities		**149,940**	**158,783**
Net assets		**196,390**	**175,397**
Equity			
Retained earnings		186,931	165,938
Reserves		9,459	9,459
Total equity		**196,390**	**175,397**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

For the year ended 30 June 2026

	Note	Asset revaluation reserve $'000	Retained earnings $'000	Total equity $'000
Balance at 1 July 2024		**9,025**	**156,802**	**165,827**
Total comprehensive income for the year				
Profit for the year		-	9,136	9,136
Other comprehensive income				
Revaluation of land and buildings, net of tax		434	-	434
Total comprehensive income for the year		**434**	**9,136**	**9,570**
Balance at 30 June 2025		**9,459**	**165,938**	**175,397**
Balance at 1 July 2025		**9,459**	**165,938**	**175,397**
Total comprehensive income for the year				
Profit for the year		-	20,993	20,993
Other comprehensive income				
Revaluation of land and buildings, net of tax		-	-	-
Total comprehensive income for the year		**-**	**20,993**	**20,993**
Balance at 30 June 2026		**9,459**	**186,931**	**196,390**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows

For the year ended 30 June 2026

	Note	2026 $'000	2025 $'000
Cash flows from operating activities			
Insurance premiums received		212,522	191,311
Receipts from customers		35,107	36,465
Claims and other insurance services expenses paid		(106,472)	(104,742)
Payments made to employees and suppliers		(77,611)	(71,770)
Reinsurance recoveries received		2,804	4,569
Reinsurance premiums paid		(23,289)	(24,497)
Interest paid		(2,979)	(3,242)
Interest received		407	480
Insurance acquisition costs paid		(12,791)	(12,311)
Income tax paid / (refunded)		(2,585)	(5,976)
Net cash from operating activities	**19**	**25,113**	**10,287**
Cash flows from investing activities			
Payments for property, plant and equipment, and software		(2,173)	(1,759)
Proceeds from sale of property, plant and equipment		99	11
Proceeds from the sale or maturity of investments		46,688	8,601
Payments for purchase of investments		(53,522)	(23,500)
Dividends received		145	120
Net cash used in investing activities		**(8,763)**	**(16,527)**
Cash flows from financing activities			
Proceeds from / (Repayment of) borrowings		(15,000)	-
Payment of principal portion of lease liabilities		(1,193)	(1,166)
Net cash used in financing activities		**(16,193)**	**(1,166)**
Net increase / (decrease) in cash held		**157**	**(7,406)**
Cash and cash equivalents at the beginning of the year		9,296	16,702
Cash and cash equivalents at the end of the year	**19**	**9,453**	**9,296**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the consolidated financial statements

1. Reporting overview

Reporting entity

The Royal Automobile Club of Tasmania Limited ('RACT' or the 'Company') is a company limited by guarantee domiciled and incorporated in Australia. The Company's registered office is 179-191 Murray Street, Hobart, Tasmania, 7000.

The consolidated financial statements comprise the Company and its subsidiaries (together referred to as 'RACT Group' or the 'Group') and were authorised for issue by the Board of Directors on 29 September 2026. The Group is a for-profit entity for the purposes of preparing the financial statements. The Group's principal activities during the financial year were the provision of assistance, insurance, and services to members.

Statement of compliance

The consolidated financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards (including Australian Interpretations) adopted by the Australian Accounting Standards Board and the *Corporations Act 2001.* The consolidated financial statements comply with International Financial Reporting Standards and Interpretations issued by the International Accounting Standards Board.

Material accounting policies have been included in the relevant note to which the policies relate. The accounting policies have been applied consistently to all periods presented in these consolidated financial statements, except as otherwise disclosed in this note.

Certain comparative amounts have been restated in the consolidated financial statements and accompanying notes to align with the current year presentation. These were not material and did not impact the profit or other comprehensive income for the year.

Basis of preparation

The consolidated financial statements are presented in Australian dollars, which is the Group's functional currency. The financial statements have been prepared on the basis of historical cost, unless the application of fair value measurement is required by the relevant accounting standards.

The Group is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2026/183* and in accordance with that instrument, amounts in the consolidated financial statements have been rounded off to the nearest thousand dollars, unless otherwise stated.

Critical accounting judgements and estimates

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Estimates and underlying assumptions are reviewed on an ongoing basis. Where revisions are made to accounting estimates, any financial impact is recognised in the period in which the estimate is revised, and any future periods where relevant.

The following are the critical judgements and key sources of estimation uncertainty applied in the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements:

	Note
Intangible assets - initial measurement, impairment testing, and useful life	8
Impairment assessment of cash generating units containing goodwill	9
Valuation of property	11
Estimation of useful lives	11
Measurement of insurance and reinsurance contracts	16.4
Determination of fair values of investments	17

Notes to the consolidated financial statements

1. Reporting overview (continued)

Changes in material accounting policies

The Group did not have any changes to its accounting policies from those applied in the consolidated financial statements as at and for the year ended 30 June 2025.

Accounting standards issued but not yet effective

A number of new accounting standards are effective for annual periods beginning after 1 July 2026 and earlier application is permitted. However, the Group has not early adopted any new or amended accounting standards in preparing these consolidated financial statements. Those standards expected to have a material impact to the Group's accounting policies are detailed below.

AASB 18 *Presentation and Disclosure in Financial Statements* will replace AASB 101 *Presentation of Financial Statements* for the Group's annual reporting period beginning 1 July 2027. The standard establishes key presentation and disclosure requirements, including newly defined sub totals in the consolidated statement of profit or loss and other comprehensive income, the disclosure of management defined performance measures, and enhanced requirements for grouping information.

The Group is still to consider the impacts of the new disclosure requirements.

Notes to the consolidated financial statements

2. Revenue

2.1. Revenue streams

		2026 $'000	2025 $'000
Insurance contracts measured under the Premium Allocation Approach (PAA)	16	211,293	187,621
Subscriptions		22,970	21,966
Motoring services		5,159	4,867
Total operating revenue		**239,422**	**214,454**
Represented by:			
Insurance revenue		211,293	187,621
Revenue from contracts with members and customers		28,129	26,833
Total operating revenue		**239,422**	**214,454**
Timing of revenue recognition			
At a point in time		5,159	4,867
Over time		234,263	209,587
Total		**239,422**	**214,454**

Revenue recognition

Insurance revenue from contracts measured under the PAA is recognised as revenue on a straight line basis, based on the passage of time over the insurance coverage period, which is considered to closely approximate the pattern of risks underwritten.

Revenue from subscriptions is recognised evenly over the subscription term, which is usually one year. The Group recognises the unearned portion of membership subscriptions as contract liabilities on the consolidated statement of financial position.

All other revenue from contracts with members and customers is recognised at a point in time, when the goods or services are provided.

2.2. Contract liabilities

	2026 $'000	2025 $'000
Unearned membership subscriptions	11,944	11,710
Unearned motoring services revenue	711	682
Other unearned revenue	1,357	1,621
Total contract liabilities	**14,012**	**14,013**
Current	13,997	13,986
Non Current	15	27
Total contract liabilities	**14,012**	**14,013**
Revenue recognised in the current year that was included in contract liabilities at the beginning of the year		
Unearned membership subscriptions	11,676	11,162
Unearned motoring services revenue	297	316
Other unearned revenue	1,015	115
Total	**12,988**	**11,593**

Notes to the consolidated financial statements

3. Expenses

3.1. Operating expenses

	2026 $'000	2025 $'000
Insurance claims and benefits	94,665	99,696
Employee benefits	59,412	55,076
Contractor costs	8,603	8,255
Technology costs	9,457	9,595
Professional and consultancy costs	6,101	4,516
Advertising and marketing costs	3,842	3,053
Depreciation and amortisation expense	5,477	5,603
Other expenses	7,849	8,286
Total operating expenses	**195,406**	**194,080**
Represented by:		
Insurance service expenses	116,763	120,970
Other employee benefits	41,275	37,276
Other operating expenses	37,368	35,834
Total operating expenses	**195,406**	**194,080**

3.2. Employee benefits

	2026 $'000	2025 $'000
Salaries, wages, and other employee expenses	53,505	49,941
Defined contribution superannuation expense	5,907	5,135
Total employee benefits	**59,412**	**55,076**

Notes to the consolidated financial statements

4. Income tax

4.1. Income tax expense

	2026 $'000	2025 $'000
The components of tax expense comprise:		
Current tax expense	9,197	4,815
Deferred tax	(865)	(1,608)
Under/(over) provision from previous years	(1,086)	(36)
Total	**7,246**	**3,171**

4.2. Numerical reconciliation of income tax expense to prima facie tax payable

	2026 $'000	2025 $'000
Prima facie tax on profit before income tax at 30% (2025:30%)	8,468	3,691
Add tax effect of:		
Mutual (profit)/loss	(444)	416
Non deductible expenses	72	(871)
Tax credits	(62)	(51)
Under/(over) provision from previous years	(788)	(14)
Total	**7,246**	**3,171**

4.3. Deferred tax recognised directly in other comprehensive income

	2026 $'000	2025 $'000
Relating to revaluation of property	-	187
Total	**-**	**187**

Notes to the consolidated financial statements

4. Income tax (continued)

4.4. Current and deferred tax balances

	2026 $'000	2025 $'000
Assets		
Deferred tax asset	5,984	6,001
Total	**5,984**	**6,001**
Liabilities		
Current tax liability	5,764	238
Deferred tax liability	5,548	6,430
Total	**11,312**	**6,668**
Taxable and deductible temporary differences arise from the following:		
Amounts recognised in profit or loss		
Property, plant and equipment	1,963	2,427
Investments	(775)	(903)
Provisions	3,140	2,680
Other assets	40	43
Intangibles	(4,028)	(4,742)
Right of use assets	96	66
Net deferred tax liabilities	**436**	**(429)**
Movements		
Opening balance	(429)	(2,087)
Under/(over) provision from prior year	454	237
Credited to income statement	411	1,608
Debited to equity	-	(187)
Closing balance	**436**	**(429)**

Tax consolidation

The Company and all its wholly-owned Australian resident entities are part of a tax consolidated group under Australian taxation law. The Royal Automobile Club of Tasmania Limited is the head entity in the tax-consolidated group. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'stand alone taxpayer within group' approach. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and tax credits of the members of the tax-consolidated group are recognised by the Company (as head entity in the tax-consolidated group).

Due to the existence of a tax funding arrangement between the entities in the tax-consolidated group, amounts are recognised as payable to or receivable by the Company and each member of the Group in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the tax-consolidated group in accordance with the arrangement. Where the tax contribution amount recognised by each member of the tax-consolidated group for a particular period is different to the aggregate of the current tax liability or asset and any deferred tax asset arising from unused tax losses and tax credits in respect of that period, the difference is recognised as a contribution from (or distribution to) equity participants.

