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PRESIDENT'S ANNUAL REPORT 2026

Dear Members,

It is my privilege on behalf of the Board of Directors to present, for adoption, the 54th Annual Report for the Laurieton United Services Club Group for the year ended 30 June 2026.

Financial Outcomes

Trading and gaming revenue were stronger in the 2026 financial year compared to previous years, supported by the continued patronage of you, our members. The Club remained solvent throughout the year and held cash and cash equivalents of $505,071 as at 30 June 2026. Grant revenue was $126,000 lower than in the previous year, which adversely affected the Club's financial result. The net cash provided by and used in operating activities was $795,675, however the 2026 financial year resulted in a loss of $326,955. The Board acknowledges that this is a disappointing result after many profitable years and attributed this to rising costs of goods and wage-related pressures adversely affected the business. These pressures are not unique to the LUSC, where ClubsNSW, our industry advocacy partner, recently reported that "over 50% of clubs are classified as Unbalanced or Distressed (2025)[1]", citing similar industry conditions. This broader context does not reduce the Board's responsibility however to address the Club's performance moving forward.

The board's focus is and always has been on responsible financial management and building financial resilience to secure our Club's long-term future.

To improve transparency and oversight, the Board has introduced quarterly financial reporting for members that compares actual performance with budget and the prior year. The Board has also implemented measures to address the 2026 financial year result, including reviews of policies and procedures to improve operational efficiency and risk performance; closer monitoring of operational performance; enhanced financial reporting and controls; refinancing with a new banking partner; stronger Board governance; and investment in key employee capability and operational leadership. Preliminary results for the first quarter of the 2027 financial year indicate that the Club is progressing toward an improved full-year outcome; however, the Board will continue to monitor performance closely and report to members.

The Board's objectives are to establish financial stability; maintain member benefits and high standards of customer service; develop new offerings that respond to our members' evolving needs in a financially responsible manner; use funds generated by the Club to support and develop our community; and maintain LUSC's role as a focus for social and community activity while building long-term financial sustainability.

The constrained financial position limited the Club's capacity to undertake planned maintenance and expansion projects. Necessary works deferred during the year included replacement of the faulty dividing wall in the Tarcoola Room and repairs to the deck at Kew Country Club (KCC). Longer-term initiatives, including activation of the KCC Master Plan, were also placed on hold. The Board recognises the impact of these deferrals on members and will prioritise future works according to safety, operational need and available funding.

Gaming generated 42% of the Club's income during the year, broadly in line with the wider club industry[1]. The Board recognises that this level of reliance creates exposure to regulatory, market and social changes affecting gaming. The Club's long-term strategy therefore includes diversifying its revenue streams to strengthen financial resilience and reduce dependence on gaming income.

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Community Contribution and Sustainability

Through the ClubGRANTS Category 1 program, LUSC donated $31,000 to seven local not-for-profit organisations. The Club also provided a further $100,000 in cash funding, donations and in-kind support to 70 sub-clubs and local community organisations.

The Club met its required level of community contribution, meaning no additional gaming tax was payable. Importantly, the LUSC's community support, as per previous years, extended beyond the minimum government requirement, through additional funding, in-kind assistance and other contributions to the local community.

The Club continued to improve its sustainability performance during the year. Key actions included completing the installation of LED lighting throughout the LUSC venue, KCC sprinkler upgrade reducing water usage and continuing to support community sustainability projects. These initiatives reduce water and energy use and reinforce the Club's commitment to responsible operations.

Board Governance

This has been the most significant year for Board renewal in recent memory. Greg Armstrong and Ian Jackson retired from the Board in November 2025 after 30 years of service each. In early July 2026, James (Jim) Henry and Barry Lang resigned after 18 and 22 years respectively. Together, these four long-serving Directors contributed 100 years of service. On behalf of the current Board and our members, I thank Greg, Ian, Barry and Jim for their valued contribution to the Club over many decades.

We welcome Tim Lobegeier, David Haggett, Garry Whitaker and Amy Vandenhurk, who joined the Board during the year. Tim and David were elected in November 2025. Garry and Amy were subsequently appointed to fill the casual vacancies created by Jim and Barry's departures in July 2026.

Following Greg's departure, Jim served as President for seven months until his resignation. The Board then elected me as President. I am honoured to serve the Club in this role and thank my fellow Directors for their support and confidence in my leadership. Based on the Club's available records, I understand that I am the youngest serving President and the first woman to hold the office of President at LUSC.

The Board recognises that the number of Director changes during the past 12 months may prompt questions from members. These departures occurred for individual reasons and should not be interpreted as evidence that any departing or incoming Director was personally responsible for the Club's performance. Responsibility for governance and oversight rests collectively with the Board, which remains focused on meeting the Clubs's objectives.

I would like to take this opportunity to thank the Board for their hard work and contribution to the Club this year. It was not an easy first year to be on the LUSC Board for our new Directors, but all have stepped up, and put in the time required to manage the challenges presented. They have demonstrated professionalism, agility and a solid commitment to the Club through attending the many additional meetings required as part of their fiduciary duty to you as our members. Additional hours were also applied through undertaking the required Board Director training and ongoing Club Industry education.

