



Employers Mutual Limited

ABN: 67 000 006 486

Financial Statements

30 June 2025

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Directors' Annual Report to the Members

For the year ended 30 June 2025

The Directors present their report together with the financial report of Employers Mutual Limited (the "Company") and the consolidated financial report of the Group, being the Company and its controlled entities for the year ended 30 June 2025 and the independent auditor's report thereon.

Directors

The Directors of the Company in office during the financial year and up to the date of this report are:

Paul R. Baker LLB GAICD (Chairman)

Mr Baker was appointed as a director of Employers Mutual Limited in September 2014 and was last re-elected on 21 November 2023. He was appointed Chair of Employers Mutual Limited on 25 May 2021. He also currently serves as a director of Hospitality Industry Insurance Limited.

Paul has experience in the areas of insurance, reinsurance, commercial and administrative law, risk management, strategy and business management and corporate governance. He is a practising lawyer of more than 35 years and has been Managing Director of Meridian Lawyers since 2004, a law firm which he established and has grown to more than 240 staff.

Paul has previously served as the legal member of the Commonwealth Government's Consumer Medicines Information Task Force and South Eastern Sydney Area Health Service Ethics Committee. He was also a senior partner of Ebsworth and Ebsworth Lawyers and a former Director of Guild Accountants.

Patrick J. Gurr GAICD

Mr Gurr was appointed as a director of Employers Mutual Limited on 28 May 2019 and was last elected on 28 November 2022.

Mr Gurr is a career publican, with over 40 years experience in the hospitality industry. As an active member of the Australian Hotels Association, Mr Gurr brings a wealth of knowledge with extensive experience in dealing with government at all three levels. Mr Gurr has immersed himself in numerous communities throughout New South Wales and Queensland developing industry education and promoting regional tourism through innovation and awareness.

Mr Gurr served as an executive member and as vice president of AHA (NSW). In these roles, he was involved in constitutional review, strategy implementation and dispute resolution. Mr. Gurr achievements were recognised with Life Membership of AHA (NSW) in 2012. Mr. Gurr has lived in the regional cities of Toowoomba, Wagga Wagga and Armidale and was the voice of country hotels promoting the importance of these community hubs for the wellbeing of the communities they serve.

Nicole Britt, B.App.Sc(O.T), MBA, GAICD

Ms Britt was appointed as a director of Employers Mutual Limited on 11 June 2021 and was elected on 26 November 2021.

Ms Britt is a well-respected and passionate health professional who has spent more than three decades assisting people with an injury, illness or disease to recover by returning them to work. A recognised industry thought leader, Ms Britt leads Navigate Work providing premium services to employers and industry associations to assist them to attract and retain high quality employees through the design and execution of strong employee value propositions.

Ms Britt's expertise is recognised through her involvement in the inaugural Australasian Faculty of Occupational and Environmental Medicine (AFOEM) Health Benefits of Work (HBOW) Signatory Steering Group (SSG) and a former board member of the National Employment Services Association (NESA). Ms Britt has most recently worked with the passenger transport industry to author industry reports and toolkits to address the current driver recruitment and retention crisis within the industry.

Directors' Annual Report to the Members (continued)

The Hon Lisa M Neville BA LLB

Ms Neville was appointed as a director of Employers Mutual Limited on 1 July 2023 and elected on 21 November 2023.

The Honourable Lisa Neville has had a long and distinguished career in public policy and public administration. She has served as a Member of the Victorian Parliament for 20 years and during that time spent 12 years as a Minister in a range of complex and demanding roles. This spanned from key social policy areas of mental health, community services and aged care through to the front line issues of environment, water, police and emergency services.

The Hon Lisa Neville has also played a pivotal role in the Government's response to Covid as a senior minister on the Crisis Committee of Cabinet. She has strong insight and experience in governance and community service, and possesses a law and an arts degree.

The Hon Lisa Neville has served as a non-executive board member with several organisations. She serves as the Chair of the Board of Barwon Health and is the Chair of the Greater Western Water, Community Liaison Group – Port of Geelong and "The Torch".

Scott M. Whiddett B. Com, FCA

Mr Whiddett was appointed as a director of Employers Mutual Limited in January 2024. He also currently serves as a director of Hospitality Industry Insurance Limited

Mr Whiddett is a Chartered Accountant with over 30 years of experience, practicing principally in the areas of due diligence advisory, and independent accountant reporting on public company transactions for takeovers, initial public offerings and audit.

Mr Whiddett has been actively involved (since 1998) in the growth of the Pitcher Partners Sydney practice (and its antecedent firms, White Iliffe and Moore Stephen Sydney); including founding and developing the firm's advice and corporate finance offering. Mr Whiddett was a founding Partner in establishing White Outsourcing; a back office administration business that grew to \$34 billion of funds under administration before sale in 2013.

Mr Whiddett is a partner and director of entities associated with the Pitcher Partners Sydney Accounting and Advisory practice.

Company secretary

Benjamin Gray

Appointed 30 March 2023

Directors' Annual Report to the Members (continued)

Directors' meetings

The number of Directors' meetings attended by each of the Directors during the financial year is:

Director	Directors' meetings		Audit Committee		Underwriting Committee		Remuneration Committee		Risk Committee	
	No. held*	Attended	No. held*	Attended	No. held*	Attended	No. held*	Attended	No. held*	Attended
Nicole L. Britt	11	11	-	-	4	4	4	4	3	3
Lisa Neville	11	11	7	7	-	-	4	3	-	-
Patrick J. Gurr	11	10	7	4	4	4	-	-	3	3
Paul R. Baker	11	11	7	7	4	4	4	4	3	3
Scott Whiddett	11	11	7	7	4	4	4	4	-	-

* Number held whilst in Director role or a member of a Board Committee

Strategy and objectives

The Company undertakes underwriting activities through the following:

- It underwrites workers compensation insurance for employers in the hotels, clubs and cafes, restaurants and takeaways industries in New South Wales under a specialised insurance licence granted by the State Insurance Regulatory Authority (SIRA) through its subsidiary, Hospitality Industry Insurance Limited (HII).
- Commencing 30 June 2023, the Company underwrites workers compensation insurance for employers whose main business or industrial activity concerns the Roman Catholic Church and its religious institutions in New South Wales under a specialised insurance licence granted by SIRA.
- The Company also entered into an agreement to provide quota share reinsurance cover to HII commencing 30 June 2023. This agreement was not renewed on 30 June 2024.

The Company also operates in Partnership with ASWIG Management Pty Ltd as Trustee for the ASWIG Management Trust ("the Partnership"). For the year ended 30th June 2025, the Partnership provided workers compensation claims management services either directly, or through subsidiaries, to iCare (Insurance and Care NSW), Insurance for NSW, Return to Work South Australia, WorkSafe Victoria and the ACT Government along with numerous self-insured employers. The Partnership also provides personal injury claim management services to clients in other insurance lines, including sickness & accident, life & disability and compulsory third-party insurance.

Directors' Annual Report to the Members (continued)

The Group's strategy is to continue to grow and diversify its underwriting operations and, through the Partnership, the personal injury claims management business for workers' compensation insurance across government schemes and employer self-insurers and to utilise this expertise in the provision of claims management services in other insurance lines, including sickness & accident, life & disability and compulsory third-party insurance.

In order to meet its goals, the Group has set the following objectives with its Partner:

- Continue to manage and grow our presence in our existing workers insurance schemes nationally.
- Continue to deliver successful return to work outcomes across new and existing claims portfolios across industries.
- Continue to broaden our appetite for personal injury claims management across a range of industries.
- Continue to challenge processes and technology in order to maximise outcomes in the most efficient and effective way to enable case managers to focus on clients and customer outcomes rather than process.
- Continue to pursue opportunities which complement the Group's claims management expertise while providing a sustainable financial return.
- Continue to expand our footprint in underwritten workers' compensation nationally through entry into markets where we can leverage our market leading expertise in personal injury claims management.

Principal activities

The principal activities of the Group during the year comprised:

- Underwriting workers compensation insurance in the NSW hospitality industry through the controlled entity, HII.
- Commencing 30 June 2023, the Company provides quota share reinsurance cover to HII as part of the existing program with two external reinsurers. This policy was not renewed on 30 June 2024.
- Commencing 30 June 2023, underwriting workers compensation insurance for employers whose main business or industrial activity concerns the Roman Catholic Church and its religious institutions in New South Wales.
- The provision of workers compensation management services as an agent or service provider to Government and self-insured clients, through the Partnership.
- Acting as outsourced provider of personal injury claims management services on behalf of third parties for other non-workers' compensation insurance lines, through the Partnership

Mutual benefits

The Mutual Benefits Program is the core program through which the Company utilises members' funds to achieve better outcomes for members and clients collectively.

- In FY25 investment of accumulated funds through our Mutual Benefits Program totalled \$18.7m (2024: \$22.9m). This investment continues to support initiatives that deliver a positive impact on performance in the various workers compensation Schemes through knowledge sharing across jurisdictions, improved claims management outcomes and reduced premiums for members.
- The program includes partnerships with the insurance brokers and employer associations who represent members and the unions we work with to achieve better outcomes for workers.
- We also work with research bodies to identify and trial new ways to improve occupational health, safety and injury management programs for members.

Directors' Annual Report to the Members (continued)

Results and review of operations

The Group's consolidated profit after tax was \$35.7m (2024: restated profit after tax was \$39.2m).

Factors influencing the result include:

- Continued profits from the Partnership business of \$44.5m (2024: \$53.1m). The Partnership results reflect continued performance in all areas of its claims management business.
- HII's profit after tax for the year ended 30 June 2025 was \$8.8m (2024: \$13.1m). The result reflects a combination of movement in insurance revenue due to wage growth in the hospitality sector in New South Wales. However, it was offset by poor claims performance.
- Net investment income of \$19.7m (2024: \$14.7m) reflects the Group's investment strategy and investment market performance during the year.

Events subsequent to balance sheet date

No other matters or circumstances have arisen since 30 June 2025 that has significantly affected, or may significantly affect:

- The Group's operations in future financial years;
- The results of those operations in future financial years; and
- The Group's state of affairs in future financial years.

State of affairs

On 31 January 2024, the Company restructured its corporate group to better align with operations, simplify stakeholder interactions, and streamline governance. As part of this, ownership of key subsidiaries was transferred within the group. These entities are no longer included from 30 June 2024 Statement of Financial Position, but their financial results are included for the first seven months of the 2024 financial year.

There have been no other significant changes in the state of affairs of the Group during the financial year.

Likely developments

The Group will continue to focus on business activities and markets where it can provide a high level of service to current and future members while achieving appropriate returns relative to the risk of operations.