Notes to the consolidated financial statements

5. Trade and other receivables

	2026 $'000	2025 $'000
Trade receivables and sundry debtors	6,980	5,959
Allowance for expected credit loss	(95)	(112)
Total trade and other receivables	**6,885**	**5,847**
Current	6,392	5,847
Non-current	493	-
Total trade and other receivables	**6,885**	**5,847**

6. Investments

6.1. Investment income

	2026 $'000	2025 $'000
Interest income on financial assets held at amortised cost	4,995	4,658
Net gains/(losses) on financial assets at fair value through profit or loss	(345)	3,553
Dividend and trust distribution income	1,189	1,155
Total investment income	**5,839**	**9,366**

Investment income includes realised and unrealised gains or losses on financial assets measured at fair value through profit or loss which are reported on a combined basis as fair value gains or losses on financial assets.

Distribution income is recognised when the right to receive payment is established.

Interest income on assets at amortised cost is recognised using the effective interest method.

Notes to the consolidated financial statements

6.2. Financial assets

	2026 $'000	2025 $'000
Financial assets measured at fair value through profit or loss		
Unit trusts	28,547	27,391
Equities	3,059	3,059
Financial assets measured at amortised cost		
Fixed Interest rate investments	66,855	49,244
Floating interest rate investments	48,510	55,084
Total investments	**146,971**	**134,778**
Current	135,940	123,587
Non-current	11,031	11,191
Total investments	**146,971**	**134,778**

The three-level fair value hierarchy is presented in note 17, Financial instruments.

Recognition and initial measurement of financial assets

The Group recognises deposits with financial institutions on the date on which they are originated. All other financial instruments (including bonds, equities and cash management trusts) are recognised on the trade date, which is the date on which the Group becomes a party to the contractual provisions of the instrument.

Classification and subsequent measurement of financial assets

The Group assesses the objective of the business model in which a financial asset is held for each portfolio of financial assets because this best reflects the way that the business is managed and information is provided to management.

Portfolios of financial assets that are managed and whose performance is evaluated on a fair value basis are measured at fair value through profit or loss. They are initially recognised at fair value, determined as the cost of acquisition excluding transaction costs, and are remeasured to fair value through profit or loss at each reporting date. Net gains and losses, including any interest or dividend income, are recognised in the profit or loss.

Investments measured at amortised cost comprise of debt instruments with contractual cash flows that are solely payments of principal and interest. These investments are initially recognised at fair value plus any directly attributable transaction cost. Interest income is recognised in the consolidated statement of profit or loss and other comprehensive income using the effective interest method.

Derecognition and contract modification of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when substantially all of the risks and rewards of ownership of the financial asset are transferred.

On derecognition of a financial asset, the difference between the carrying amount at the date of derecognition and the consideration received is recognised in profit or loss.

Notes to the consolidated financial statements

7. Investment in associates

RACT AutoServe Pty Ltd

RACT Holdings Pty Ltd has held shares as part of a joint venture in RACT AutoServe Pty Ltd since 14 June 2012. RACT AutoServe Pty Ltd is incorporated in Australia and has provided general mechanical services to RACT members and the greater public from 8 October 2012.

	Equity interest	
	2026	**2025**
Principal Activity - Mechanical repairs and servicing	50%	50%
	$'000	**$'000**
Movements in the carrying amount of the Group's investment in associate		
At 1 July	273	254
Share of profit after income tax	63	139
Dividends received	(145)	(120)
At 30 June	**191**	**273**

	2026	**2025**
Summarised financial information:	**$'000**	**$'000**
The following table illustrates summarised financial information relating to the Group's associate:		
Extract from the associate's statement of financial position		
Current assets	711	675
Non-current assets	17	8
Total assets	**728**	**683**
Current liabilities	310	64
Non-current liabilities	36	19
Total liabilities	**346**	**83**
Net assets	**382**	**600**
Extract from associate's statement of comprehensive income		
Revenue	2,767	2,491
Net profit	126	278
Share of profit/(loss) of associates:		
RACT AutoServe Pty Ltd	63	139
Total	**63**	**139**

The Group's investment in its associates are accounted for using the equity method of accounting in the consolidated financial statements. The Group has significant influence over the jointly controlled associate.

Notes to the consolidated financial statements

8. Intangible assets

	2026		
	Software $'000	Customer relationships & customer contracts $'000	Total $'000
As at 30 June 2026			
Cost	14,736	20,100	34,836
Accumulated amortisation	(11,698)	(9,705)	(21,403)
Net book amount	**3,038**	**10,395**	**13,433**
Year ended 30 June 2026			
Opening net book value	4,045	12,015	16,060
Amortisation	(1,007)	(1,620)	(2,627)
Closing net book value at 30 June 2026	**3,038**	**10,395**	**13,433**

	2025		
	Software $'000	Customer relationships & customer contracts $'000	Total $'000
As at 30 June 2025			
Cost	14,791	20,100	34,891
Accumulated amortisation	(10,746)	(8,085)	(18,831)
Net book amount	**4,045**	**12,015**	**16,060**
Year ended 30 June 2025			
Opening net book value	5,263	13,635	18,898
Amortisation	(1,218)	(1,620)	(2,838)
Closing net book value at 30 June 2025	**4,045**	**12,015**	**16,060**

Impairment test
The Group assesses impairment at the end of each reporting period by evaluating the conditions and events specific to the Group that may be indicative of impairment triggers. No indicators of impairment were identified for the year ended 30 June 2026 (2025: None).

Software
Amortisation is calculated on a straight line basis and amortised over the estimated useful life. The estimated useful life of Computer Software is between 5 to 10 years. Software recognised on the acquisition of RACT Insurance Pty Ltd is amortised over a period of 8 years.

Internally developed software
Development expenditure is capitalised only if the expenditure can be measured reliably, the product is technically feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and use the asset. Otherwise development costs are recognised in the profit or loss as incurred.

Notes to the consolidated financial statements

8. Intangible assets (continued)

Internally developed software (continued)

Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses. Development expenditure incurred prior to the asset being ready for use is recognised in Software work in progress.

Customer relationships
Customer relationships are amortised over 10 years.

9. Goodwill

	2026 $'000	2025 $'000
Goodwill on acquisition of RACT Insurance Pty Ltd	127,833	127,833
Total Goodwill	**127,833**	**127,833**

Impairment testing for CGUs containing goodwill

The Group has allocated Goodwill to the RACT Insurance Pty Ltd cash-generating unit (CGU). The recoverable amount of this CGU was calculated based on the value-in-use, estimated using discounted cash flows. The recoverable amount was determined to be greater than the carrying amount and as a result, no impairment has been identified.

The key assumptions used in the estimation of the recoverable amount are set out below.

	2026 %	2025 %
Discount rate	12.4	12.4
Terminal value growth rate	2.5	2.5

The discount rate was a post-tax measure estimated based on the economic, market, and other conditions at the date of assessment with the assistance of experts engaged by management.

The cash flow projections included specific estimates for four years and a terminal growth rate thereafter. The terminal growth rate was estimated based on long term target inflation.

Forecast cashflows were estimated taking into account past experience, budgeted business decisions, forecast growth rates in premium and volume growth across insurance products, and claims inflation considerations.

The estimated recoverable amount of the CGU exceeded its carrying amount by approximately $69.9 million (2025: $88.2 million).

The Group has considered and assessed reasonably possible changes for the key assumptions and have not identified any instance that could cause the carrying amount to exceed its recoverable amount.

10. Other assets

	2026 $'000	2025 $'000
Prepayments	3,217	1,670
Total other assets	**3,217**	**1,670**

Notes to the consolidated financial statements

11. Property, plant and equipment

	2026			
	Freehold land and buildings (fair value) $'000	Leasehold improve-ments (cost) $'000	Plant and equipment (cost) $'000	TOTAL $'000
Cost or fair value				
Balance at 1 July 2025	23,345	831	8,398	32,574
Additions	253	494	1,426	2,173
Disposals	(94)	(3)	(1,145)	(1,242)
Balance at 30 June 2026	**23,504**	**1,322**	**8,679**	**33,505**
Accumulated depreciation				
Balance at 1 July 2025	-	45	5,109	5,154
Disposals	-	(3)	(1,118)	(1,121)
Depreciation expense	539	34	1,033	1,606
Balance at 30 June 2026	**539**	**76**	**5,024**	**5,639**
Net book value				
Cost or fair value	23,504	1,322	8,679	33,505
Accumulated depreciation	(539)	(76)	(5,024)	(5,639)
As at 30 June 2026	**22,965**	**1,246**	**3,655**	**27,866**

	2025			
	Freehold land and buildings (fair value) $'000	Leasehold improve-ments (cost) $'000	Plant and equipment (cost) $'000	TOTAL $'000
Cost or fair value				
Balance at 1 July 2024	23,307	196	7,552	31,055
Revaluation	(30)	-	-	(30)
Additions	68	635	1,056	1,759
Disposals	-	-	(210)	(210)
Balance at 30 June 2025	**23,345**	**831**	**8,398**	**32,574**
Accumulated depreciation				
Balance at 1 July 2024	109	18	4,328	4,455
Revaluation	(654)	-	-	(654)
Disposals	-	-	(210)	(210)
Depreciation expense	545	27	991	1,563
Balance at 30 June 2025	**-**	**45**	**5,109**	**5,154**
Net book value				
Cost or fair value	23,345	831	8,398	32,574
Accumulated depreciation	-	(45)	(5,109)	(5,154)
As at 30 June 2025	**23,345**	**786**	**3,289**	**27,420**

Notes to the consolidated financial statements

11. Property, plant and equipment (continued)

	2026			
Fair value hierarchy	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Freehold land and buildings	-	10,374	12,591	22,965
Total	**-**	**10,374**	**12,591**	**22,965**

	2025			
Fair value hierarchy	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Freehold land and buildings	-	10,262	13,083	23,345
Total	**-**	**10,262**	**13,083**	**23,345**

Valuations of property

Land and buildings are measured at fair value. The Group holds three properties across the state of Tasmania. Every three years an independent property valuation is undertaken to assess the fair value of the property assets held. The last valuation covering all properties was performed in June 2025. The valuer has used the market approach to determine the fair value of the property. The primary approach has been by capitalisation of net income, with the direct comparison approach adopted as a secondary methodology and a discounted cash flow analysis as a tertiary check.

Valuation inputs and relationships to fair value

The following table summaries quantitative information about the significant unobservable inputs used in the recurring level 3 fair value measurements and how a reasonable change in the input would affect the value:

	Range of inputs		Relationship of unobservable inputs to fair value
Office Building - RACT House	**2026**	**2025**	
Discount Rate	7.75%-8.25% (8%)	7.75%-8.25% (8%)	The higher the discount rate, capitalisation rate and terminal yield, the lower the fair value
Terminal Yield	8%-8.5% (8.25%)	8%-8.5% (8.25%)	
Capitalisation Rate	7.75%-8.25% (8%)	7.75%-8.25% (8%)	

Depreciation

The following estimated useful lives are used in the calculation of depreciation:

Plant and equipment	4 to 15 years
Leasehold improvements	4 to 7 years
Buildings	40 years

Notes to the consolidated financial statements

12. Leases

12.1. Description of lease activities

Real estate leases

The Group leases land and buildings for some office and retail sites. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Leases range from a fixed period of 1 to 5 years and may include extension options which provide operational flexibility.