The current Board reflects a broad cross-section of our membership and brings experience across multiple areas of business and community life. This mix of perspectives supports robust discussion and better-informed decision-making. The Board is equipped to address contemporary challenges including finance, governance, cybersecurity, artificial intelligence, data management, legal compliance and sustainability. This is a progressive

and enthusiastic board, committed to ongoing education, sound advice and disciplined oversight as it works toward the Club's objectives.

During the year, the Board strengthened its oversight through the establishment of Gaming and Governance committees. These measures are intended to improve accountability, support informed decision-making and help the Club respond effectively to financial and operational risks.

New Club Offerings

The Jetty Café and Bar was officially opened on 18 September 2025 by the Hon. Alison Penfold MP, Federal Member for Lyne; the Hon. David Harris MP, NSW Minister for Gaming and Racing; the Hon. Robert Dwyer MP, Member for Port Macquarie; and Port Macquarie-Hastings Council Mayor Adam Roberts. The project followed the 2021 floods and took four years to complete after several delivery delays. The Board is pleased to provide members with an additional dining, bar and function venue featuring an outdoor children's play area, alfresco dining, a cocktail lounge and an extended snooker room. Trading commenced in January 2026, offering a breakfast service at the café and bar trading on weekend afternoons. With its modern facilities, The Jetty has become an important community venue and has hosted numerous private and community events. We thank members for their patience throughout the extended refurbishment.

The Board would also like to thank the Mayor and our State and Federal MPs for their support of our Club.

At KCC we have been successful in obtaining a liquor license for the outdoor kitchen, and this was recently opened during the Vet's Men's Week of Golf, for trading. An upgrade to the KCC children's playground has also taken place, plus a brand-new courtesy bus has been purchased with wheelchair access. This has replaced our previous Courtesy bus which broke down and couldn't be repaired - continuing our provision of two courtesy buses for the convenience of our members.

Several key machines have recently been purchased at KCC to assist in maintaining the course, and a practice chipping green has been opened for the benefit of members and guests.

No new capital works commenced during the 2026 financial year.

I would like to thank our Course Superintendent, Brendan Hansard, and Golf Professional, Luke Garel, for their professionalism and dedication. The course has performed exceptionally well over the past 12 months.

Sincere thanks go to David Haggett, who stepped in as honorary interim General Manager following Matthew Haack's resignation in early August 2026. David served voluntarily in that role for five weeks while remaining a Board Director, providing operational leadership during a critical period for the Club. After Adam McGregor was appointed as the permanent General Manager, with a commencement date in December, David resigned from the Board before entering a two-month, short-term contract to continue managing operations. The arrangement was undertaken with legal guidance from ClubsNSW to manage the governance implications of the transition. David's professional experience and contribution has supported staff and strengthened the Club's financial management during this period. It is the Board's intention that David will re-join the Board as a Director following the commencement of our new General Manager.

On that note, I would like to welcome Adam McGregor as the incoming General Manager of the LUSC Group. The Board believes Adam is well suited to the organisation, bringing extensive leadership experience and a proven track record within the registered club industry.

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I would also like to express the Boards' thanks to Meg Monaghan and Dean Noble - together with their teams - for their professionalism and for being positive representatives for our Club whilst maintaining member interests as a priority. It is the friendly member focused service that keeps our members coming back to the Club.

The Board recognises that sub-clubs foster belonging and keep many members actively involved with the Club year after year. In August, the Board surveyed our sub-clubs to measure satisfaction with current support and identify opportunities to help them remain strong and sustainable.

Overall, sub-clubs reported strong satisfaction with the Club. More than 80% were satisfied or very satisfied with the support and resources they receive; more than 88% were satisfied or very satisfied with the facilities provided; and more than 84% rated communication as effective or very effective.

The survey also indicated that approximately 1,000 members participate in sub-club activities, and that 27% of sub-clubs are experiencing declining participation, predominantly because of an ageing membership base. The Club has reinstated a regular meeting with our sub-clubs and will continue to work with them over the coming months to identify practical support and encourage greater participation by members and the wider community.

This year the Club has continued to offer our members great service, food, beverage and entertainment - and a safe and welcoming space to meet. As always, our Club continues to exist to support our members and the wider community, and is an important local community asset. We as a community are very lucky to have two excellent facilities for the local community to utilise, a credit to Boards who came before us in making the decisions year on year to get us to where the Club is today.

On behalf of the Board, management and staff, I extend our condolences to the families and friends of members who passed away during the year. We honour their connection to the Club and remember their contribution to our community.

In conclusion, I sincerely thank our 8,467 members for their continued patronage and support. Your commitment enables the Club to serve its members and contribute to the wider community. In the years ahead, I look forward to working with the Board, management and staff to strengthen the future of the LUSC Group - and I also look forward to seeing you at your Club in the very near future.

Sincerely,

April Saunders
President

[1] https://www.clubsnsw.com.au/advocacy/industry-reports/