Statutory information

Directors' indemnification

The Company's Constitution indemnifies to the maximum extent permitted by law every officer and auditor of the Company against any liability incurred by them in the capacity as officer or auditor in respect of:

- (a) defending any proceedings, whether civil or criminal, in which judgment is given in their favour or in which they are acquitted; or
- (b) in connection with any application in relation to any such proceedings in which relief is granted under the law to him or her by the court; or
- (c) subject to the Corporations Act in relation to any matter.

Directors' Annual Report to the Members (continued)

The Company has entered into officer protection deeds providing access, indemnity and insurance for directors and officers in respect of the Company and relevant subsidiaries of the Company. Those deeds, which are subject to certain conditions and limitations, provide an indemnity to the full extent permitted by law for liabilities incurred by that person as an officer, including reasonable legal costs incurred in respect of certain legal proceedings and an entitlement to Directors' and Officers' liability insurance. The deeds also contain access rights which provide access to company records following the cessation of the officer's position with the Company or a relevant subsidiary of the Company. The Company has executed deeds in place with some of the current and former director(s) and officer(s).

During the financial year, the Company has paid insurance premiums in respect of a Directors' and Officers' liability policy that covers the directors and officers of Employers Mutual Limited. The terms of the policy specifically prohibit disclosure of details of the amount of the insurance cover and the nature of the liability insured against.

Directors' Benefits

Since the end of the previous financial year, no Director of the consolidated entity has received any benefit by reason of any contract made by the consolidated entity with a Director or with a firm of which they are a member or with a company in which they have a substantial financial interest other than under policies of insurance in the normal course of business.

Environmental Regulation

The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Non-audit services

During the financial year the Company's auditor Deloitte Touche Tohmatsu has performed other services for the Group in addition to their statutory audit duties.

The Directors have considered the non-audit services provided during the financial year by Deloitte and, in accordance with written advice provided by resolution of the Audit Committee, are satisfied that the provision of those non-audit services by the Group's auditor is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- All non-audit assignments were approved in accordance with the process set out in the Company's framework for engaging auditors for non-audit services; and
- The non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Group, acting as an advocate for the Group or jointly sharing risks and rewards.
- There are no fees for non-audit services for financial year 2025 (2024: \$24,000) (refer to Note 8.12 to the financial statements for further details of costs incurred on individual non audit assignments).

Rounding

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Report) Instrument 2016/191 and, in accordance with that ASIC instrument, amounts in the financial report and Directors' Report have been rounded off to the nearest thousand dollars unless otherwise stated.



Directors' Annual Report to the Members (continued)

Lead auditor's independence declaration under section 307c of the Corporations Act 2001

The lead auditor's independence declaration is set out on page 10 and forms part of the Directors' Report for the year ended 30 June 2025.

Signed on behalf of the Board, in accordance with a resolution of the Directors.

Paul R. Baker

Director

Nicole Britt

Director

Signed in Adelaide on 9 September 2025

9 September 2025

The Board of Directors
Employers Mutual Limited
Level 3
345 George Street
Sydney NSW 2000

Dear Board Members

Auditor's Independence Declaration to Employers Mutual Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Employers Mutual Limited.

As lead audit partner for the audit of the financial report of Employers Mutual Limited for the year ended 30 June 2025, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- The auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- Any applicable code of professional conduct in relation to the audit.

Yours faithfully



DELOITTE TOUCHE TOHMATSU



Stuart Alexander
Partner
Chartered Accountants

Statement of Comprehensive Income

For the year ended 30 June 2025

	Note	2025		2024	
		The Company	Consolidated	The Company	Consolidated
		\$'000	\$'000	\$'000	\$'000
Insurance revenue	2.1	50,782	183,108	34,003	149,799
Insurance service expenses	2.2.1	(42,750)	(153,093)	(32,617)	(137,392)
Insurance service result from insurance contracts issued		8,032	30,015	1,386	12,407
Allocation of reinsurance expenses paid	2.2.1	(6,861)	(34,898)	(1,986)	(23,047)
Amounts recovered from reinsurance	2.2.1	4,915	22,789	(203)	29,536
Net income/(expense) from reinsurance contracts held		(1,946)	(12,109)	(2,189)	6,489
Insurance service result		6,086	17,906	(803)	18,896
Net income from financial instruments at FVTPL	3.1.1	3,858	7,818	1,852	3,328
Other investment revenue	3.1.1	15,136	11,910	12,775	11,404
Net Investment income		18,994	19,728	14,627	14,732
Insurance finance income/(expenses) from insurance contracts issued	2.2.1	(2,164)	(10,230)	(340)	(5,230)
Finance income/(expenses) from reinsurance contracts held	2.2.1	106	2,347	(95)	1,399
Net insurance finance income/(expense)		(2,058)	(7,883)	(435)	(3,831)
Net insurance and investment result		23,022	29,751	13,389	29,797
Management fees revenue	4.1	29,299	29,456	32,192	337,933
Management fees and other operating expenses	4.1	(49,938)	(52,715)	(57,938)	(366,292)
Share of profit of associates and joint ventures accounted for using the equity method		44,517	44,801	53,144	53,345
Profit before tax		46,900	51,293	40,787	54,783
Income tax expense	6	(11,345)	(15,638)	(9,881)	(15,585)
Profit for the year		35,555	35,655	30,906	39,198
Profit for the year attributable to:					
Owners of the Company		35,555	33,013	30,906	35,254
Non-controlling interests		-	2,642	-	3,944
Profit for the year		35,555	35,655	30,906	39,198

The Statement of Comprehensive Income is to be read in conjunction with the notes to the financial statements. Note 2 explains the financial impact of the restatement due to AASB 17 in the prior financial year.

Statement of Financial Position

As at 30 June 2025

	Note	2025		2024	
		The Company \$000	Consolidated \$000	The Company \$000	Consolidated \$000
Assets					
Cash and cash equivalents	8.3.1	14,394	28,686	10,135	21,366
Trade and other receivables	8.4	155,874	149,384	215,569	213,876
Insurance contract assets	2.2.1	15,224	13,169	5,101	5,968
Reinsurance contract assets	2.2.1	5,134	58,363	670	46,763
Financial assets at fair value	8.6	172,100	320,461	129,409	261,317
Deferred tax assets	6(c)	-	-	-	-
Current tax assets	6(b)	-	-	1,561	4,404
Other assets	8.5	14,057	50,421	26,274	59,149
Total Assets		376,783	620,484	388,719	612,843
Liabilities					
Trade and other payables	8.7	64,046	84,960	134,846	156,189
Insurance contract liabilities	2.2.1	48,930	228,259	28,303	180,033
Reinsurance contract liabilities	2.2.1	1,773	2,303	218	47
Current tax liabilities	6(b)	4,470	1,708	-	-
Provisions	8.8	7,116	7,116	8,240	8,240
Other contract liabilities	8.10	1,417	-	1,019	1,019
Deferred tax liabilities	6(c)	4,489	1,536	7,105	4,424
Total Liabilities		132,241	325,882	179,731	349,952
Net Assets		244,542	294,602	208,988	262,891
Equity					
Other reserves	8.11	25,307	25,307	25,307	25,307
Retained earnings		219,235	249,368	183,681	216,356
Equity attributable to owners of the Insurer		244,542	274,675	208,988	241,663
Non-controlling interest		-	19,927	-	21,228
Total equity		244,542	294,602	208,988	262,891

The Statement of Financial Position is to be read in conjunction with the notes to the financial statements. Note 2 explains the financial impact of the restatement due to AASB 17 in the prior financial year.

Statement of Changes in Equity

For the year ended 30 June 2025

	Note	The Company			Consolidated			
		General Reserves	Retained Earnings	Total	General Reserves	Retained Earnings	Non-controlling Interest	Total
		\$000	\$000	\$000	\$000	\$000	\$000	\$000
Balance at 1 July 2023		25,307	152,775	178,082	25,307	181,102	20,482	226,891
Profit/(loss) for the year		-	30,906	30,906	-	35,254	3,944	39,198
Total comprehensive income for the year		25,307	183,681	208,988	25,307	216,356	24,426	266,089
Dividend paid		-	-	-	-	-	(3,198)	(3,198)
Share purchase		-	-	-	-	-	-	-
Balance at 30 June 2024		25,307	183,681	208,988	25,307	216,356	21,228	262,891
Balance at 1 July 2024		25,307	183,681	208,988	25,307	216,356	21,228	262,891
Profit/(loss) for the year		-	35,555	35,555	-	33,013	2,642	35,655
Total comprehensive income for the year		25,307	219,235	244,542	25,307	249,368	23,869	298,546
Dividend paid		-	-	-	-	-	(3,944)	(3,944)
Share purchase		-	-	-	-	-	-	-
Balance at 30 June 2025		25,307	219,235	244,542	25,307	249,368	19,927	294,602

The Statement of Changes in Equity is to be read in conjunction with the notes to the financial statements. Note 2 explains the financial impact of the restatement due to AASB 17 in the prior financial year.



Statement of Cash Flows

For the year ended 30 June 2025

		2025		2024	
		The Company	Consolidated	The Company	Consolidated
	Note	\$000	\$000	\$000	\$000
Cash flows from operating activities					
Premium received		41,173	178,374	29,151	140,186
Reinsurance recoveries received		557	13,526	-	26,135
Reinsurance premiums paid		(5,307)	(32,642)	(1,995)	(24,118)
Management fees received		25,055	21,690	30,302	27,154
Dividends received		9,701	676	7,970	692
Interest and Trust distributions received		5,378	11,347	4,493	9,997
Other revenue received		67,701	73,423	54,383	48,473
Claim and other insurance service expenses paid		(22,181)	(111,621)	(9,600)	(96,607)
Acquisition costs paid		(2,619)	(5,942)	(2,901)	(3,806)
Mutual benefits paid		(19,814)	(19,814)	(18,500)	(18,500)
Management fees and other expenses paid		10,305	1,480	(49,851)	(44,885)
Income taxes paid		(7,931)	(11,382)	(9,491)	(22,861)
Net cash provided by/ (used in) operating activities	8.3.2	102,018	119,115	33,961	41,860
Cash flows from investing activities					
Proceeds from disposal of investments		131,657	245,406	130,035	244,793
(Payments for) investments		(154,073)	(277,913)	(129,013)	(249,619)
(Payments for) / from acquisition of debtors from the Partnership		(65,343)	(65,343)	(17,454)	(17,454)
Net cash (used in) / provided by investing activities		(87,759)	(97,850)	(16,432)	(22,280)
Drawdown of Bank Loan facility		-	-	10,000	10,000
Repayment of Bank Loan facility		-	-	(10,000)	(10,000)
Loan advanced from/(to) related parties		(10,000)	(10,000)	(10,000)	(10,000)
Dividends paid to non-controlling interests		-	(3,944)	-	(3,198)
Net cash provided by financing activities		(10,000)	(13,944)	(10,000)	(13,198)
Net (decrease)/ increase in cash and cash equivalents		4,259	7,320	7,529	6,382
Cash and cash equivalents at the start of the financial year		10,135	21,366	2,606	14,984
Cash and cash equivalents at the end of the financial year	8.3.1	14,394	28,686	10,135	21,366

The Statement of Cash Flows is to be read in conjunction with the notes to the financial statements. Note 2 explains the financial impact of the restatement due to AASB 17 in the prior financial year.