Vehicle leases

The Group leases vehicles for roadside assistance operations, driving school and daily operations of the business. Leases range from 3 to 7 years.

IT software

The Group also leases IT software to support the operations of the Group. The average contract duration is 3 years.

12.2. Right-of-use assets

	2026			
	Buildings $'000	**Motor vehicles $'000**	**Software $'000**	**Total $'000**
Balance at 1 July	1,486	2,079	108	3,673
Additions	503	363	-	866
Modifications	611	32	2	645
Depreciation expense	(490)	(666)	(88)	(1,244)
Disposals	-	(1)	-	(1)
Balance at 30 June	**2,110**	**1,807**	**22**	**3,939**

	2025			
	Buildings $'000	**Motor vehicles $'000**	**Software $'000**	**Total $'000**
Balance at 1 July	1,066	1,744	191	3,001
Additions	703	950	-	1,653
Modifications	221	(4)	4	221
Depreciation expense	(504)	(611)	(87)	(1,202)
Balance at 30 June	**1,486**	**2,079**	**108**	**3,673**

Right of use assets lease term

The Group has considered any extension options on buildings and determined it is not reasonably certain that the Group will choose to exercise the options. Therefore the lease payments that would arise during the optional extension periods have not been included in the lease liability.

Notes to the consolidated financial statements

12. Leases (continued)

12.3. Lease Liabilities

Discounted lease liabilities included in the statement of financial position at 30 June

	2026			
	Buildings $'000	Motor vehicles $'000	Software $'000	Total $'000
Current	426	572	24	1,022
Non-current	1,872	1,359	-	3,231
Total lease liabilities	**2,298**	**1,931**	**24**	**4,253**

	2025			
	Buildings $'000	Motor vehicles $'000	Software $'000	Total $'000
Current	412	582	90	1,084
Non-current	1,176	1,604	23	2,803
Total lease liabilities	**1,588**	**2,186**	**113**	**3,887**

Maturity analysis - contracted undiscounted cashflows

	2026 $'000	2025 $'000
Less than one year	1,216	1,264
One to five years	3,336	2,804
More than five years	276	397
Total undiscounted lease liabilities	**4,828**	**4,465**

12.4. Reconciliation of movements in lease liabilities to cash flows arising from financing activities

	2026 $'000	2025 $'000
Lease liabilities at 1 July	**3,887**	**3,193**
Financing cash flows		
Payment of principal portion of lease liabilities	(1,193)	(1,166)
Other movements		
New leases	915	1,649
Lease modifications	645	211
Lease disposals	(1)	-
Interest expense	217	214
Interest paid (operating cash flows)	(217)	(214)
Lease liabilities at 30 June	**4,253**	**3,887**

Notes to the consolidated financial statements

12. Leases (continued)

12.5. Amounts recognised in profit or loss

	2026 $'000	2025 $'000
Interest on lease liabilities	(217)	(214)
Depreciation on right-of-use assets	(1,244)	(1,202)
Expenses relating to short-term and low value leases	(44)	(81)

13. Payables

	2026 $'000	2025 $'000
Sundry creditors and accrued expenses	7,028	5,531
GST payable	660	611
Total payables	**7,688**	**6,142**

14. Provisions

	2026 $'000	2025 $'000
Employee benefits	7,896	6,870
Remediation provision	-	92
Other	-	12
Total provisions	**7,896**	**6,974**
Current	6,316	5,699
Non-Current	1,580	1,275
Total provisions	**7,896**	**6,974**

Employee benefits

The provision for employee benefits represents amounts for annual leave, long service leave and personal leave benefits.

As the Group expects that most employees will not use all of their annual leave entitlements in the same year in which they are earned or during the following 12-month period, obligations for annual leave entitlements are classified under AASB 119 as other long-term employee benefits and, therefore, are required to be measured at the present value of the expected future payments to be made to employees.

Remediation provision

The Group previously recognised a customer remediation provision where it had been identified that policy pricing promises were not fully delivered. The associated program has now been completed. In line with *ASIC Regulatory Guide 277* and the *Unclaimed Money Act 2015,* where the Group was unable to contact customers to return money, the balance was added to the register of unclaimed money and paid to the Treasurer for the State of Tasmania, or for low-value payments, paid to an ACNC registered charity.

Notes to the consolidated financial statements

15. Borrowings

Interest-bearing loans	2026 $'000	2025 $'000
Non-current		
Secured bank loan	36,500	51,500
Total borrowings	**36,500**	**51,500**

A secured bank loan agreement was held with The Australia and New Zealand Banking Group Ltd (ANZ) during the financial year until 23 June 2026. On this date, the Group re-financed the loan with Commonwealth Bank of Australia (CBA), maturing on 22 June 2029.

The CBA Facility Agreement provides two secured loan facilities on interest only terms, with a total facility limit of $51.5m. Voluntary prepayments made prior to 30 June 2026 reduced the total utilised loan balance to $36.5m, with $15m available for future utilisation / redraw.

The loans are secured with a specified mortgage over the Group's property in Burnie, as well as all assets of obligors to the loan, being: The Royal Automobile Club of Tasmania Limited, RACT Pty Ltd, and RACT Holdings Pty Ltd.

A breakdown of the two loan facilities is below:

Facility A
$41.5m facility limit with interest set and paid quarterly at a rate of BBSY + Usage Fee + Line Fee. As at 30 June 2026, the balance of this facility was $36.4m.

Facility B
$10m facility limit with interest set and paid monthly at a variable base rate minus a margin. As at 30 June 2026, the balance of this facility was $0.1m.

During the financial year ended 30 June 2026, the Group was in compliance with the financial covenants set under the ANZ secured loan facility.

Within 12 months of the reporting date, the loans will be subject to compliance with financial covenants set under the CBA secured loan facility. The Group expects to comply with these covenants.

For the 12 month periods ending on 30 June and 31 December each year, the Obligors must ensure that, under the definitions of the Facility Agreement:

1. The interest cover ratio remains greater than 3.00 times. At 30 June 2026, the Group held a ratio of 14.94 times.
2. The leverage ratio remains less than or equal to 35%. At 30 June 2026, the Group held a ratio of 15.70%.
3. The Capital Adequacy Multiple for the Group's subsidiary, RACT Insurance Pty Ltd, is not less than 1.30 times. At 30 June 2026, RACT Insurance Pty Ltd held a ratio of 2.31 times.

Interest rate risk

Details regarding interest rate risk are disclosed in note 18.

Notes to the consolidated financial statements

16. Insurance disclosures

16.1. Movement in net insurance contract liabilities

The following reconciliation shows how the net carrying amount of insurance contracts changed during the year as a result of cash flows and amounts recognised in the Statement of profit or loss.

Insurance contracts analysis by remaining coverage and incurred claims – Contracts measured under the PAA

	2026			
	Liability for remaining coverage	Liability for incurred claims		
		Estimates of present value of future cash flows	Risk adjustment	Total
	$'000	$'000	$'000	$'000
Opening liabilities at 1 July 2025	**33,730**	**33,581**	**2,288**	**69,599**
Changes in the statement of profit or loss and OCI				
Insurance revenue				
Insurance contracts measured under the PAA	(211,293)	-	-	(211,293)
	(211,293)	**-**	**-**	**(211,293)**
Insurance service expenses				
Insurance acquisitions costs	12,791	-	-	12,791
Incurred claims (current year) and other attributable expenses	-	106,556	1,581	108,137
Changes that relate to past services (prior years)	-	(2,430)	(1,735)	(4,165)
	12,791	**104,126**	**(154)**	**116,763**
Insurance service result before reinsurance contracts held	**(198,502)**	**104,126**	**(154)**	**(94,530)**
Net finance (income)/expense	-	(49)	-	(49)
Total changes in the statement of profit or loss and OCI	**(198,502)**	**104,077**	**(154)**	**(94,579)**
Cash flows				
Premiums received	212,522	-	-	212,522
Claims and other attributable expenses paid	-	(106,472)	-	(106,472)
Insurance acquisition cash flows	(12,791)	-	-	(12,791)
Total cash flows	**199,731**	**(106,472)**	**-**	**93,259**
Closing liabilities at 30 June 2026	**34,959**	**31,186**	**2,134**	**68,279**
Current	34,959	27,886	1,862	64,707
Non-current	-	3,300	272	3,572
Closing liabilities at 30 June 2026	**34,959**	**31,186**	**2,134**	**68,279**

Notes to the consolidated financial statements

16. Insurance disclosures (continued)

16.1. Movement in net insurance contract liabilities (continued)

The following reconciliation shows how the net carrying amount of insurance contracts changed during the year as a result of cash flows and amounts recognised in the Statement of profit or loss.

Insurance contracts analysis by remaining coverage and incurred claims – Contracts measured under the PAA

	2025			
	Liability for remaining coverage	Liability for incurred claims		
		Estimates of present value of future cash flows	Risk adjustment	Total
	$'000	$'000	$'000	$'000
Opening liabilities at 1 July 2024	**30,040**	**29,974**	**1,959**	**61,973**
Changes in the statement of profit or loss and OCI				
Insurance revenue				
Insurance contracts measured under the PAA	(187,621)	-	-	(187,621)
	(187,621)	**-**	**-**	**(187,621)**
Insurance service expenses				
Insurance acquisitions costs	12,311	-	-	12,311
Incurred claims (current year) and other attributable expenses	-	111,477	1,934	113,411
Changes that relate to past services (prior years)	-	(3,147)	(1,605)	(4,752)
	12,311	**108,330**	**329**	**120,970**
Insurance service result before reinsurance contracts held	**(175,310)**	**108,330**	**329**	**(66,651)**
Net finance (income)/expense	-	19	-	19
Total changes in the statement of profit or loss and OCI	**(175,310)**	**108,349**	**329**	**(66,632)**
Cash flows				
Premiums received	191,311	-	-	191,311
Claims and other attributable expenses paid	-	(104,742)	-	(104,742)
Insurance acquisition cash flows	(12,311)	-	-	(12,311)
Total cash flows	**179,000**	**(104,742)**	**-**	**74,258**
Closing liabilities at 30 June 2025	**33,730**	**33,581**	**2,288**	**69,599**
Current	33,730	29,515	2,016	65,260
Non-current	-	4,066	272	4,339
Closing liabilities at 30 June 2025	**33,730**	**33,581**	**2,288**	**69,599**

Notes to the consolidated financial statements

16. Insurance disclosures (continued)

16.2. Movement in net reinsurance contract assets

The following reconciliation shows how the net Assets for Remaining Coverage (ARC) and Assets for Incurred Claims (AIC) have changed during the year as a result of cashflows and amounts recognised in the Statement of profit or loss.

Reinsurance contracts analysis by remaining coverage and incurred claims

	2026			
	Assets / (Liabilities) for remaining coverage	Assets for incurred claims		
		Estimates of present value of future cash flows	Risk adjustment	Total
	$'000	$'000	$'000	$'000
Net opening reinsurance contracts assets/(liabilities)	**(2,033)**	**3,183**	**179**	**1,329**
Changes in the statement of profit or loss and OCI				
Allocation of reinsurance premiums	(23,162)	-	-	(23,162)
	(23,162)	**-**	**-**	**(23,162)**
Amounts recoverable from reinsurers				
Recoveries of incurred claims and other expenses	-	418	6	424
Changes that relate to past services (prior years)	-	1,514	(52)	1,462
	-	**1,932**	**(46)**	**1,886**
Effect of changes in non-performance risk of reinsurers	-	-	-	-
Net expenses from reinsurance contracts	**(23,162)**	**1,932**	**(46)**	**(21,276)**
Net finance income from reinsurance contracts	-	20	-	20
Total changes in the statement of profit or loss and OCI	**(23,162)**	**1,952**	**(46)**	**(21,256)**
Cash flows				
Reinsurance premiums paid	23,289	-	-	23,289
Reinsurance recoveries received	-	(2,804)	-	(2,804)
Total cash flows	**23,289**	**(2,804)**	**-**	**20,485**
Net Closing reinsurance contracts assets/(liabilities)	**(1,906)**	**2,331**	**133**	**558**
Current	(1,906)	2,045	117	256
Non-current	-	286	16	302
Net Closing reinsurance contracts assets/(liabilities)	**(1,906)**	**2,331**	**133**	**558**

Notes to the consolidated financial statements

16. Insurance disclosures (continued)

16.2. Movement in net reinsurance contract assets (continued)

The following reconciliation shows how the net Assets for Remaining Coverage (ARC) and Assets for Incurred Claims (AIC) have changed during the year as a result of cashflows and amounts recognised in the Statement of profit or loss.

Reinsurance contracts analysis by remaining coverage and incurred claims

	2025			
	Assets / (Liabilities) for remaining coverage	Assets for incurred claims		
		Estimates of present value of future cash flows	Risk adjustment	Total
	$'000	$'000	$'000	$'000
Net opening reinsurance contracts assets/(liabilities)	**(3,562)**	**1,717**	**100**	**(1,745)**
Changes in the statement of profit or loss and OCI				
Allocation of reinsurance premiums	(22,968)	-	-	(22,968)
	(22,968)	**-**	**-**	**(22,968)**
Amounts recoverable from reinsurers				
Recoveries of incurred claims and other expenses	-	6,583	109	6,692
Changes that relate to past services (prior years)	-	(534)	(30)	(564)
	-	**6,049**	**79**	**6,128**
Effect of changes in non-performance risk of reinsurers	-	-	-	-
Net expenses from reinsurance contracts	**(22,968)**	**6,049**	**79**	**(16,840)**
Net finance income from reinsurance contracts	-	(14)	-	(14)
Total changes in the statement of profit or loss and OCI	**(22,968)**	**6,035**	**79**	**(16,854)**
Cash flows				
Reinsurance premiums paid	24,497	-	-	24,497
Reinsurance recoveries received	-	(4,569)	-	(4,569)
Total cash flows	**24,497**	**(4,569)**	**-**	**19,928**
Net Closing reinsurance contracts assets/(liabilities)	**(2,033)**	**3,183**	**179**	**1,329**
Current	(2,033)	2,897	163	1,027
Non-current	-	286	16	302
Net Closing reinsurance contracts assets/(liabilities)	**(2,033)**	**3,183**	**179**	**1,329**

Notes to the consolidated financial statements

16. Insurance disclosures (continued)

16.3. Material accounting policies for insurance and reinsurance contracts

Contracts under which the Group accepts significant insurance risk are classified as insurance contracts. Contracts held by the Group under which it transfers significant insurance risk related to underlying insurance contracts are classified as reinsurance contracts. Insurance and reinsurance contracts also expose the Group to financial risk.

Aggregation and recognition of insurance and reinsurance contracts

Insurance contracts

Insurance contracts are aggregated into groups for measurement purposes. Groups of insurance contracts are determined by identifying portfolios of insurance contracts, each comprising contracts subject to similar risks and managed together, and then into three groups based on the profitability of contracts:

– any contracts that are onerous on initial recognition;

– any contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently; and

– any remaining contracts.

All the insurance contracts held have been classified into ‘remaining contracts’ as there are no contracts identified as onerous on initial recognition and all contracts have the potential to be loss making in the event of a claim.

Groups of insurance contracts issued by the Group are recognised from the earliest of:

– the beginning of its coverage period (i.e. the period during which the Group provides services in respect of any

– premiums within the boundary of the contract);
when the first payment from the policyholder becomes due or, if there is no contractual due date, when it is received from the policyholder; and

– when facts and circumstances indicate that the contract is onerous."

Reinsurance contracts

The Group has one group of reinsurance contracts as the contracts are established for the purpose of capital and risk management.

A group of reinsurance contracts is recognised at the beginning of the coverage period of the group of reinsurance contracts.

Measurement

The Group uses the PAA to simplify the measurement of groups of contracts as the following criteria are met at inception.

– Insurance contracts: The coverage period of each contract in the group is one year or less.

– Reinsurance contracts: The Group has loss occurring reinsurance contracts and the coverage period of each contract in the group is one year or less.

Notes to the consolidated financial statements

16. Insurance disclosures (continued)

16.3. Material accounting policies for insurance and reinsurance contracts (continued)

Liability for remaining coverage

On initial recognition of each group of contracts, the Liability for Remaining Coverage (LRC) is measured as the premiums received on initial recognition less any insurance acquisition cash flows allocated to the group at that date. The Group has chosen to immediately expense insurance acquisition cash flows when they are incurred.

Subsequently, the carrying amount of the LRC coverage is increased by any premiums received and decreased by the amount recognised as insurance revenue for coverage that has been provided.

The Group expects that the time between providing the insurance services and the premium due date is no more than one year. Accordingly, the Group has chosen not to discount the LRC. If at any time during the coverage period, facts and circumstances indicate that a group of contracts is onerous, then the Group recognises a loss in profit or loss and increases the LRC to the extent that the current estimates of the fulfilment cash flows that relate to remaining coverage exceed the carrying amount of the LRC.

A corresponding loss-recovery component within the reinsurance Asset for Remaining Coverage (ARC) depicts amounts recoverable in respect of losses on onerous contracts covered by reinsurance contracts held.

Liability for incurred claims

The Group recognises the Liability for Incurred Claims (LIC) of a group of insurance contracts at the amount of the fulfilment cash flows (sum of present value of future cash flows and a risk adjustment) relating to incurred claims and attributable expenses that have not been paid, including claims that have been incurred but not yet reported. The future cash flows are discounted.

Reinsurance contracts

The Group applies the same accounting policies to measure a group of reinsurance contracts held under PAA method which are applied to the underlying contracts. Under the PAA, the Asset for Remaining Coverage (ARC) is measured as reinsurance premiums paid less reinsurance expense recognised for the services received. The Group does not discount the ARC.

The Assets for Incurred Claims (AIC) is measured as the discounted present value of expected future receipts due from reinsurers net of any allowance for non-performance risk."

Derecognition and contract modification

The Group derecognises a contract when it is extinguished – i.e. when the specified obligations in the contract expire or are discharged or cancelled. The Group also derecognises a contract if its terms are modified in a way that would have changed the accounting for the contract significantly had the new terms always existed, in which case a new contract based on the modified terms is recognised. If a contract modification does not result in derecognition, then the Group treats the changes in cash flows caused by the modification as changes in estimates of fulfilment cash flows.

Notes to the consolidated financial statements

16. Insurance disclosures (continued)

16.3. Material accounting policies for insurance and reinsurance contracts (continued)

Presentation

Portfolios of insurance contracts that are assets and those that are liabilities, and portfolios of reinsurance contracts that are assets and those that are liabilities, are presented separately in the statement of financial position. Any assets or liabilities recognised for cash flows arising before the recognition of the related group of contracts are included in the carrying amount of the related portfolios of contracts.

The Group disaggregates amounts recognised in the Statement of profit or loss into:

(a) an insurance service result, comprising insurance revenue and insurance service expenses; and

(b) insurance finance income or expenses.

Income and expenses from reinsurance contracts are presented separately from income and expenses from insurance contracts. Income and expenses from reinsurance contracts, other than insurance finance income or expenses, are presented on a gross basis as ‘allocation of reinsurance premiums' and 'amounts recoverable from reinsurers for incurred claims' in the insurance service result.

The Group does not disaggregate changes in the risk adjustment for non-financial risk between the insurance service result and insurance finance income or expenses. All changes in the risk adjustment for non-financial risk are included in the insurance service result.

16.4. Critical accounting judgements and estimates for insurance and reinsurance contracts

Outstanding liabilities and assets arising from insurance contracts

The Group’s estimation of its liability for incurred claims includes the expected future cost of claims notified to the Group as at reporting date as well as claims incurred but not reported (IBNR) and claims incurred but not enough reported (IBNER). Projected payments are risk adjusted for non-financial risk, and an estimate of direct and indirect expenses expected to be incurred in settling these claims is determined. The liability is measured based on a valuation performed by the Appointed Actuary.

The Group takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures, with estimates and judgements continually being evaluated and updated based on historical experience and other factors. However, given the uncertainty in the estimation process, it is likely that the final outcome will prove to be different from the original liability established.

The estimation of claims IBNR and claims IBNER are generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Group, where more information about the claim event is generally available.

Notes to the consolidated financial statements

16. Insurance disclosures (continued)

16.4. Critical accounting judgements and estimates for insurance and reinsurance contracts (continued)

Actuarial assumptions and methods

The Group has two portfolios, Motor and Home. The estimates of future cash flows for each class of business are based on multiple actuarial techniques that analyse experience, trends and other relevant factors utilising the Group's specific data, relevant industry data and general economic data.

The use of multiple actuarial methods assists in providing a greater understanding of the trends inherent in the historical data. The projections obtained from various methods also assist in setting the range of possible outcomes. The most appropriate method or a blend of methods is elected, taking into account the characteristics of each portfolio and the extent of the development of each past accident period.

Estimation of assets arising from reinsurance and other recoveries are also calculated using this method. The recoverability of these assets is assessed on a periodic basis, taking into consideration factors such as counterparty and credit risk.

Assumptions

The following assumptions have been made in determining the liability for incurred claims.