Notes to the Financial Statements

For the year ended 30 June 2025

1. Overview

Reporting Entity

The consolidated financial report of Employers Mutual Limited (the “Company”) as at and for the year ended 30 June 2025 comprises the Company and its controlled subsidiaries (together referred to as the “Group”). Employers Mutual Limited is a public company limited by guarantee, domiciled in Australia.

The Group is a for-profit entity. Certain persons and corporations may be eligible for membership as per the Employers Mutual Limited Constitution. Admittance to membership of Employers Mutual Limited is at the Board’s sole discretion.

The financial report was authorised for issue by the Directors on 9 September 2025.

Statement of Compliance

This general purpose financial report has been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board and other authoritative pronouncements of the Australian Accounting Standards Board.

International Financial Reporting Standards (IFRS) refer to the overall framework of Standards and pronouncements approved by the International Accounting Standards Board (IASB). IFRS forms the basis of the AASBs. This financial report complies with IFRS Accounting Standards.

Basis of Preparation

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been applied consistently to all periods presented by the Group.

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards and the Corporations Act 2001.

The financial report is presented in Australian dollars, which is the Group’s functional currency. The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors’ Report) Instrument 2016/191 and, in accordance with that ASIC instrument, amounts in the financial report and Directors’ Report have been rounded to the nearest thousand dollars unless otherwise stated.

This report is prepared on a historical cost basis as modified by certain exceptions, the most significant of which are the measurement of investments at fair value and the measurement of insurance contract assets and liabilities and reinsurance contract assets and liabilities held at present value.

The preparation of a financial report requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of Australian Accounting Standards that have a significant effect on the financial report and estimates with a significant risk of material adjustment in the next year are discussed in Note 2.

The principal accounting policies adopted in the preparation of the financial report are set out in the notes to the financial statements. These policies have been applied consistently to all periods presented and by each consolidated entity.

Where necessary, comparative information has been restated to conform to the current year’s accounting policies.

Notes to the Financial Statements (continued)

2. Underwriting Activities

Definitions and Classifications

Contracts under which the Group accepts significant insurance risk from the policyholder or another party by agreeing to compensate the policyholder or other beneficiary if a specified uncertain future event adversely affects the policyholder or other beneficiary are classified as insurance contracts. Insurance risk is risk other than financial risk transferred from the holder of a contract to the issuer.

The Group holds reinsurance contracts to mitigate certain risk exposures. A reinsurance contract is an insurance contract issued by a reinsurer to compensate the Group for claims arising from one or more insurance contracts issued by the Group. The Group holds Quota Share and Excess of Loss (XOL) reinsurance contracts. The Company issues Quota Share reinsurance contract to HII for financial year 2024.

New Accounting Standards and Amendments

AASB 17 “Insurance Contracts” was adopted in accordance with its transitional provisions which require retrospective application and restatement of comparative information as if AASB 17 had been effective from the 2024 financial year. The Company adopted the full retrospective approach and retrospectively restated the comparative information.

New Standards and Interpretations not yet Adopted:

TITLE	OPERATIVE DATE
AASB 2024-2 <i>Amendments to Australian Accounting Standards – Classification and Measurement of Financial Instruments</i>	1 January 2026
AASB 2024-3 <i>Amendments to Australian Accounting Standards – Annual Improvements Volume 11</i>	1 January 2026
AASB 18 <i>Presentation and Disclosure in Financial Statements</i>	1 January 2027
AASB 2014-10 <i>Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	1 January 2028

The potential effect of the revised Standards/Interpretations on the Group’s financial statements has not yet been determined.

Measurement of Insurance Contracts

Level of Aggregation

The Group is a mono-line insurer that underwrites workers compensation policies in New South Wales in specific industries under two specialised insurer licenses. The insurance contracts written by the Group all have similar risks but are managed together and hence have been aggregated into a single portfolio. Accordingly, it has been determined that there is a single portfolio of insurance contracts for the Group under AASB 17.

Measurement Models

AASB 17 introduces the General Measurement Model (GMM) for accounting for insurance contracts. Under the GMM the liability for remaining coverage (representing future insurance coverage) is based on fulfilment cash flows (being the present value of expected future cash flows plus a risk adjustment) and a contractual service margin (being the unearned profit that is recognised in the profit or loss over the coverage period of the insurance contract).

The Standard also allows for the use of an alternative simplified measurement method, the Premium Allocation Approach, (PAA). The PAA can be applied when one of two conditions is met. One of these conditions is that the coverage period of each insurance contract is one year or less. The Group satisfies this condition for all of its insurance contracts and, accordingly, the Group has applied the simplified PAA measurement method to measure its insurance liabilities for remaining coverage under the new Standard.

Notes to the Financial Statements (continued)

2. Underwriting Activities (continued)

Acquisition Cash Flows

Acquisition cash flows are required to be deferred except where the coverage period of the insurance contract is one year or less, in which case an entity can elect to expense these. As the Group satisfies the coverage period condition, it has exercised the option to defer the work levies and expense its commission expenses and broker incentive fees as incurred.

Reinsurance contracts

Level of Aggregation

The Group holds two types of reinsurance contracts, being Quota Share and Excess of Loss. The two have similar risks and are managed together, being purchased to complement one another. Accordingly, it has been determined that there is a single portfolio of reinsurance contracts held for the Group.

Measurement Models

Both the Quota Share and Excess of Loss reinsurance contracts held by the Group are risk attaching and therefore have a coverage period of up to two years. This means they do not automatically satisfy the coverage period condition to qualify for use of the simplified PAA measurement method.

The other condition for use of the simplified PAA measurement method is that the entity reasonably expects that the resulting measurement under the PAA method would not differ materially from the result under the GMM method. The Group has engaged its Appointed Actuary to assist with the analysis and the results confirm that the PAA does not differ materially from the GMM. Accordingly, the simplified PAA measurement method is used to measure the Group's reinsurance contracts assets.

Onerous Contracts

AASB17 requires the identification of "groups" of onerous contracts that are to be determined at a granular level of aggregation.

Under the simplified measurement approach AASB 17 stipulates that insurance contracts are assessed at commencement of the group for onerousness based on facts and circumstances at that time. After initial recognition, any subsequent change is just booked as reserves as part of normal actuarial valuation process.

The Group assesses the future expected profitability of insurance contracts using the pricing analysis prepared by the Appointed Actuary annually. The pricing analysis and the subsequent reporting is undertaken at the Workers Compensation Industry Classification (WIC) code level. Accordingly, the Group frequently reviews whether insurance contracts are expected to be onerous, have no significant possibility of becoming onerous, or would be in an 'other' category at a WIC code level.

Should any of the WIC code groups be found to be onerous, the expected loss will be measured based on an estimation of fulfilment cash flows and the loss will be recognised in the Statement of Comprehensive Income. The loss may be mitigated somewhat by applicable reinsurance contracts and hence the related loss recovery component from reinsurance recoveries will be recognised (equal to the loss component related to contracts issued after the reinsurance was acquired multiplied by the quota share or excess of loss recovery rate).

Notes to the Financial Statements (continued)

2. Underwriting Activities (continued)

Risk Adjustment

Under AASB 17, a risk adjustment has been applied to the insurance contract liabilities and reinsurance contract assets.

The risk adjustment reflects the compensation that the Group requires for bearing the uncertainty about the amount and timing of the cash flows arising from non-financial risk. It differs to the risk margin, which reflected the inherent uncertainty in the net discounted central estimate. For contracts measured under the Premium Allocation Approach, unless the contracts are onerous, an explicit risk adjustment for non-financial risk is only estimated for the measurement of the liability for incurred claims. The Group has determined the risk adjustment using a cost of capital approach. It has been determined that the Group requires a risk adjustment commensurate with a confidence level of 75% (2024: 75%).

This risk adjustment is applied to the net present value of future cash flows in relation to the outstanding insurance liabilities and reinsurance assets (included in the liability for incurred claims and assets for incurred claims respectively). The risk adjustment also reflects the benefit from the diversification of risk across various portfolios within the Group.

Discounting

AASB 17 requires estimates of future cash flows to be discounted to reflect the time value of money and liquidity characteristics of the Group's insurance contracts. The Group has allowed for an illiquidity premium to be included in the discount rates used as it believes the insurance liabilities are illiquid. A bottom-up approach has been applied to determine the discount rates used to discount insurance and reinsurance contract cash flows, which uses risk-free rates adjusted to reflect the liquidity characteristics of the insurance contracts.

The fulfilment cash flows within the insurance contract liabilities are expected to be discounted in line with a discount rate based on the risk-free yields available on Commonwealth Government Bonds, plus an illiquidity premium determined based on the spread of A rated market traded corporate bonds, with an adjustment to remove credit risk.

The Group has separately presented in full the insurance finance expense (being the unwinding of the discounting impact and the changes in the discount rates) in the Statement of Comprehensive Income.

Presentation and Disclosure

The presentation and disclosure of insurance related items in the financial statements are prepared in accordance with AASB 17.

Financial Impact

The Group has completed the implementation of AASB17 and has restated comparative information for purposes of reporting in 2024.

Notes to the Financial Statements (continued)

2. Underwriting Activities (continued)

2.1 Insurance Revenue

Overview

Insurance revenue reflects the consideration the Group expects to be entitled to in exchange for providing insurance contract services. Insurance revenue mainly comprises premiums charged for providing insurance coverage, excluding any amounts that are repayable to policyholders in all circumstances (referred to as investment components) and taxes collected on behalf of third parties.

	2025		2024	
	The Company	Consolidated	The Company	Consolidated
	\$000	\$000	\$000	\$000
Insurance revenue from contracts measured under the premium allocation approach	50,782	183,108	34,003	149,799
Insurance revenue	50,782	183,108	34,003	149,799

Material Accounting Policies

Basis of Accounting:

The measurement models applicable to measuring insurance and reinsurance contracts are described in Note 2. Insurance revenue under the premium allocation approach is an allocation of total expected premium to each period of coverage on the basis of the passage of time, or a pattern that reflects the expected timing of incurred insurance service expenses if the expected pattern of incidence of risk differs significantly from the passage of time.

2.1.1 Revenue and expense recognition

2.1.1.1 Insurance revenue

As the Group provides insurance services under a group of insurance contracts issued, it reduces its Liability for Remaining Coverage (LRC) and recognises insurance revenue, which is measured at the amount of consideration the Group expects to be entitled to in exchange for those services.

The Group recognises insurance revenue for the period based on the passage of time by allocating premium receipts including premium experience adjustments to each period of service.