	2026	2025
Weighted average term to settlement (years)	0.42	0.45
Weighted average economic inflation rate	3.25%	3.25%
Discount rate	4.57%	3.53%
Claims handling expense ratio	4.81%	4.94%
Risk adjustment	6.53%	6.53%

Process used to determine assumptions

A description of the processes used to determine these assumptions is provided below:

Weighted average term to settlement – The weighted average term to settlement is calculated separately by class of business and is based on historic settlement patterns.

Economic inflation – Economic inflation is based on economic indicators such as the consumer price index and/or increase in average weekly earnings. Inflation assumptions are set at a class of business level and reflect experience and future expectations.

Discount rate – A bottom up approach is utilised to determine the discount rates used to discount insurance and reinsurance contract cash flows. The discount rates under this approach are determined based on a risk free yield curve adjusted to reflect the liquidity characteristics of the insurance contracts through the addition of an illiquidity premium. The inclusion of the illiquidity premium in the discount rates does not have a material impact due to the short nature of the liabilities.

Discount rates are derived from market yields on Commonwealth Government securities at the reporting date.

Claims handling expense ratio – Claims handling expense ratio is calculated with reference to past experience of claims handling costs as a percentage of past claim payments.

Notes to the consolidated financial statements

16. Insurance disclosures (continued)

16.4. Critical accounting judgements and estimates for insurance and reinsurance contracts (continued)

Risk adjustment – Risk adjustments for non-financial risk reflects the compensation that the Group requires for bearing uncertainty about the amount and timing of the cash flows that arise from non-financial risk. The Group uses the Confidence Level Approach to calculate the risk adjustment.

The risk adjustment recognised in relation to the liability for incurred claims (net of reinsurance held) corresponds to a confidence level of 75% (2025: 75%).

Impact of changes in key variables

The Group conducts sensitivity analyses to quantify the exposure to the risk of changes in the key underlying actuarial assumptions.

A sensitivity analysis is conducted on each variable while holding all other variables constant.

The table below summarises the sensitivity of the profit or loss to changes in key variables. All amounts are net of reinsurance and taxation at the Group's effective tax rate.

	Movement in variable	2026 Profit/(loss) $	2025 Profit/(loss) $
Weighted average term to settlement	+0.1 years	35,463	2,706
	-0.1 years	(35,502)	(2,706)
Weighted average economic inflation rate	+1%	(133,058)	(149,552)
	-1%	133,806	150,351
Discount rate	+1%	139,966	154,965
	-1%	(123,460)	(144,088)
Claims handling expense ratio	+1%	(391,656)	(413,053)
	-1%	391,656	413,053
Risk adjustment	+1%	(307,295)	(323,176)
	-1%	307,295	323,176

Onerous contracts

Insurance contracts are onerous when the LRC is insufficient to pay future claims and other insurance service expenses attributable to the contracts.

The Group measures contracts under PAA and assume that contracts are not to be onerous on initial recognition unless facts and circumstances indicate otherwise. In identifying facts and circumstances that may be indicators of onerous contracts, the Company considers management information for planning and performance management, in combination with other indicators where relevant. If there are facts and circumstances that may indicate the existence of possible onerous contracts, the onerous contract losses are measured based on the extent to which the fulfilment cash flows attributable to the group of contracts exceed the LRC for that group.

Onerous contract losses are measured on a gross basis (excluding the effect of reinsurance contracts held) and are immediately recognised in profit or loss. A loss component of the LRC is established (or increased) to depict the onerous contract losses recognised. Where the onerous contracts are covered by reinsurance contracts held, reinsurance income is recognised in profit or loss and a corresponding loss-recovery component of the reinsurance asset for remaining coverage is established to depict expected recoveries attributable to the onerous contract losses.

The Group has developed a framework, using internal information, for identifying indicators of possible onerous contracts on recognition and during the life of the contract.

The Group has determined there are no groups of onerous contracts (2025: nil).

Notes to the consolidated financial statements

17. Financial instruments

The Group classifies the fair values of financial assets using the following three-level hierarchy which reflects the significance of the inputs used to measure fair value:

Level 1: derived from quoted prices (unadjusted) in active markets for identical financial instruments that the Group can access at the measurement date.

Level 2: derived from other than quoted prices included within Level 1 that are observable for the financial instruments, either directly or indirectly.

Level 3: inputs for the fair value measurement is not based on observable market data.

17.1. Financial instruments measured at fair value

The following table provides the financial instruments carried at their fair value, including their categorisation within the fair value hierarchy.

	2026			
	Level 1 $'000	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Financial assets measured at FVTPL				
Unit trusts	-	28,547	-	28,547
Equities	-	-	3,059	3,059
Total	**-**	**28,547**	**3,059**	**31,606**

	2025			
	Level 1 $'000	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Financial assets measured at FVTPL				
Unit trusts	-	27,391	-	27,391
Equities	-	-	3,059	3,059
Total	**-**	**27,391**	**3,059**	**30,450**

Level 2: the Group's level 2 investments comprise investments in unlisted unit trusts. Investments in unlisted unit trusts are recorded at the redemption value per unit as reported by the investment manager of the funds. The unlisted unit trusts are open for applications and redemptions on a regular basis.

Level 3: the Group's level 3 investments comprise off market equities. The cost of these investments is considered to be the most appropriate estimate of fair value. However an off market investment is re-measured where more recent and sufficient information becomes available.

Notes to the consolidated financial statements

17. Financial instruments (continued)

17.2. Financial instruments not measured at fair value

The following table provides the carrying amounts of financial instruments where their carrying amount is a reasonable approximation of fair value. It therefore does not include additional fair value information.

	2026 $'000	2025 $'000
Financial assets measured at amortised cost		
Fixed Interest rate investments	66,855	49,244
Floating interest rate investments	48,510	55,084
Total	**115,365**	**104,328**
Financial liabilities measured at amortised cost		
Borrowings	36,500	51,500
Total	**36,500**	**51,500**

18. Financial risk management objectives and policies

Policies

The RACT Risk Management Strategy defines "the purpose of risk management is the creation and protection of value. It improves performance, encourages innovation, and supports the achievement of objectives".

While the Group is not subject to APRA regulation (APRA Core Prudential Standard 220 Risk Management requires the adoption of a risk appetite statement and risk management strategy), sound risk management practices are critical to making decisions and setting strategy to enable the Group to manage uncertainty and meet its objectives in a consistent manner.

The Boards of the RACT Level Two Insurance Group and The Royal Automobile Club of Tasmania Limited review and approve a consolidated Risk Management Strategy (RMS) and Risk Appetite Statements (RAS) at least annually that complies with APRA Prudential Standards CPS 220 Risk Management and CPS 510 Governance as well as requirements of CPS 230 Operational Risk Management for regulated critical operational activities delivered by the Group. The RMS and RAS were last reviewed and endorsed in June 2026.

The purpose of the RMS is to:

1. Establish risk management practices that support the Group's goals and objectives;
2. Describe the benefits of effective risk management;
3. Build a risk aware workforce and an environment that encourages responsible risk-taking while ensuring legitimate precautions are taken to observe the risk appetite and tolerance limits outlined in the Risk Appetite Statement, protect directors, employees, customers and other stakeholders;
4. Improve compliance and governance;
5. Align with AS ISO 31000:2018 Risk Management Guidelines;
6. Comply with APRA Prudential Standards CPS 220, CPS 510 and CPS 230 (for the Level 2 Insurance Group and to the extent practicable for the non-regulated Group entities); and
7. Enhance stakeholder trust.

Notes to the consolidated financial statements

18. Financial risk management objectives and policies (continued)

Policies (continued)

The Board and management recognise that effective risk management is critical to the achievement of the Group's objectives. The Board Risk Committee (BRC) has delegated authority from the Board to have oversight of the adequacy and effectiveness of the risk management frameworks and processes within the Group.

The Board has delegated authorities and limits to the GCEO to manage the business. Management have recommended to the Board, and the Board has approved, various frameworks, policies and limits relating to the key categories of risk faced by the Group within the GCEO's authorities and limits.

The Executive Leadership Team provides executive oversight and direction-setting across the Group, taking risk considerations into account. The Chief Risk Officer, a member of the Executive Leadership Team, is charged with the overall accountability for the risk management framework (in accordance with CPS 220 sections 39 and 40).

The risk management strategy and risk appetite statement are subject to at least annual review, updated for material changes as they occur and are approved by the Board. The risk management strategy uses the 3 Lines of Defence Model (3LoD), a widely used risk management model. The model explains the relationship between functions that own and manage risks (1st line of defence), functions that assist in the development, implementation and compliance with the risk management framework (2nd line of defence) and functions that provide independent assurance on the appropriateness, effectiveness and adequacy of the risk management framework (3rd line of defence).

Notes to the consolidated financial statements

18. Financial risk management objectives and policies (continued)

Policies (continued)

The material risk categories and enterprise level risks identified in the RACT Group's risk management framework are defined below.

Risk Category	Risk Title	Risk Context
Strategic	ER-1 Strategic Risk	Development and execution of an inappropriate or materially suboptimal enterprise strategy and/or material strategic objectives, which negatively impacts the value that RACT creates for its members and stakeholders, and/ or fails to support organisational sustainability.
	ER-2 Strategic Execution Risk	The organisation fails to generate and execute the right plans, in an appropriate way, within an affordable budget, and within an acceptable timeframe, to seize strategic opportunities and respond to strategic challenges.
	ER-3 Brand/ Reputation Risk	Reputation and Brand is damaged from ineffective management practices that result in external stakeholder dissatisfaction.
Operational	ER-4 People Risk	Inability to attract / retain appropriately skilled employees, including the risk of failing to maintain an appropriate organisational culture and conduct risk.
	ER-5 Product Risk (excluding RACTI)	RACT designs and provides member offerings that are inappropriate or not suitable, based on member desirability.
	ER-6 Compliance Risk	RACT fails to act in accordance with laws, regulations, internal policies, prescribed good practice or contractual obligations.
	ER-7 Finance Risk	Ineffective financial management practices -including potential material misstatement in the financials, non-compliance with accounting standards, prudential standards, taxation law or other relevant legislation, internal fraud or inappropriate financial projections.
	ER-8 Technology Risk	Business systems cannot be safely or securely accessed or fully utilised.
	ER-9 Data Risk	An event where Information/data loss, leak or integrity occurs. Inadequate data management practices.
	ER-10 Business Continuity Risk	The risk that RACT is unable to operate effectively, arising from Interruption to business operations.
Safety	ER-11 Safety Risk	The risk that people (Workers as defined by the relevant WHS legislation, members or other people) are harmed by physical or psychosocial hazards at RACT workplaces.
Credit	ER-12 Credit Risk	The risk of loss that may occur from a counterparty's failure to settle an outstanding amount in accordance with the contractual terms, or failure of a banking institution.
Market & Investment	ER-13 Market & Investments Risk	Adverse impact on the value of RACT's investment assets (including the value of insurance business and associated goodwill) and insurance liabilities, from changing operating internal or external factors.
	ER-14 Capital Risk	Inability to access capital at a price point that is acceptable to the entity.
Liquidity	ER-15 Liquidity Risk	RACT will be unable to meet short-term financial obligations with available, liquid funds.
Insurance	ER-16 Insurance Risk (RACTI)	The risk of significant financial loss, brand damage, and non-compliance with key regulatory obligations throughout the insurance life cycle.

Notes to the consolidated financial statements

18. Financial risk management objectives and policies (continued)

Policies (continued)

Further discussions on the application of Group's risk management practices are presented in the following sections:

– Note 18.1 Insurance risk management (ER-16)

– Notes 18.2 to 18.4 Risk management for financial instruments: credit, liquidity and market risks (ER-12 to ER-15)

18.1. Insurance risk management

Policies and practices for mitigating insurance risk

Risk appetite statements are in place and controls are implemented to manage the following components of insurance risk:

– Pricing, including defined pricing principles and strategies, technical pricing and pricing adequacy reviews;

– Roles and responsibilities for pricing, the development and approval of new products and changes to existing products;

– Processes that identify and respond to changes in the internal and external environment impacting insurance products;

– Underwriting, including processes to consider aggregate exposure from a portfolio perspective to determine the actual exposure to particular risks or an event, monitoring of significant accumulation and concentration of risk, and guidelines around the utilisation of reinsurance in pricing and underwriting;

– Delegated authorities for the acceptance, assessment and settlement of claims including operational and ex-gratia authority limits;

– Procedures relating to the notification, assessment and settlement and closure of claims, and processes to detect andreduce loss associated with claims risk; and

– Reserving practices and procedures at individual claim and portfolio level.

The Board receives the Financial Condition Report from the Appointed Actuary who also provides advice in relation to premium, issuing of new policies and reinsurance arrangements in accordance with APRA Prudential Standards.

Concentration of insurance risk is mitigated through diversification over classes of insurance business, the use of reinsurer coverage and ensuring there is an appropriate mix of business. Property catastrophe, per risk and casualty reinsurance contracts are purchased to ensure that any accumulation of losses from a single event is mitigated.

Notes to the consolidated financial statements

18. Financial risk management objectives and policies (continued)

18.2. Credit risk

The Group is exposed to and manages the following key sources of credit risk:

Key sources of credit risk	How these are managed
Premium receivable	Outstanding premiums on policies arise on those which are generally paid on an instalment basis. Payment default will result in the termination of the insurance contract with the policyholder, as provided by law, eliminating both the credit risk and insurance risk for the unpaid balance.
Investments in financial instruments	Investments in financial instruments in the investment portfolios are held in accordance with the Group's investment policy. Credit limits have been established within the policy guidelines to ensure counterparties have appropriate credit ratings and exposure is appropriately diversified amongst a broad range of counterparties to mitigate credit risk.
Reinsurance recoveries	Eligible recoveries under reinsurance arrangements are monitored and managed internally and by specialised reinsurance brokers operating in the international reinsurance market. Reinsurance is placed with companies with Standard & Poor's credit ratings of A- or better and downgrade clauses are present within contractual terms to afford the Group the opportunity to replace a reinsurer on its program in the event that a reinsurer's credit rating falls below the A- threshold. Where applicable reinsurers are not APRA-authorised reinsurers, collateralised security of outstanding liabilities is able to be obtained in line with treaty stipulations. At 30 June 2026, no collateral was deemed required (2025: Nil) due to applicable reinsurers holding credit ratings of A- or above.

The carrying amount of the relevant asset classes in the consolidated statement of financial position represents the maximum amount of credit exposures as at the end of the financial year.

The following table provides information regarding credit risk exposure of financial assets, classified according to Standard & Poor's counterparty credit ratings. AAA is the highest possible rating. Assets rated below BBB are classified as non-investment grade.

Notes to the consolidated financial statements

18. Financial risk management objectives and policies (continued)

18.2. Credit risk (continued)

Exposure to credit risk by credit risk rating

	2026					
	AAA $'000	AA $'000	A $'000	Below A $'000	Not rated $'000	Total $'000
Cash and cash equivalents	-	9,453	-	-	-	9,453
Premium receivable	-	-	-	-	89,022	89,022
Trade and other receivables	-	-	-	-	6,885	6,885
Receivables within Insurance contract liabilities	-	-	-	-	6,024	6,024
Investments	-	66,130	-	-	77,783	143,913
Receivables within reinsurance contract assets	-	1,193	1,140	-	130	2,463
Total	**-**	**76,776**	**1,140**	**-**	**179,844**	**257,760**

	2025					
	AAA $'000	AA $'000	A $'000	Below A $'000	Not rated $'000	Total $'000
Cash and cash equivalents	-	9,296	-	-	-	9,296
Premium receivable	-	-	-	-	80,260	80,260
Trade and other receivables	-	21	-	-	5,826	5,847
Receivables within Insurance contract liabilities	-	-	-	-	5,879	5,879
Investments	-	73,066	-	-	61,712	134,778
Receivables within reinsurance contract assets	-	2,007	1,179	-	176	3,362
Total	**-**	**84,390**	**1,179**	**-**	**153,853**	**239,422**

All financial assets are neither past due nor impaired at reporting date except for those disclosed in the following table of financial assets exposed to contractual payment terms. An amount is considered past due when a contractual payment falls overdue by one or more days. When an amount is classified as past due, the entire balance is disclosed in the past due analysis presented. Due to the predominately short-term nature of receivables, the carrying value is assumed to approximate the fair value.

Notes to the consolidated financial statements

18. Financial risk management objectives and policies (continued)

18.2. Credit risk (continued)

Exposure to credit risk by past due/impaired

	2026					
	Neither past due nor impaired $'000	**0- 3 months $'000**	**3 - 6 months $'000**	**> 6 months $'000**	**Impaired $'000**	**Total $'000**
Premium Receivable	87,750	1,173	49	-	50	89,022
Receivables within reinsurance contract assets	2,463	-	-	-	-	2,463
Trade and other receivables	6,790	-	-	-	95	6,885
Other insurance contract receivable	6,024	-	-	-	-	6,024
Total	**103,027**	**1,173**	**49**	**-**	**145**	**104,394**

	2025					
	Neither past due nor impaired $'000	**0- 3 months $'000**	**3 - 6 months $'000**	**> 6 months $'000**	**Impaired $'000**	**Total $'000**
Premium Receivable	78,669	1,540	-	1	50	80,260
Receivables within reinsurance contract assets	3,362	-	-	-	-	3,362
Trade and other receivables	5,735	-	-	-	112	5,847
Other insurance contract receivable	5,879	-	-	-	-	5,879
Total	**93,645**	**1,540**	**-**	**1**	**162**	**95,348**

Notes to the consolidated financial statements

18.3. Liquidity risk

To ensure payments are made when they fall due, the Group has the following key facilities and arrangements in place to mitigate liquidity risks:

– Investment policy guidelines stipulate that sufficient cash deposits be held at all times to meet day-to-day obligations;

– Redraw capacity is available on borrowings that have been repaid, subject to facility conditions;

– Investment funds set aside within the portfolio can be realised to meet significant claims payment obligations;

– In the event of a major catastrophe, cash access is available under the terms of reinsurance arrangements;

– Mandated liquidity limits; and

– Regularity of premiums received provides substantial liquidity to meet claims payments and associated expenses as theyarise.

The following table summarises the maturities of the Group's financial liabilities based on the remaining undiscounted contractual obligations, except for outstanding claims, which are discounted. The net liability for remaining coverage of contracts measured under the PAA is excluded from the below.

	2026				
	Carrying amount $'000	**1 year or less $'000**	**1- 5 years $'000**	**over 5 years $'000**	**Total $'000**
Outstanding claims	33,320	29,748	3,572	-	33,320
Payables	7,688	7,688	-	-	7,688
Borrowings	36,500	-	36,500	-	36,500
Amounts due to reinsurers	1,906	1,906	-	-	1,906
Total	**79,414**	**39,342**	**40,072**	**-**	**79,414**

	2025				
	Carrying amount $'000	**1 year or less $'000**	**1- 5 years $'000**	**over 5 years $'000**	**Total $'000**
Outstanding claims	35,869	31,530	4,339	-	35,869
Payables	6,126	6,126	-	-	6,126
Borrowings	51,500	-	51,500	-	51,500
Amounts due to reinsurers	2,033	2,033	-	-	2,033
Total	**95,528**	**39,689**	**55,839**	**-**	**95,528**

Notes to the consolidated financial statements

18. Financial risk management objectives and policies (continued)

18.4. Market risk

18.4.1. Interest rate risk

Interest rate risk exposure arises mainly from investment in interest-bearing securities and from ongoing valuation of insurance liabilities. Interest rate sensitive securities within the portfolios include cash, term deposits, at-call investments and indirectly held notes and bonds within pooled investment schemes.

The investment portfolios, which hold significant interest-bearing securities in support of corresponding outstanding claims liabilities, are invested in a manner consistent with the expected duration of claims payments.

The sensitivity of profit and loss after tax to movements in interest rates in relation to interest-bearing financial assets held at the reporting date is shown in the table below. It is assumed that all residual exposures for the shareholder after tax are included in the sensitivity analysis, that the percentage point change occurs at the reporting date and that there are concurrent movements in interest rates and parallel shifts in the yield curves.

	Exposure at June 2026	Change in interest rate	2026 Profit/ (Loss) after tax	Exposure at June 2025	Change in interest rate	2025 Profit/ (Loss) after tax
	$'000	bp	$'000	$'000	bp	$'000
Interest bearing securities	143,699	+100	1,278	131,098	+100	1,148
		-100	(1,278)		-100	(1,148)
Borrowings	(36,500)	+100	(365)	(51,500)	+100	(515)
		-100	365		-100	515

18.4.2. Equity price risk

The Group is exposed to equity risk through indirectly held Australian shares within a pooled investment scheme and unlisted shares held. The table below presents a sensitivity analysis showing the impact on profit or loss after tax for price movements for exposures as at the reporting date, with all other variables remaining constant.

The movements in equity prices used in the sensitivity analysis for 2026 have been subject to a comprehensive review and determined to be unchanged over the next twelve months, given observations and experience in the investment markets during the financial year.

	Exposure at 30 June 26	Movement in Variable	2026 Profit/ (Loss) before tax	Exposure at 30 June 25	Movement in Variable	2025 Profit/ (Loss) before tax
	$'000		$'000	$'000		$'000
Units in Equity Trusts	9,646	+10%	965	9,851	+10%	985
		-10%	(965)		-10%	(985)
Equities	3,059	+10%	306	3,059	+10%	306
		-10%	(306)		-10%	(306)

Notes to the consolidated financial statements

18. Financial risk management objectives and policies (continued)

18.4. Market risk (continued)

18.4.3. Credit spread risk

The Group is exposed to credit spread risk through its investments in interest-bearing securities, which are largely comprised of corporate notes and bonds indirectly held within pooled investment schemes. This risk is mitigated by incorporating a diversified investment portfolio, establishing maximum exposure limits for counterparties and minimum limits on credit ratings.