At the end of each reporting period, the Group considers whether there was a change in facts and circumstances indicating a need to change, on a prospective basis, the premium receipt allocation due to changes in the expected pattern of claim occurrence for new and existing groups.

Notes to the Financial Statements (continued)

2. Underwriting Activities (continued)

2.1.1.2 Insurance service expenses

Insurance service expenses arising from group insurance contracts issued comprises:

- changes in the liability for incurred claims related to claims and expenses incurred in the period excluding repayment of investment components;
- changes in the liability for incurred claims related to claims and expenses incurred in prior periods;
- other expenses incurred in the period directly attributable to insurance contracts; and
- amortisation of insurance acquisition cash flows, which is recognised at the same amount in both insurance service expenses and insurance contract revenue. The cost for broker incentive payments is incurred when the insurance contract is issued.

2.1.1.3 Income or expenses from reinsurance contracts held

The Group presents income or expenses from a group of reinsurance contracts held and reinsurance finance income or expenses in profit or loss for the period separately. Income or expenses from reinsurance contracts held are split into the following two amounts:

- amount recovered from reinsurers; and
- an allocation of the reinsurance expense paid.

The Group presents cash flows that are contingent on claims as part of the amount recovered from reinsurers. Ceding commissions that are not contingent on claims of the underlying contracts are deducted from the premiums to be paid to the reinsurer to determine the reinsurance expense which is then allocated to profit or loss.

2.1.1.4 Insurance finance income or expenses

Insurance finance income or expenses present the effect of the time value of money and the change in the time value of money, together with the effect of financial risk and changes in financial risk.

Notes to the Financial Statements (continued)

2. Underwriting Activities (continued)

2.2 Insurance and reinsurance contract assets and liabilities

Overview

Insurance contract liabilities represent the rights and obligations arising from insurance and reinsurance contracts issued, and comprise the following components:

- The liability for remaining coverage, being the obligation to provide future insurance services in relation to contracts in force at the balance date; and
- The liability for incurred claims, being the obligation to pay claims reported but not yet paid, IBNR and other incurred insurance service expenses such as claims handling costs.

Reinsurance contract assets represent the rights and obligations arising from reinsurance contracts held, and comprise the following components:

- The asset for remaining coverage, being the amounts that are expected to be recoverable from reinsurers in relation to future insured claims that have not yet been incurred; and
- Recoveries of incurred claims, being the amounts that are expected to be recoverable from reinsurers in relation to claims that have been incurred on underlying contracts.

	2025		2024	
	The Company	Consolidated	The Company	Consolidated
	\$000	\$000	\$000	\$000
Insurance contract liabilities	48,930	228,259	28,303	180,033
Less: Insurance contract assets	15,224	13,169	5,101	5,968
Add: Reinsurance contract liabilities	1,773	2,303	218	47
Less: Reinsurance contract assets	5,134	58,363	670	46,763
Net Insurance contract liabilities	30,345	159,030	22,750	127,349

Basis of Accounting

Insurance and reinsurance contracts must be measured using a general model, unless the contracts meet certain eligibility criteria, in which case the liability/asset for remaining coverage for those contracts may be measured using a simplified approach known as the Premium Allocation Approach. Contracts are eligible for the simplified approach if they have coverage periods of one year or less or if the liability for remaining coverage under that approach is not expected to materially differ from that under the general model.

The Group applies the Premium Allocation Approach to all of its insurance and reinsurance contracts on the basis that these eligibility requirements are met.

Notes to the Financial Statements (continued)

2. Underwriting Activities (continued)

2.2.1 Movement in the net carrying amounts

Insurance Contract Assets and Liabilities

2025 The Company	Liability for remaining coverage			Liability for incurred claims		Total
	Excluding loss component	Loss component	Acquisition cash flow assets	Estimates of present value of future cash flows	Risk Adjustment for non-financial risk	
	\$000	\$000	\$000	\$000	\$000	\$000
Opening assets	(5,101)	-	-	-	-	(5,101)
Opening liabilities	-	-	-	23,463	4,840	28,303
Net opening balance	(5,101)	-	-	23,463	4,840	23,202
<i>Changes in the statement of comprehensive income</i>						
Insurance revenue	(50,782)	-	-	-	-	(50,782)
Contracts valued using the full retrospective approach	(50,782)	-	-	-	-	(50,782)
Insurance service expenses	2,105	-	-	38,387	2,258	42,750
Incurred claims and other insurance service expenses	-	-	-	44,639	3,243	47,882
Adjustments to liabilities for incurred claims that relate to past service	-	-	-	(6,252)	(985)	(7,237)
Amortisation of acquisition cash flows	2,105	-	-	-	-	2,105
Insurance Service Result	(48,677)	-	-	38,387	2,258	(8,032)
Insurance finance expenses from insurance contracts recognised in the statement of comprehensive income	-	-	-	1,813	351	2,164
Total changes in the statement of comprehensive income	(48,677)	-	-	40,200	2,609	(5,868)
<i>Cash Flows</i>						
Premiums Received	41,173	-	-	-	-	41,173
Insurance Acquisition Cash Flows	(2,619)	-	-	-	-	(2,619)
Claims and other insurance service expenses paid	-	-	-	(22,181)	-	(22,181)
Total Cash Flows	38,554	-	-	(22,181)	-	16,373
Allocation of pre-coverage acquisition cash flows	-	-	-	-	-	-
Net Closing Balance	(15,224)	-	-	41,481	7,449	33,706
Closing Assets	(15,224)	-	-	-	-	(15,224)
Closing Liabilities	-	-	-	41,481	7,449	48,930
Net Closing Balance	(15,224)	-	-	41,481	7,449	33,706

Notes to the Financial Statements (continued)

2. Underwriting Activities (continued)

2.2.1 Movement in the net carrying amounts (continued)

Insurance Contract Assets and Liabilities

2025 Consolidated	Liability for remaining coverage			Liability for incurred claims		
	Excluding loss component	Loss component	Acquisition cash flow assets	Estimates of present value of future cash flows	Risk Adjustment for non-financial risk	Total
	\$000	\$000	\$000	\$000	\$000	\$000
Opening assets	(5,968)	-	-	-	-	(5,968)
Opening liabilities	-	-	-	163,701	16,332	180,033
Net opening balance	(5,968)	-	-	163,701	16,332	174,065
Changes in the statement of comprehensive income						
Insurance revenue	(183,108)	-	-	-	-	(183,108)
Contracts valued using the full retrospective approach	(183,108)	-	-	-	-	(183,108)
Insurance service expenses	3,475	-	-	146,314	3,304	153,093
Incurred claims and other insurance service expenses	-	-	-	196,108	7,641	203,749
Adjustments to liabilities for incurred claims that relate to past service	-	-	-	(49,794)	(4,337)	(54,131)
Amortisation of acquisition cash flows	3,475	-	-	-	-	3,475
Insurance Service Result	(179,633)	-	-	146,314	3,304	(30,015)
Insurance finance expenses from insurance contracts recognised in the statement of comprehensive income	-	-	-	9,285	944	10,229
Total changes in the statement of comprehensive income	(179,633)	-	-	155,599	4,248	(19,786)
Cash Flows						
Premiums Received	178,375	-	-	-	-	178,375
Insurance Acquisition Cash Flows	(5,942)	-	-	-	-	(5,942)
Claims and other insurance service expenses paid	-	-	-	(111,622)	-	(111,622)
Total Cash Flows	172,432	-	-	(111,622)	-	60,810
Allocation of pre-coverage acquisition cash flows	-	-	-	-	-	-
Other Movements	-	-	-	-	-	-
Net Closing Balance	(13,169)	-	-	207,678	20,581	215,090
Closing Assets	(13,169)	-	-	-	-	(13,169)
Closing Liabilities	-	-	-	207,678	20,581	228,259
Net Closing Balance	(13,169)	-	-	207,678	20,581	215,090

Notes to the Financial Statements (continued)

2. Underwriting Activities (continued)

2.2.1 Movement in the net carrying amounts (continued)

Insurance Contract Assets and Liabilities

2024 The Company	Liability for remaining coverage			Liability for incurred claims		
	Excluding loss component	Loss component	Acquisition cash flow assets	Estimates of present value of future cash flows	Risk Adjustment for non-financial risk	Total
				\$000	\$000	
Opening liabilities	-	-	-	5,226	2,371	7,597
Net opening balance	-	-	-	5,226	2,371	7,597
Changes in the statement of comprehensive income						
Insurance revenue	(34,003)	-	-	-	-	(34,003)
Contracts valued using the full retrospective approach	(34,003)	-	-	-	-	(34,003)
Insurance service expenses	2,652	-	-	27,602	2,363	32,617
Incurred claims and other insurance service expenses	-	-	-	27,467	2,485	29,952
Adjustments to liabilities for incurred claims that relate to past service	-	-	-	135	(122)	13
Insurance Service Result	2,652	-	-	-	-	2,652
Insurance finance expenses from insurance contracts recognised in the statement of comprehensive income	(31,351)	-	-	27,602	2,363	(1,386)
Total changes in the statement of comprehensive income	-	-	-	234	106	340
Cash Flows	(31,351)	-	-	27,836	2,469	(1,046)
Premiums Received						
Insurance Acquisition Cash Flows	29,151	-	-	-	-	29,151
Claims and other insurance service expenses paid	(2,901)	-	-	-	-	(2,901)
Total Cash Flows	-	-	-	(9,600)	-	(9,600)
Allocation of pre-coverage acquisition cash flows	26,250	-	-	(9,600)	-	16,650
Other Movements	-	-	-	-	-	-
Net Closing Balance	(5,101)	-	-	23,463	4,840	23,201
Closing Assets	(5,101)	-	-	-	-	(5,101)
Closing Liabilities	-	-	-	23,463	4,840	28,303
Net Closing Balance	(5,101)	-	-	23,463	4,840	23,201

Notes to the Financial Statements (continued)

2. Underwriting Activities (continued)

2.2.1 Movement in the net carrying amounts (continued)

Insurance Contract Assets and Liabilities

2024 Consolidated	Liability for remaining coverage			Liability for incurred claims		
	Excluding loss component	Loss component	Acquisition cash flow assets	Estimates of present value of future cash flows	Risk Adjustment for non-financial risk	Total
				\$000	\$000	
	\$000	\$000	\$000	\$000	\$000	\$000
Opening liabilities	3,232	-	-	125,492	14,386	143,110
Net opening balance	3,232	-	-	125,492	14,386	143,110
<i>Changes in the statement of comprehensive income</i>						
Insurance revenue	(149,799)	-	-	-	-	(149,799)
Contracts valued using the full retrospective approach	(149,799)	-	-	-	-	(149,799)
Insurance service expenses	4,220	-	-	130,133	3,039	137,392
Incurred claims and other insurance service expenses	-	-	-	163,482	7,722	171,204
Adjustments to liabilities for incurred claims that relate to past service	-	-	-	(33,349)	(4,683)	(38,032)
Amortisation of Acquisition Cash Flows	4,220	-	-	-	-	4,220
Insurance Service Result	(145,579)	-	-	130,133	3,039	(12,407)
Insurance finance expenses from insurance contracts recognised in the statement of comprehensive income	-	-	-	4,683	547	5,230
Total changes in the statement of comprehensive income	(145,579)	-	-	134,816	3,586	(7,177)
<i>Cash Flows</i>						
Premiums Received	140,186	-	-	-	-	140,186
Insurance Acquisition Cash Flows	(3,806)	-	-	-	-	(3,806)
Claims and other insurance service expenses paid	-	-	-	(96,607)	-	(96,607)
Total Cash Flows	136,380	-	-	(96,607)	-	39,771
Allocation of pre-coverage acquisition cash flows	-	-	-	-	-	-
Other Movements	-	-	-	-	(1,639)	(1,639)
Net Closing Balance	(5,968)	-	-	163,701	16,332	174,065
Closing Assets	(5,968)	-	-	-	-	(5,968)
Closing Liabilities	-	-	-	163,701	16,332	180,033
Net Closing Balance	(5,968)	-	-	163,701	16,332	174,065

Notes to the Financial Statements (continued)

2. Underwriting Activities (continued)

2.2.1 Movement in the net carrying amounts (continued)

Reinsurance Contract Assets and Liabilities

2025 The Company	Remaining Coverage Component		Incurred Claims Component		Total
	Excluding Loss Recovery Component	Loss Recovery Component	Estimates of present value of future cash flows	Risk Adjustment for non-financial risk	
	\$000	\$000	\$000	\$000	\$000
Opening assets	-	-	462	208	670
Opening liabilities	(218)	-	-	-	(218)
Net opening balance	(218)	-	462	208	452
<i>Changes in the statement of comprehensive income</i>					
Reinsurance expenses (ceded premiums) for reinsurance service received	(6,861)	-	-	-	(6,861)
Recoveries of incurred claims including other insurance expenses	-	-	4,271	471	4,742
Changes relating to past service	-	-	-	173	173
Insurance Service Result	(6,861)	-	4,271	644	(1,946)
Finance income/(expenses) from reinsurance contracts recognised in the statement of comprehensive income	-	-	85	22	106
Total changes in the statement of statement of comprehensive income	(6,861)	-	4,356	666	(1,840)
<i>Cash Flows</i>					
Premiums paid	5,307	-	-	-	5,307
Amounts received from reinsurers relating to incurred claims	-	-	(557)	-	(557)
Total Cash Flows	5,307	-	(557)	-	4,749
Net Closing Balance	(1,772)	-	4,261	874	3,362
Closing Assets	-	-	4,261	874	5,134
Closing Liabilities	(1,772)	-	-	-	(1,772)
Net Closing Balance	(1,772)	-	4,261	874	3,362

Notes to the Financial Statements (continued)

2. Underwriting Activities (continued)

2.2.1 Movement in the net carrying amounts (continued)

Reinsurance Contract Assets and Liabilities

2025 Consolidated	Remaining Coverage Component		Incurred Claims Component		
	Excluding Loss Recovery Component	Loss Recovery Component	Estimates of present value of future cash flows	Risk Adjustment for non-financial risk	Total
	\$000	\$000	\$000	\$000	\$000
Opening assets	-	-	42,919	3,835	46,754
Opening liabilities	(47)	-	-	-	(47)
Net opening balance	(47)	-	42,919	3,835	46,707
<i>Changes in the statement of comprehensive income</i>					
Reinsurance expenses (ceded premiums) for reinsurance service received	(34,898)	-	-	-	(34,898)
Recoveries of incurred claims including other insurance expenses	-	-	18,097	1,866	19,963
Changes relating to past service	-	-	3,764	(938)	2,826
Insurance Service Result	(34,898)	-	21,861	928	(12,109)
Finance income from reinsurance contracts recognised in the statement of comprehensive income	-	-	2,132	215	2,347
Total changes in the statement of comprehensive income	(34,898)	-	23,993	1,143	(9,762)
<i>Cash Flows</i>					
Premiums paid	32,642	-	-	-	32,642
Amounts received from reinsurers relating to incurred claims	-	-	(13,526)	-	(13,526)
Total Cash Flows	32,642	-	(13,526)	-	19,116
Net Closing Balance	(2,303)	-	53,386	4,977	56,060
Closing Assets	-	-	53,386	4,977	58,363
Closing Liabilities	(2,303)	-	-	-	(2,303)
Net Closing Balance	(2,303)	-	53,386	4,977	56,060

Notes to the Financial Statements (continued)

2. Underwriting Activities (continued)

2.2.1 Movement in the net carrying amounts (continued)

Reinsurance Contract Assets and Liabilities

2024 The Company	Remaining Coverage Component		Incurred Claims Component		Total
	Excluding Loss Recovery Component	Loss Recovery Component	Estimates of present value of future cash flows	Risk Adjustment for non-financial risk	
	\$000	\$000	\$000	\$000	\$000
Opening assets	-	-	674	294	968
Opening liabilities	(227)	-	-	-	(227)
Net opening balance	(227)	-	674	294	741
<i>Changes in the statement of comprehensive income</i>					
Reinsurance expenses (ceded premiums) for reinsurance service received	(1,986)	-	-	-	(1,986)
Recoveries of incurred claims including other insurance expenses	-	-	-	110	110
Changes relating to past service	-	-	(214)	(99)	(313)
Insurance Service Result	(1,986)	-	(214)	11	(2,189)
Finance income/(expenses) from reinsurance contracts recognised in the statement of comprehensive income	-	-	2	(97)	(95)
Total changes in the statement of comprehensive income	(1,986)	-	(212)	(86)	(2,284)
<i>Cash Flows</i>					
Premiums paid	1,995	-	-	-	1,995
Amounts received from reinsurers relating to incurred claims	-	-	-	-	-
Total Cash Flows	1,995	-	-	-	1,995
Net Closing Balance	(218)	-	462	208	452
Closing Assets	-	-	462	208	670
Closing Liabilities	(218)	-	-	-	(218)
Net Closing Balance	(218)	-	462	208	452

Notes to the Financial Statements (continued)

2. Underwriting Activities (continued)

2.2.1 Movement in the net carrying amounts (continued)

Reinsurance Contract Assets and Liabilities

2024 Consolidated	Remaining Coverage Component		Incurred Claims Component		Total
	Excluding Loss Recovery Component	Loss Recovery Component	Estimates of present value of future cash flows	Risk Adjustment for non-financial risk	
	\$000	\$000	\$000	\$000	\$000
Opening assets	-	-	37,989	3,973	41,962
Opening liabilities	(1,118)	-	-	-	(1,118)
Net opening balance	(1,118)	-	37,990	3,973	40,845
<i>Changes in the statement of comprehensive income</i>					
Reinsurance expenses (ceded premiums) for reinsurance service received	(23,047)	-	-	-	(23,047)
Recoveries of incurred claims including other insurance expenses	-	-	22,404	(1,325)	21,079
Changes relating to past service	-	-	7,410	1,047	8,457
Insurance Service Result	(23,047)	-	29,814	(278)	6,489
Finance income from reinsurance contracts recognised in the statement of comprehensive income	-	-	1,250	149	1,399
Total changes in the statement of comprehensive income	(23,047)	-	31,064	(129)	7,888
<i>Cash Flows</i>					
Premiums paid	24,118	-	-	-	24,118
Amounts received from reinsurers relating to incurred claims	-	-	(26,135)	-	(26,135)
Total Cash Flows	24,118	-	(26,135)	-	(2,017)
Net Closing Balance	(47)	-	42,919	3,844	46,716
Closing Assets	-	-	42,919	3,844	46,763
Closing Liabilities	(47)	-	-	-	(47)
Net Closing Balance	(47)	-	42,919	3,844	46,716

Notes to the Financial Statements (continued)

2. Underwriting Activities (continued)

2.2.1 Movement in the net carrying amounts (continued)

Basis of Accounting:

The asset or liability for remaining coverage under the Premium Allocation Approach is measured as premiums received net of unamortised acquisition cash flows and amounts recognised as insurance revenue for coverage that has been provided. Insurance acquisition cash flows are amortised over the coverage period of the related insurance contracts on the same basis as the insurance revenue earning pattern for the business to which the cash flows relate. The liability for remaining coverage is not discounted where the time between providing each part of the services and the related premium due date is no more than a year.

The liability for incurred claims (and corresponding recoveries of incurred claims) is measured as 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 yet been paid, including claims that have been incurred but not yet reported.

2.2.2 Actuarial assumptions and method

Actuarial assumptions

The key actuarial assumptions for the determination of the Liability for Incurred Claims (LIC) as defined in Note 2.2.3 are as follows:

	2025					2024		
	Workers Compensation Company Run-off	Underwritten Workers Compensation Company Trinity	Underwritten Workers Compensation Company Inwards Reinsurance	Underwritten Workers Compensation Hill	Workers Compensation Company Run-off	Underwritten Workers Compensation Company Trinity	Underwritten Workers Compensation Company Inwards Reinsurance	Underwritten Workers Compensation Hill
Average term to settlement years	8.14	3.05	2.98	3.38	7.44	3.11	2.98	4.85
Average claim sizes \$	37,293	n/a	28,029	28,381	35,346	n/a	24,766	30,126
Expense rate	5.40%	15.28%	1.00%	8.84%	5.40%	14.6%	1.00%	9.32%
Discount rate	4.75%	4.00%	4.25%	4.25%	4.89%	4.70%	4.85%	4.81%

Process used to determine actuarial assumptions

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

Future number of workers compensation claims

For asbestos claims in the Employers Mutual Limited run-off portfolio, estimated future numbers of claims are based on the assumed latency period of the Company's exposures and the Company's assumed level of asbestos exposure relative to the industry. The key assumptions are the number of claims expected to be reported in 2024/2025, the future period over which reporting will occur as well as the period at which the peak for reporting occurs. Due to the relatively small size of the Company's asbestos exposures, external benchmarks regarding the peak period and the pattern of future reporting have been considered.

For all other claim types, future claim numbers have been estimated based on the "decay rate" of claim reports for each claim type observed in recent years.

Notes to the Financial Statements (continued)

2. Underwriting Activities (continued)

2.2.2 Actuarial assumptions and method (continued)

Average claim size for workers compensation claims

The average claim size for each portfolio have been based on:

- For the Company's runoff portfolio: a review of the Company's historical settlement experience.
- For Trinity Insurance: an assumed loss ratio used to determine the ultimate claims cost divided by an assumed frequency.
- For HII: future losses have been estimated based on assumed average claim sizes, claim frequencies and assumed payment development patterns. Separate projections are carried out for the weekly, medical, lump sum, common law, recoveries, legal, investigation and other benefit types. These assumptions have been based on analysis of the HII's claims experience.