The table below presents a sensitivity analysis on how credit spread movements could affect profit or loss for the exposure as at the reporting date.

The movements in credit spread used in the sensitivity analysis for 2026 have been subject to a comprehensive review and determined to be unchanged over the next twelve months, given observations and experience in the investment markets during the financial year.

	2026			2025		
	Exposure at 30 June 26	Change in interest rate	Profit/ (Loss) before tax	Exposure at 30 June 25	Change in interest rate	Profit/ (Loss) before tax
	$'000	bp	$'000	$'000	bp	$'000
Credit securities	18,901	+100	30	17,541	+100	13
		-100	(30)		-100	(13)

19. Notes to the statement of cashflows

19.1. Reconciliation of cash

For the purpose of this statement of cash flows, cash includes cash on hand and in banks, not classified as investments. Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the consolidated statement of financial position:

	2026 $'000	2025 $'000
Cash at bank	8,281	7,832
Restricted cash	1,172	1,464
Cash and cash equivalents	**9,453**	**9,296**

Restricted Cash

Restricted cash relates to grant funds received and not yet used, from the Department of State Growth for the Youth Road Safety Program to be delivered by RACT and the Road Safety Advisory Council. The funds are held in a separate bank account and cannot be used for general operations.

These funds are part of an $8 million grant provided over five years to November 2029 and are subject to conditions outlined in the grant agreement, including that the cash be used solely to design and plan the delivery of a comprehensive driver safety education program, that is targeted at year 9-12 students in Tasmania.

A liability equivalent to the value of the unused funds is recognised as other unearned revenue, within member and customer contract liabilities on the consolidated statement of financial position.

Notes to the consolidated financial statements

19. Notes to the statement of cashflows (continued)

19.2. Reconciliation of profit after income tax to net cash flows from operating activities

	2026 $'000	2025 $'000
Profit for the year	**20,993**	**9,136**
Add/(less) items classified as investing activities		
Net (profit)/loss on disposal of property, plant and equipment	22	(11)
Add/(less) non-cash items		
Movement in fair value of investments	(5,359)	(8,890)
Depreciation and amortisation expense	5,477	5,603
Share of profit of associate	(63)	(139)
Other non-cash items	49	(204)
Changes in operating assets and liabilities		
(Decrease)/Increase in insurance contract liabilities	(1,320)	7,626
Increase/(Decrease) in reinsurance contract assets/liabilities	771	(3,074)
(Increase)/Decrease in receivables	(1,038)	(437)
(Increase)/Decrease in other assets	(1,547)	1,329
(Increase)/Decrease in deferred tax asset/liability	(865)	(1,658)
Increase/(Decrease) in payables and provisions	2,468	165
(Decrease)/Increase in customer contract liabilities	(1)	1,801
Increase/(Decrease) in provision for income tax liabilities	5,526	(960)
Net cash from operating activities	**25,113**	**10,287**

20. Ownership

The Company is incorporated under the *Corporations Act 2001* as a company limited by the guarantee of the members. If the Company is wound up, its Constitution states that each subscribing member may be required to contribute up to $2. As at 30 June 2026, the number of subscribing members was 132,257 (2025: 132,296).

21. Related party disclosures

21.1. Transactions with key management personnel

Transactions between directors and director-related entities are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. The directors may obtain discounted services from the Group. These services are obtained on the same terms and conditions as those obtained by employees of the Group.

Intuit Technologies, of which Mr P Kolkert, is Executive Director and part owner of its ultimate parent company Ditech Holdings, provides Information Technology services to the Group. All transactions between the two entities are undertaken on a normal commercial basis.

Notes to the consolidated financial statements

21. Related party disclosures (conditions)

21.2. Transactions with other related parties

	2026 $	2025 $
Amounts included in the determination of profit before tax that resulted from transactions with related parties for the year ended 30 June:		
RACT AutoServe Pty Ltd - Joint venture		
Rental income	187,120	168,843
Share of profit of equity-accounted investees, net of tax	62,937	138,755
Total	**250,057**	**307,598**
Outstanding balances receivable from / (payable to) related parties at 30 June:		
RACT AutoServe Pty Ltd - Joint venture		
Trade and other receivables	1,103	37,288
Payables	-	(23,940)
Total	**1,103**	**13,348**

22. Key management personnel

The total compensation for key management personnel (including directors) was comprised of the following:

	2026 $	2025 $
Short-term employee benefits	4,520,685	4,295,673
Long-term benefits	82,134	79,646
Post-employment benefits	534,859	512,974
Termination benefits	-	223,979
Total compensation	**5,137,678**	**5,112,272**

Total key management personnel compensation includes $498,891 for directorship fees (2025:$479,328), which is within the member approved limit of $690,000 in accordance with cl.9.15(a) of the Constitution.

The key management personnel of the Group comprise all directors of RACT and the executives having authority and responsibility for planning, directing and controlling the activities of the Group.

At 30 June 2026, in addition to the twelve directors, nine executives were included as key management personnel (30 June 2025: ten directors, ten executives).

Key management personnel during the financial year (excluding directors):

M Mugnaioni - Group Chief Executive Officer
D de Vries - Chief Technology Officer
D Harris - Chief Mobility Officer
S Lester - Chief Financial Officer
S Pennicott - Chief Operations Officer
J Reid - Chief Risk Officer
P Riley - Chief Insurance Officer
I Shannon-Smith - Chief People Officer
K Wasinski - Chief Experience Officer

Notes to the consolidated financial statements

23. Parent entity information

Information relating to The Royal Automobile Club of Tasmania Limited:

	2026 $'000	2025 $'000
Result of parent entity		
Profit/(loss)	4,339	(10,755)
Other comprehensive income	-	-
Total comprehensive income	**4,339**	**(10,755)**
Financial position of parent entity at year end		
Current assets	32,042	31,187
Non-current assets	175,328	174,119
Total assets	**207,370**	**205,306**
Current liabilities	94,511	82,467
Non-current liabilities	42,332	56,651
Total liabilities	**136,843**	**139,118**
Net assets	**70,527**	**66,188**
Total equity of the parent entity comprising of:		
Retained earnings	61,068	56,729
Asset revaluation reserve	9,459	9,459
Total equity	**70,527**	**66,188**

24. Details of controlled entities

	Percentage of shares held	
	2026	2025
Parent entity		
The Royal Automobile Club of Tasmania Limited (i)		
Controlled entities		
RACT Pty Ltd (ii)	100	100
RACT Holdings Pty Ltd (ii)	100	100
RACT Destinations Pty Ltd (ii)	100	100
Destinations Property Pty Ltd (as trustee for Destinations Property Unit Trust) (ii)	100	100
RACT Investment Holdings Pty Ltd (ii)	100	100
RACT Insurance Pty Ltd (ii)	100	100

All entities are incorporated in Australia.

(i) The Royal Automobile Club of Tasmania Limited is the head entity within the tax consolidated group.

(ii) These companies are members of the tax consolidated group.

Notes to the consolidated financial statements

25. Deed of cross guarantee

Pursuant to *ASIC Corporations (Wholly-owned Companies) Instrument 2016/785* the wholly-owned subsidiaries listed below are relieved from the *Corporations Act 2001* requirements for preparation, audit and lodgement of financial reports, and Directors' reports.

It is a condition of the Instrument that the Company and each of the subsidiaries enter into a Deed of Cross Guarantee. The effect of the Deed is that the Company guarantees to each creditor payment in full of any debt in the event of winding up of any of the subsidiaries under certain provisions of the *Corporations Act 2001.* If a winding up occurs under other provisions of the Act, the Company will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event that the Company is wound up.

The Company and its subsidiaries subject to the Deed form the closed group and extended closed group. The subsidiaries subject to the Deed are:

– RACT Pty Ltd

– RACT Holdings Pty Ltd

– RACT Destinations Pty Ltd

– Destinations Property Pty Ltd (as trustee for Destinations Property Unit Trust)

A consolidated statement of profit or loss and other comprehensive income and consolidated statement of financial position, comprising the Company and controlled entities which are a party to the Deed, after eliminating all transactions between parties to the Deed of Cross Guarantee, are set out as follows:

Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2026

	Consolidated parties to the Deed	
	2026 $'000	**2025 $'000**
Revenue		
Revenue from contracts with members and customers	70,596	63,599
Investment income	29,312	16,991
Other income	2,175	2,488
Total Revenue	**102,083**	**83,078**
Expenses		
Employee benefits	(48,865)	(45,469)
Other operating expenses	(34,001)	(32,409)
Interest expense	(2,977)	(3,238)
Total Expenses	**(85,843)**	**(81,116)**
Share of profit of equity-accounted investees, net of tax	63	139
Profit before income tax	**16,303**	**2,101**
Income tax benefit	4,747	3,605
Profit for the year	**21,050**	**5,706**
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Fair value revaluation / (devaluation) of land and buildings, net of tax	-	434
Total other comprehensive income	**-**	**434**
Total comprehensive income for the year	**21,050**	**6,140**

Notes to the consolidated financial statements

25. Deed of cross guarantee (continued)

Consolidated statement of financial position

As at 30 June 2026

	Consolidated parties to the Deed	
	2026 $'000	**2025 $'000**
Current assets		
Cash and cash equivalents	4,871	4,582
Trade and other receivables	9,372	11,634
Investments	16,652	14,026
Current tax asset	5,211	-
Other assets	2,507	1,588
Total current assets	**38,613**	**31,830**
Non-current assets		
Investments	3,059	3,059
Investment in associates	167,691	167,756
Property, plant and equipment	27,847	27,364
Right-of-use assets	3,917	3,565
Intangible assets	5	125
Deferred tax asset	4,349	4,665
Total non current assets	**206,868**	**206,534**
Total assets	**245,481**	**238,364**
Current liabilities		
Payables	5,022	4,796
Current tax liability	-	238
Lease liabilities	998	994
Contract liabilities	13,998	13,987
Provisions	5,071	4,489
Total current liabilities	**25,089**	**24,504**
Non-current liabilities		
Borrowings	36,500	51,500
Provisions	1,326	1,085
Lease liabilities	3,231	2,780
Contract liabilities	15	27
Deferred tax liability	1,117	1,315
Total non current liabilities	**42,189**	**56,707**
Total liabilities	**67,278**	**81,211**
Net assets	**178,203**	**157,153**
Equity		
Retained earnings	168,744	147,694
Reserves	9,459	9,459
Total equity	**178,203**	**157,153**

Notes to the consolidated financial statements

26. Auditors' remuneration

KPMG Australia

	2026 $	2025 $
Audit and review services		
Audit of financial reports	296,773	329,554
Other regulatory audit services	84,275	70,770
Total audit and review services	**381,048**	**400,324**
Other services		
Consulting services	67,685	-
Total auditors' remuneration	**448,733**	**400,324**

27. Contingent liabilities - regulatory and internal reviews

Reviews and enquiries from regulators may result in investigation costs, administrative costs, legal costs, system changes, compensation and/or remediation payments (including interest), or fines and penalties. The Group also conducts its own internal reviews of its regulatory compliance, which may result in similar costs. An assessment of the likely cost of the Group of reviews and customer complaints has been made on a case-by-case basis but cannot always be reliably estimated. To the extent that the potential impact can be reliably estimated, the amount has been provisioned.