Average term to settlement – underwritten workers compensation

For Employers Mutual Limited run-off claims and HII a payment pattern has been selected based on the Group's historical experience. For Trinity a payment pattern has been selected based on HII's historical experience. These assumptions imply an average discounted term to settlement as shown in the assumptions above.

Expense rate

For the Employers Mutual Limited run-off portfolio the adopted claims handling expense rates were based on the schedule of expenses agreed between the Company and the Partnership.

For HII and Trinity, claims handling expense rates were based on the schedule of expenses agreed with Employers Mutual Management Pty Ltd, the outsourced service provider.

Discount rate

The central estimates of the LIC of all portfolios in the Group were discounted to allow for future investment income attributable to the asset required to cover the liabilities during the run-off period. The future investment earnings assumptions are estimates of the future annual risk free rates of return adjusted to reflect the liquidity characteristics of the insurance contracts. They have been based on the yield curve on Australian Government Bonds as at 30 June 2025.

The illiquidity premium within discount rates is derived based on the long-term weighted average credit spread of a reference portfolio of assets and weighted average duration as the related insurance liabilities over the longer term. The effect of credit risk and other factors that are not relevant to the liquidity characteristics of insurance contracts is eliminated to estimate the portion of the spread that reflects the illiquidity premium.

Notes to the Financial Statements (continued)

2. Underwriting Activities (continued)

2.2.2 Actuarial assumptions and method (continued)

Sensitivity analysis

The LIC included in the reported results are calculated based on the key actuarial assumptions as disclosed above. The movement in any of the above key actuarial assumptions will impact the performance and equity of the Group. The table below describes how a change in each of the assumptions will affect the LIC.

2025		
Key actuarial assumptions	Changes	Impact on profit and loss \$000
All classes Employers Mutual Limited		
Expense rate	1% / -1%	(391) / 391
Discount rate	1% / -1%	1,401 / (1,536)
Run-off Gross average claim size	10% / -10%	(601) / 601
Run-off Number of future claims reported	10% / -10%	(597) / 597
Trinity Initial loss ratio	10% / -10%	(2,931) / 2,931
Inwards Re Gross average claim size	10% / -10%	(301) / 301
All classes HII		
Expense rate	1% / -1%	1,085 / (1,085)
Discount rate	1% / -1%	4,057 / (4,434)
Average claim size	10% / -10%	(12,204) / 12,204
Term to settlement	10% / -10%	1,680 / (1,746)

2024		
Key actuarial assumptions	Changes	Impact on profit and loss \$000
All classes Employers Mutual Limited		
Expense rate	1% / -1%	(250) / 250
Discount rate	1% / -1%	1,067 / (1,191)
Run-off Gross average claim size	10% / -10%	(619) / 619
Run-off Number of future claims reported	10% / -10%	(614) / 614
Trinity Initial loss ratio	10% / -10%	(2,168) / 2,168
Inwards Re Gross average claim size	10% / -10%	(301) / 301
All classes HII		
Expense rate	1% / -1%	922 / (922)
Discount rate	1% / -1%	4,025 / (4,501)
Average claim size	10% / -10%	(10,363) / 10,363
Term to settlement	10% / -10%	1,944 / (2,050)

* Relates to run-off only

Notes to the Financial Statements (continued)

2. Underwriting Activities (continued)

2.2.3 Liability for Incurred Claims

Overview

Estimation of liability for incurred claims (LIC)

The LIC is required to include all future cash flows related to past service. Therefore, it needs to include:

- Current outstanding claims liabilities, including:
- A central estimate of gross costs for reported but unprocessed and unpaid claims, including expected future development on these claims.
- A central estimate of gross costs for incurred but not reported (IBNR) claims.
- A central estimate of expected third party recoveries for both reported and IBNR claims.
- An allowance for claims handling expenses (CHE) for both reported and IBNR claims.
- An attributable share of overhead and maintenance costs for both reported and IBNR claims.
- A risk adjustment for non-financial risk.
- Processed but unpaid claims.
- Third-party recoveries agreed but not yet received.

The Group takes all reasonable steps to ensure that it has appropriate information regarding its claims exposure. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established.

The general approach to actuarial estimation of insurance liabilities is to analyse all available past experience, including numbers of reported, active and finalised claims, amounts of claim payments, changes in case estimates and incurred loss ratios. This analysis allows patterns to be identified in the past experience. Based on this, development patterns associated with the run-off of outstanding claims can be estimated.

The actuarial techniques used to estimate the insurance contract liabilities were as follows:

- Employers Mutual Limited run-off portfolio – the liabilities for unprocessed and unpaid claims were estimated based on outstanding case estimates and the liability for IBNR claims were estimated using a claim number multiplied by claim size approach.
- Trinity Portfolio – outstanding claims were determined using a loss ratio approach. An assumed loss ratio was multiplied by the premium collected. An adjustment was made for claim payments already made.
- For the underwritten workers compensation portfolio in HII, the outstanding claims liabilities were estimated using an Individual Claim Annuity methodology, the Payment per Active Claim and Payment per Claim Incurred methodologies and a common law utilisation module. The Individual Claim Annuity methodology projects weekly benefits based on characteristics specific to individual claims. The Payment per Active Claim methodology uses projections of active claims (i.e. the number of claims expected to receive weekly and medical benefit payments in the future) and expected average payments of weekly and medical benefits for those active claims. The Payment per Claim Incurred methodology uses average claim sizes, claim frequencies and patterns for the payment of claims for the lump sum, recoveries and legal, investigation and other benefit types. The common law utilisation model uses projections of common law claim lodgements, finalisations and average settlement sizes.
- Inwards Reinsurance of HII – the inwards reinsurance of HII is a quota share arrangement. Therefore, a proportion of the HII liability was taken for the relevant reinsured periods.

Notes to the Financial Statements (continued)

2. Underwriting Activities (continued)

2.2.3 Liability for Incurred Claims (continued)

The methods used to analyse past claims experience and to project future claims experience are largely determined by the available data and the nature and maturity of the portfolios.

Provisions are calculated gross of all recoveries. A separate estimate is made of the amounts that will be recoverable from reinsurers and other sources of recovery based upon the gross provisions.

2.2.3.1 Liability for Incurred Claims

		2025		2024	
		The Company	Consolidated	The Company	Consolidated
		\$000	\$000	\$000	\$000
(a)	Liability for Incurred Claims				
	Liability for Incurred Claims - Current	13,415	64,413	7,856	48,844
	Liability for Incurred Claims - Non-Current	35,515	163,846	20,447	131,189
	Total	48,930	228,259	28,303	180,033
	Undiscounted Central estimate	43,171	223,739	26,331	191,046
	Undiscounted Risk adjustment	9,366	24,742	6,616	21,034
	Undiscounted Claims Handling allowance	5,120	20,253	2,536	14,332
	Discount to present value	(9,332)	(40,537)	(7,687)	(46,189)
	Adjustment for (receivable)/payable	605	62	507	(190)
	Liability for Incurred Claims	48,930	228,259	28,303	180,033

2.2.3.2 Inflation and discount rates used

The following average annual inflation (normal and superimposed) rates and discount rates were used in measuring the liability for outstanding claims and recoveries for the succeeding and subsequent financial years:

	2025	2025	2024	2024
	Employers Mutual Limited	Hospitality Industry Insurance Limited	Employers Mutual Limited	Hospitality Industry Insurance Limited
For the succeeding and subsequent years:				
Average Weekly Earnings (AWE) inflation	3.44%	3.30%	3.44%	3.30%
CPI inflation rate	2.50%	2.50%	2.55%	2.55%
Superimposed inflation rate*	1.82%	2.00%	1.83%	2.00%
Discount rate	4.22%	4.25%	4.78%	4.85%

* The superimposed inflation assumption applies to medical claims and dust disease claims cost

Notes to the Financial Statements (continued)

2. Underwriting Activities (continued)

2.2.3.3 Weighted average term to settlement

The weighted average expected term to settlement of the outstanding claims from balance date is as follows.

The Company					2025				2024			
	WC Runoff	Trinity	Inwards Re	Combined	WC Runoff	Trinity	Inwards Re	Combined	WC Runoff	Trinity	Inwards Re	Combined
Discounted average term to settlement	8.14	3.05	2.98	3.67	7.44	3.11	2.98	4.05				

Consolidated					2025				2024			
	WC Runoff	Trinity	HII	Combined	WC Runoff	Trinity	HII	Combined	WC Runoff	Trinity	HII	Combined
Discounted average term to settlement	8.14	3.05	3.38	3.44	7.44	3.11	3.98	3.99				

2.2.3.4 Risk Adjustment

Process used to determine the risk adjustment

The risk adjustment is an additional allowance for uncertainty in the ultimate cost of claims. The overall adjustment adopted is determined by the Board of each company after considering the uncertainty of each company at the portfolio level as determined in Note 2.2.2, industry trends and each company's risk appetite.

To determine the adjustment adopted, the Appointed Actuary has in each instance reviewed the factors impacting the portfolio to establish a recommended margin at the level required by the Boards. Factors considered include:

- Variability of claims experience of the portfolio
- Quality of historical data
- Diversification between different classes within the portfolio

The level of uncertainty varies between classes of business. As such, the adopted adjustment varies between business classes. The adjustment is applied to the gross central estimate with the appropriate reinsurance recoveries provided.

The aggregate risk adjustment, after diversification allowance, is intended to approximate a 75% probability of sufficiency.

The risk adjustments applied to the portfolio for a 75% level of sufficiency are:

The Company					2025				2024			
	WC Runoff	Trinity	Inwards Re	Combined	WC Runoff	Trinity	Inwards Re	Combined	WC Runoff	Trinity	Inwards Re	Combined
Liability for incurred claims	44.3%	14.1%	12.3%	17.7%	45.0%	14.4%	12.3%	20.6%				
Reinsurance asset for incurred claims	44.3%	14.1%	n/a	17.7%	45.0%	14.4%	n/a	20.6%				
Liability for remaining coverage	n/a	15%	n/a	14.9%	n/a	14.6%	16.4%	14.7%				
Reinsurance asset for remaining coverage	n/a	15%	n/a	14.9%	n/a	14.6%	n/a	14.7%				

% of net central estimate including CHE and policy admin expenses, excluding reinsurance expenses.

Notes to the Financial Statements (continued)

2. Underwriting Activities (continued)

2.2.3.4 Risk Adjustment (continued)

Consolidated	2025			2024		
	WC Runoff	Trinity	HII	WC Runoff	Trinity	HII
Liability for incurred claims	44.3%	14.1%	11.1%	45.0%	14.4%	11.2%
Reinsurance asset for incurred claims	44.3%	14.1%	11.1%	45.0%	14.4%	11.2%
Liability for remaining coverage	n/a	14.9%	11.7%	n/a	14.6%	11.6%
Reinsurance asset for remaining coverage	n/a	14.9%	11.7%	n/a	14.6%	11.6%

% of net central estimate including CHE and policy admin expenses, excluding reinsurance expenses.