28. Subsequent events

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction, or event of a material or unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Consolidated entity disclosure statement

As at 30 June 2026

Entity Name	Body corporate, partnership or trust	Place incorporated/ formed	% of share capital held directly or indirectly by the Company in the body corporate	Australian or foreign tax resident	Jurisdiction for foreign tax resident
The Royal Automobile Club of Tasmania Limited (the Company)	Body corporate	Australia		Australian	N/A
RACT Pty Ltd	Body corporate	Australia	100%	Australian	N/A
Destinations Property Pty Ltd	Body corporate - Trustee of Destinations Property Unit Trust	Australia	100%	Australian	N/A
Destinations Property Unit Trust	Trust	Australia	N/A	Australian	N/A
RACT Holdings Pty Ltd	Body corporate	Australia	100%	Australian	N/A
RACT Destinations Pty Ltd	Body corporate	Australia	100%	Australian	N/A
RACT Investment Holdings Pty Ltd	Body corporate	Australia	100%	Australian	N/A
RACT Insurance Pty Ltd	Body corporate	Australia	100%	Australian	N/A

Key assumptions and judgements

Determination of tax residency

Section 295 (3A) of the *Corporation Acts 2001* requires that the tax residency of each entity which is included in the Consolidated Entity Disclosure Statement (CEDS) be disclosed. In the context of an entity which was an Australian resident, "Australian resident" has the meaning provided in the *Income Tax Assessment Act 1997*. In determining each entity as Australian tax residents, the consolidated entity has applied current legislation and judicial precedent, including having regard to the Commissioner of Taxation's public guidance in *Tax Ruling TR 2018/5.*

Trusts

Australian tax law does not contain specific residency tests for trusts. Generally, these entities are taxed on a flow-through basis so there is no need for a general residence test. There are some provisions which treat trusts as residents for certain purposes, but this does not mean the trust itself is an entity that is subject to tax.

Directors' declaration

1. In the opinion of the directors of The Royal Automobile Club of Tasmania Limited (the Company):
   a) the consolidated financial statements and notes thereto, are in accordance with the *Corporations Act 2001,* including:
      (i) giving a true and fair view of the Group's financial position as at 30 June 2026 and of its performance for the financial year ended on that date; and
      (ii) complying with the Australian Accounting Standards and the *Corporations Regulations 2001;*
   b) the consolidated entity disclosure statement as at 30 June 2026 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.
2. There are reasonable grounds to believe that the members of the extended closed group identified in Note 25 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 those members, pursuant to *ASIC Corporations (Wholly-owned companies) Instrument 2016/785.*
3. The directors draw attention to Note 1 to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards."

Signed in accordance with a resolution of the directors:

K L Nylander
Director

A M Coleman
Director

Hobart, 29th September 2026

Independent Auditors Report

Independent Auditor's Report

To the members of The Royal Automobile Club of Tasmania Limited

Opinion

We have audited the ***Financial Report*** of The Royal Automobile Club of Tasmania Limited (the Company).

In our opinion, the accompanying Financial Report of the Company gives a true and fair view, including of the ***Group***'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:

- Consolidated Statement of financial position as at 30 June 2026;
- Consolidated Statement of profit or loss and other comprehensive income, Consolidated Statement of changes in equity, and Consolidated 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; and
- Directors' Declaration.

The ***Group*** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

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 Group in accordance with the auditor independence requirements of 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 The Royal Automobile Club of Tasmania 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 Group, 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 Group, and that is free from material misstatement, whether due to fraud or error;
- assessing the Group and 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 Group and 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.

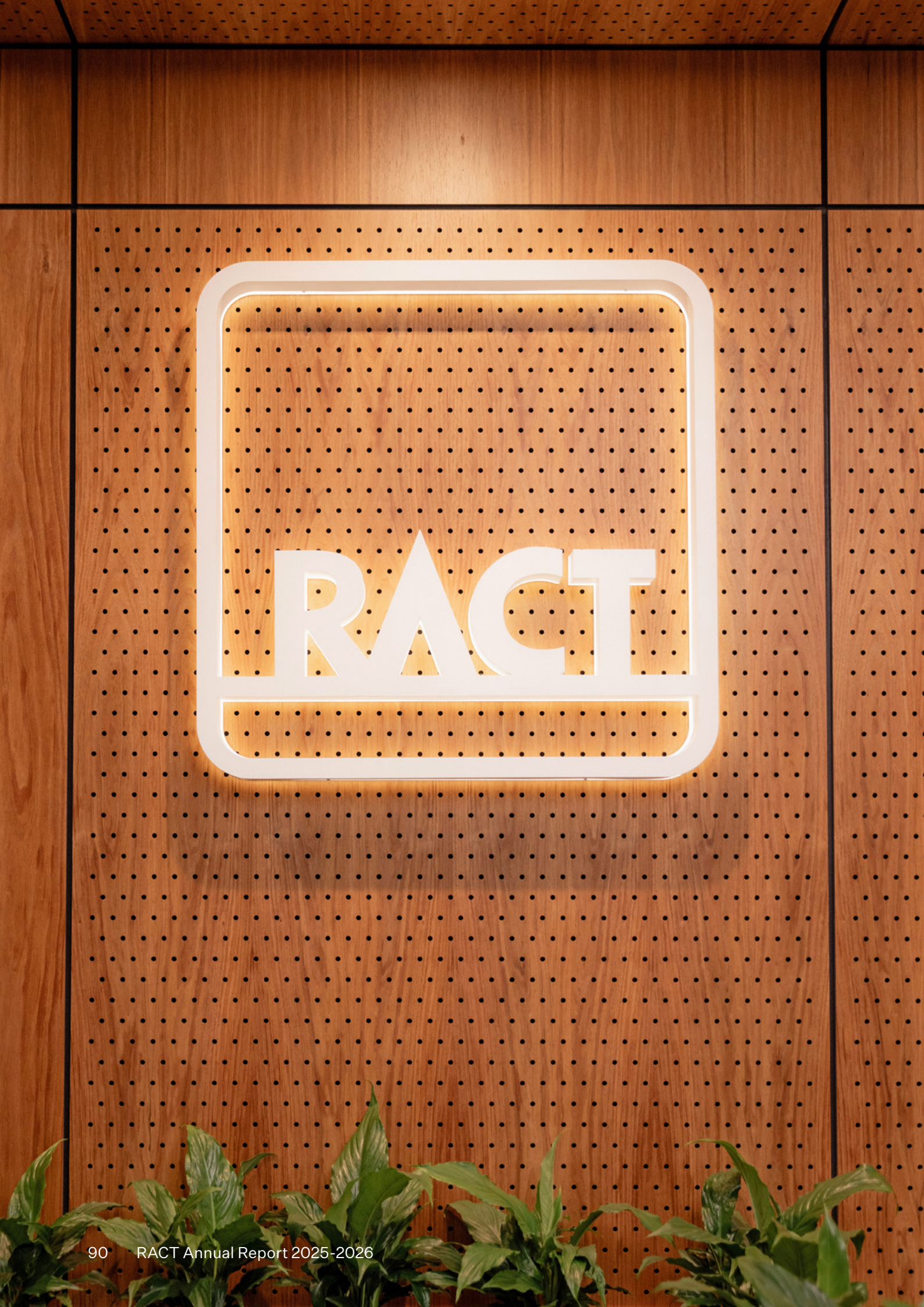
A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: https://www.auasb.gov.au/media/apzlwn0y/ar3_2024.pdf. This description forms part of our Auditor's Report.

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Tracey Barker
Partner

Brisbane
29 September 2026


RACT

Club Directory

Annual Report 2025 – 2026
The Royal Automobile Club of Tasmania Limited

ABN 62 009 475 861

President
Ms K L Nylander

Vice President
Mr IA Gillespie AM

Board
Mr A M Coleman
Mr C A Ellis
Mr I A Gillespie AM
Mr P A W Kolkert
Mr A S McKenzie
Mr A Costabile
Mrs N Fenech
Ms TB Matthews

Executive Leadership Team
(as at 29 September 2026)

Mr M Mugnaioni –
Group Chief Executive Officer

Ms S Pennicott –
Chief Operating Officer

Ms B McGregor –
Chief Strategy Officer

Mr D Harris –
Chief Mobility Officer

Ms J Reid –
Group Chief Risk Officer and
General Counsel

Mr P Riley –
Group Chief Financial Officer
and Company Secretary

Ms K Wasinski –
Chief Insurance Officer

Honorary Life Members
Ms J M Archer
Mr AJ Beck*
Mr EC Best AM*
Mr JR Bloomfield
Mr DM Catchpole
Mr TG Challen OAM*
Mr BF Clark
Mr BB Cox*
Mr MG Dixon
Mr PA Dixon
Mr GW Fysh*
Mr PJ Joyce
Mr KM Kidd*
Mr CJ Langdon
Mr HD Loane OBE*
Mr RS Locke
Mr HR Mitchell*
Mr DC Nation
Mr CAS Page OBE*
Mr TAC Preston*
Prof P Scott AO OBE*
Mr CL Sherry*
Mr RC Southee*
Mr AC Stacey AM
Mr TA Stephens*
Mrs JM Trethewey OAM*
Mrs KA Westwood

*Deceased

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179-191 Murray Street,
Hobart, Tasmania, 7000

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Tasmania, 7001

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Telephone: 13 27 22

Website: ract.com.au

Stores
Hobart (Murray Street);
Launceston; Devonport;
Burnie; Rosny Park;
Glenorchy; Kingston

Useful Numbers:
RACT General Enquiries:
13 27 22

RACT Roadside Assist:
13 11 11

RACT Ultimate Members:
1800 088 865

RACT AutoServe:
1300 127 684

RACT Driving Training:
13 27 22

Travel enquiries:
1300 368 111

Auditors
KPMG

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Brisbane, Queensland,
4000

Burnie
24 North Terrace, 7320

Devonport
68 Rooke Street Mall, 7310

Glenorchy
Cnr Main Road & Terry Street, 7010

Hobart
179-191 Murray Street, 7000

Kingston
Spring Farm Village,
Shop 11/200 Channel Hwy, 7050

Launceston
Cnr York & George Streets, 7250

Rosny Park
Eastlands Shopping Centre, 7018

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