2.2.3.5 Reconciliation of Changes in Discounted Liability for Incurred Claims

The Company	2025			2024		
	Gross \$000	Reinsurance \$000	Net \$000	Gross \$000	Reinsurance \$000	Net \$000
Balance at 1 July	28,303	670	27,633	7,597	968	6,629
Current claims incurred	34,089	4,411	29,677	24,808	-	24,808
Change in previous years' claims	(1,199)	610	(1,809)	353	(271)	624
Current year claims paid/reinsurance recovered	7,106	(1,012)	6,094	(4,594)	-	(4,594)
Previous year claims paid/reinsurance recovered	5,254	-	5,254	(368)	-	(368)
Adjustment for receivable/(payable)	98	455	(356)	507	(27)	534
Discounted Liability for Incurred Claims	48,930	5,134	43,796	28,303	670	27,633

Consolidated	2025			2024		
	Gross \$000	Reinsurance \$000	Net \$000	Gross \$000	Reinsurance \$000	Net \$000
Balance at 1 July	180,033	46,763	133,270	139,877	41,962	97,915
Current claims incurred	119,491	27,475	92,016	92,793	15,717	77,076
Change in previous years' claims	1,885	1,639	246	(25)	2,026	(2,051)
Current year claims paid/reinsurance recovered	25,320	(6,295)	19,025	(19,443)	(3,825)	(15,618)
Previous year claims paid/reinsurance recovered	48,082	(12,045)	36,037	(33,204)	(9,851)	(23,353)
Adjustment for receivable/(payable)	252	826	(574)	35	734	(699)
Discounted Liability for Incurred Claims	228,259	58,363	169,896	180,033	46,763	133,270

Notes to the Financial Statements (continued)

2. Underwriting Activities (continued)

2.2.3.6 Claims development table

Claims development tables are disclosed in order to put the claims estimates included in the financial statements into a context allowing comparison of those claims estimates with the claims results seen in previous years. In effect, the table highlights the Group's ability to provide an estimate of the total value of claims. The top part of the table provides a review of current estimates of cumulative claims and demonstrates how the estimated claims for a particular accident year have changed at subsequent reporting year-ends. The lower part of the table provides a reconciliation of the total reserve included in the Statement of Financial Position and the estimates of cumulative claims.

Notes to the Financial Statements (continued)

2. Underwriting Activities (continued)

2.2.3.6 Claims development table (continued)

2025 Company	Underwriting Year			
	Prior	2024	2025	Total
Outstanding Claims	\$'000	\$'000	\$'000	\$'000
Jun-03	5,072			5,072
Jun-04	5,110			5,110
Jun-05	7,296			7,296
Jun-06	14,436			14,436
Jun-07	17,151			17,151
Jun-08	19,627			19,627
Jun-09	18,600			18,600
Jun-10	17,929			17,929
Jun-11	18,639			18,639
Jun-12	16,525			16,525
Jun-13	17,240			17,240
Jun-14	17,162			17,162
Jun-15	15,804			15,804
Jun-16	15,268			15,268
Jun-17	14,527			14,527
Jun-18	13,578			13,578
Jun-19	12,811			12,811
Jun-20	11,317			11,317
Jun-21	11,170			11,170
Jun-22	10,609			10,609
Jun-23	11,023			11,023
Jun-24	11,942	23,119		35,060
Jun-25	11,702	23,159	25,503	60,364
Current estimate of ultimate claims cost	11,702	23,159	25,503	60,364
Cumulative payments*	4,994	9,980	6,747	21,720
Outstanding claims – undiscounted	6,709	13,179	18,756	38,644
Discount	2,313	1,640	2,215	6,169
Outstanding claims	4,395	11,539	16,541	32,475
Claims handling expense	285	900	3,409	4,594
Net risk adjustment	2,075	1,779	2,722	6,576
Total net outstanding claims liabilities	6,755	14,219	22,671	43,645
Reinsurance and other recoveries on outstanding claims liabilities	887	0	2,919	3,806
Reinsurance risk adjustment	393	0	480	874
Gross outstanding claims	8,036	14,219	26,071	48,325
Adjustment for receivable/(payable)				605
Total Liability for Incurred Claims				48,930

* Includes the payments made since 30 June 2003. Pre 1987 Workers Compensation reserve relates only to treaties written prior to 1987.

* Includes Public Liability for Thoroughbred Racing Industry and Lawn Bowling Clubs, wound up in 2012/13 and 2015/16 respectively

Notes to the Financial Statements (continued)

2. Underwriting Activities (continued)

2.2.3.6 Claims development table (continued)

2025 Consolidated Outstanding Claims	Underwriting Year											
	Pre 2016*	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Estimate of ultimate claims cost												
At the end of accident year	115,467	22,283	21,441	24,112	24,694	19,172	24,348	20,597	33,424	63,730	70,856	440,124
One year later	116,301	24,758	21,825	27,233	31,791	31,032	29,769	30,705	40,083	76,521		430,018
Two years later	107,421	22,269	19,644	26,255	38,602	34,384	28,249	30,628	44,058			351,511
Three years later	101,142	20,128	17,717	27,414	36,744	30,714	25,749	30,390				289,998
Four years later	94,641	20,048	17,478	26,910	38,469	33,235	26,656					257,437
Five years later	87,694	19,421	16,417	26,128	37,614	32,155						219,429
Six years later	86,776	18,683	15,720	23,158	34,115							178,452
Seven years later	86,956	18,359	15,917	21,092								142,325
Eight years later	85,900	17,838	15,661									119,399
Nine years later	84,492	17,960										102,452
Ten years later	84,315											84,315
Current estimate of ultimate claims cost	84,315	17,960	15,661	21,092	34,115	32,155	26,656	30,390	44,058	76,521	70,856	453,780
Cumulative payments*	76,626	17,783	12,611	19,560	26,516	23,157	19,254	20,305	23,638	31,493	16,913	287,858
Outstanding claims – undiscounted	7,688	177	3,051	1,531	7,599	8,998	7,402	10,084	20,420	45,028	53,943	165,922
Discount	2,521	(5)	868	228	2,025	2,725	946	1,212	2,496	5,580	6,331	24,927
Outstanding claims	5,168	183	2,182	1,303	5,574	6,273	6,455	8,872	17,924	39,449	47,612	140,995
Claims handling expense	285	0	0	0	0	0	49	470	1,732	5,159	10,686	18,382
Risk adjustment	1,689	40	186	126	573	573	624	858	1,734	4,082	5,120	15,605
Total net outstanding claims liabilities	7,142	223	2,368	1,430	6,146	6,846	7,129	10,200	21,391	48,690	63,417	174,982
Reinsurance and other recoveries on outstanding claims liabilities	1,262	453	935	560	2,884	2,688	2,767	3,802	7,682	8,598	16,235	47,867
Reinsurance risk adjustment	344	22	118	55	249	298	272	374	755	1,175	1,687	5,349
Gross Outstanding Claims	8,748	697	3,421	2,045	9,279	9,833	10,168	14,376	29,827	58,463	81,340	228,198
Adjustment for receivable/(payable)												62
Total Liability for Incurred Claims												228,259

* Includes the payments made since 30 June 2003. Pre 1987 Workers Compensation reserve relates only to treaties written prior to 1987. To demonstrate the development, the analysis has commenced from the projected ultimate claims at 30 June 2014.

* Includes Public Liability for Thoroughbred Racing Industry and Lawn Bowling Clubs, wound up in 2012/13 and 2015/16 respectively

Notes to the Financial Statements (continued)

3. Investment Activities

3.1 Net investment income

3.1.1 Net Investment income

	2025		2024	
	The Company	Consolidated	The Company	Consolidated
	\$000	\$000	\$000	\$000
(a) Net income from financial instruments at FVTPL				
Realised net gains/(losses) on the sale of investments	814	1,280	(483)	(1,130)
Unrealised net gains(losses) on the sale of investments	3,044	6,538	2,335	4,458
	3,858	7,818	1,852	3,328
(b) Other investment revenue				
Dividends:				
- other parties	488	664	519	702
- related parties	9,203	-	7,462	-
Trust Distributions	1	14	(1)	10
Interest:				
- other parties	5,444	11,232	4,795	10,692
	15,136	11,910	12,775	11,404

Investment Performance

Dividends and unit trust distributions are brought to account on the date that the underlying shares or units are quoted as ex-dividend or ex-distribution. Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

Investments

The Group holds assets required to cover the insurance liabilities plus an allowance for solvency.

The Group has determined that all assets relating to its insurance activities are held to support insurance liabilities. The Group's investment strategy considers the expected pattern of future cash flows arising from insurance liabilities.

The accounting policies applying to assets held related to insurance activities are that the Group values financial assets and any assets relating to insurance activities at fair value through profit and loss, with any resultant unrealised profits and losses recognised in the Statement of Comprehensive Income.

The valuation methodology of the assets valued at fair value is summarised below:

- cash assets and bank overdrafts are carried at face value of the amounts deposited or drawn,
- shares, units in unit trusts and fixed interest securities are initially recognised at cost and the subsequent fair value is taken as the quoted bid price of the investment,
- unlisted investments are initially recognised at cost and subsequently valued using a valuation methodology.

Notes to the Financial Statements (continued)

3. Investment Activities (continued)

3.1.2 Financial instruments

Material Accounting Policies

Recognition and initial measurement

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables that do not have a significant financing component which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

On initial recognition, a financial asset is classified as measured at amortised cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL"). Financial assets are not reclassified subsequent to their initial recognition, unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial liabilities are recognised initially on the date at which the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expired. Financial assets and liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Subsequent Measurement

Amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Fair value through profit or loss

Financial assets not at amortised cost, are managed by the entity with the objective of realising cash flows through sale. Even though the entity may collect contractual cash flows while holding them, this is incidental to the entity's business model for these assets. The entity is primarily focused on fair value information relating to these assets and uses that information to assess their performance and to make decisions about them.

Derecognition

The Group derecognises a financial asset or part of it when, and only when, the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group generally derecognises a financial liability or part of it when, and only when, its contractual obligations are discharged or cancelled or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of

Notes to the Financial Statements (continued)

3. Investment Activities (continued)

3.1.2 Financial instruments (continued)

the financial liability extinguished or transferred to another party and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the Statement of Comprehensive Income.

Impairment of financial assets

The Group recognises allowance for impairment for expected credit loss ("ECL") on financial assets and contract assets measured at amortised cost. The Group measures allowance for impairment at an amount equal to lifetime ECL, except for cash and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Allowance for impairment for receivables and contract assets are always measured at an amount equal to lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment and including forward-looking information, where available.

3.1.2 Financial instruments

The activities of the Group expose it to a variety of financial risks such as market risk (including cash flow and fair value interest rate risk and price risk), credit risk and liquidity risk. The Board and senior management of the Group have developed and maintain a Risk Management Strategy (RMS), which is discussed in more detail in Note 4. The Group's risk management framework recognises the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

The key objectives of the Group's asset and liability management strategy are to ensure sufficient liquidity is maintained at all times to meet the Group's obligations, including its settlement of insurance liabilities and, within these parameters, to optimise investment returns for policyholders and shareholders.

3.1.2.1 Market risk

(i) Price risk

The Group is exposed to price or market value risk on its investments in government and other public securities and shares in listed companies and unit trusts. To manage its price risk, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group. The potential impact of movements in the market value of securities on the Group's Statement of Comprehensive Income and Statement of Financial Position is shown in Note 3.1.2.1 (iii).

(ii) Cash flow and fair value interest rate risk

The Group is exposed to interest rate risk arising on interest bearing assets. Assets with floating rate interest expose the Group to cash flow interest rate risk. Fixed interest rate assets expose the Group to fair value interest rate risk. The Group's strategy is to invest in high quality, liquid fixed interest securities and cash and to actively manage duration. The investment portfolios are actively managed to achieve a balance between cash flow interest rate risk and fair value interest rate risk bearing in mind the need to meet the liquidity requirements of the insurance business.

The Group is also exposed to interest rate risk arising from long-term interest bearing liabilities.

Notes to the Financial Statements (continued)

3. Investment Activities (continued)

3.1.2.1 Market risk (continued)

(iii) Summarised sensitivity analysis

The following table summarises the sensitivity of the Group's financial assets to interest rate risk and other price risk.

The Company	Carrying amount	Interest rate risk		Other price risk	
	\$'000	-1%	1%	-10%	10%
	AUD	Profit \$'000	Profit \$'000	Profit \$'000	Profit \$'000
2025					
Cash and Cash Equivalents	14,394	-	-	-	-
Bank Accepted Bills of Exchange	18,799	24	(24)	-	-
Government and Other Public Securities	83,911	3,492	(3,492)	(8,391)	8,391
Shares in Listed Securities and Unit Trusts	14,229	-	-	(1,423)	1,423
Floating Rate Notes	32,762	536	(536)	(3,276)	3,276
Reinsurance Contracts Assets	5,134	(51)	51	(513)	513
	169,229	4,001	(4,001)	(13,603)	13,603
2024					
Cash and Cash Equivalents	10,135	-	-	-	-
Bank Accepted Bills of Exchange	8,889	14	(14)	-	-
Government and Other Public Securities	56,403	2,434	(2,434)	(5,641)	5,641
Shares in Listed Securities and Unit Trusts	14,134	-	-	(1,413)	1,413
Floating Rate Notes	27,583	39	(39)	(2,758)	2,758
Reinsurance Contracts Assets	670	(7)	7	(67)	67
	117,814	2,480	(2,480)	(9,879)	9,879

Consolidated	Carrying amount	Interest rate risk		Other price risk	
	\$'000	-1%	1%	-10%	10%
	AUD	Profit \$'000	Profit \$'000	Profit \$'000	Profit \$'000
2025					
Cash and Cash Equivalents	28,686	1	(1)	-	-
Bank Accepted Bills of Exchange	30,690	37	(37)	-	-
Government and Other Public Securities	199,190	8,694	(8,694)	(19,919)	19,919
Shares in Listed Securities and Unit Trusts	19,833	-	-	(1,983)	1,983
Floating Rate Notes	70,748	1,194	(1,194)	(7,075)	7,075
Reinsurance Contracts Assets	58,363	(584)	584	(5,836)	5,836
	407,510	9,342	(9,342)	(34,813)	34,813
2024					
Cash and Cash Equivalents	21,366	-	-	-	-
Bank Accepted Bills of Exchange	20,747	31	(31)	-	-
Government and Other Public Securities	169,344	7,717	(7,717)	(16,934)	16,934
Shares in Listed Securities and Unit Trusts	19,219	-	-	(1,922)	1,922
Floating Rate Notes	52,006	77	(77)	(5,201)	5,201
Reinsurance Contracts Assets	46,763	(468)	468	(4,676)	4,676
	329,445	7,357	(7,357)	(28,733)	28,733

Notes to the Financial Statements (continued)

3. Investment Activities (continued)

3.1.2.2 Credit risk exposures

Credit risk is the risk of loss from a counterparty failing to meet their financial obligations. The Group's credit risk arises predominantly from investment activities, management fees receivable from claims management activities and premium receivable and reinsurance receivables arising from underwriting activities.

The Group is exposed to credit risk on insurance and reinsurance contracts as a result of exposure to individual clients, intermediaries or reinsurers. The Group does not have any material exposure to individual clients or intermediaries which would materially impact the operating profit. The credit risk to reinsurers is managed through the Group having a pre-determined policy on the appropriate rating a reinsurer must have to participate in the reinsurance programme.

The Group's maximum exposure to credit risk at balance date in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the Statement of Financial Position.

As at 30 June 2025, except for credit exposure to reinsurance receivables and to the NSW Treasury through the Group's Investments, there are no significant concentrations of credit risk. As at 30 June 2025 the fair value of reinsurance receivables with Hannover Re amounted to \$42.9 million (2024: \$27.3 million) and Swiss Re amounted to \$66.4 million (2024: \$50.0 million). As at 30 June 2025, the fair value of investments held with NSW Treasury amounted to \$43.4 million (2024: \$29.0 million).

Ageing of the Group's trade and other receivables, reinsurance and other recoveries receivable is provided below. The amounts are aged according to their original due date.

2025 The Company	Trade and other receivables	Reinsurance contract assets
	\$'000	\$'000
Neither past due nor impaired	155,874	5,134
Past due 0-30 days	-	-
Past due 31-120 days	-	-
More than 120 days	-	-

2025 Consolidated	Trade and other receivables	Reinsurance contract assets
	\$'000	\$'000
Neither past due nor impaired	151,416	58,363
Past due 0-30 days	-	-
Past due 31-120 days	-	-
More than 120 days*	-	-

2024 The Company	Trade and other receivables	Reinsurance contract assets
	\$'000	\$'000
Neither past due nor impaired	213,832	670
Past due 0-30 days	1,437	-
Past due 31-120 days	300	-
More than 120 days	-	-

Notes to the Financial Statements (continued)

3. Investment Activities (continued)

3.1.2.2 Credit risk exposures (continued)

2024 Consolidated	Trade and other receivables	Reinsurance contract assets
	\$000	\$000
Neither past due nor impaired	212,139	46,763
Past due 0-30 days	1,437	-
Past due 31-120 days	300	-
More than 120 days	-	-

The allowance for impairment loss at the end of the year was as follows:

	2025		2024	
	The Company	Consolidated	The Company	Consolidated
	\$000	\$000	\$000	\$000
Balance at 1 July	-	135	-	58
Impairment loss/(write back) recognised	-	80	-	88
Amounts written off	-	(13)	-	(12)
Balance at 30 June	-	202	-	135

The table below provides information regarding credit exposure of the Group according to the S&P credit rating of the counterparties:

	AAA	AA	A	BBB	Not rated	Total
	\$000	\$000	\$000	\$000	\$000	\$000
2025 Company						
Cash and Cash Equivalents	-	13,476	918	-	-	14,394
Financial Assets – Interest Bearing	64,177	36,887	28,240	6,167	-	135,471
Trade and Other Receivables	118,724	-	1,040	7,031	29,079	155,874
Reinsurance Contracts Assets	-	5,134	-	-	-	5,134
Other Assets	-	-	-	-	14,057	14,057
	182,901	55,497	30,198	13,198	43,136	324,930
2025 Consolidated						
Cash and Cash Equivalents	-	27,272	1,415	-	-	28,686
Financial Assets – Interest Bearing	162,612	69,721	47,860	20,436	-	300,629
Trade and Other Receivables	120,106	-	1,040	7,031	21,207	149,384
Reinsurance Contracts Assets	-	53,308	587	-	4,469	58,363
Other Assets	-	-	-	-	50,421	50,421
	282,718	150,301	50,902	27,467	76,097	587,483

Notes to the Financial Statements (continued)

3. Investment Activities (continued)

3.1.2.2 Credit risk exposures (continued)

	AAA \$000	AA \$000	A \$000	BBB \$000	Not rated \$000	Total \$000
2024 Company						
Cash and Cash Equivalents	-	9,703	432	-	-	10,135
Financial Assets – Interest Bearing	37,444	23,889	23,339	8,202	-	92,874
Trade and Other Receivables	147,646	-	4,490	12,416	51,017	215,569
Reinsurance Contracts Assets	-	670	-	-	-	670
SIRA Security Deposit & Prepayments	15,000	-	-	-	11,274	26,274
	200,090	34,262	28,261	20,618	62,291	345,522
2024 Consolidated						
Cash and Cash Equivalents	-	18,861	2,505	-	-	21,366
Financial Assets – Interest Bearing	123,871	42,809	53,478	21,939	-	242,097
Trade and Other Receivables	147,646	-	4,489	12,416	49,325	213,876
Reinsurance Contracts Assets	-	45,500	1,263	-	-	46,763
SIRA Security Deposit & Prepayments	17,403	-	-	-	41,746	59,149
	288,920	107,170	61,735	34,355	91,071	583,251

3.1.2.3 Liquidity risk

Liquidity risk is the risk of there being insufficient cash resources to meet payment obligations without affecting the daily operations or the financial condition of the Group. Liquidity facilitates the ability to meet expected and unexpected requirements for cash. The liquidity position is derived from operating cash flows, investment portfolios and access to outside sources of liquidity.

Management of liquidity risk includes assets and liability management strategies. The assets held to back insurance liabilities consist of fixed interest securities and other very high-quality securities which can generally be readily sold or exchanged for cash. The assets are managed so as to effectively match the maturity profile of the assets with the expected pattern of claims payments. The money market securities are restricted to investment grade securities with concentrations of investments managed as per the respective Investment Mandates. Details of the Group's financial assets are provided in Note 8.6.

	Less than 1 year \$000	1-2 years \$000	2-5 years \$000	Over 5 years \$000	Total \$000
2025 Company					
Trade and Other Payables	64,046	-	-	-	64,046
Liability for Incurred Claims	13,445	7,916	15,369	12,200	48,930
	77,491	7,916	15,369	12,200	112,976
2025 Consolidated					
Trade and Other Payables	84,960	-	-	-	84,960
Liability for Incurred Claims	64,369	44,276	70,840	48,774	228,259
	149,329	44,276	70,840	48,774	313,219

Notes to the Financial Statements (continued)

3. Investment Activities (continued)

3.1.2.3 Liquidity risk (continued)

	Less than 1 year	1-2 years	2-5 years	Over 5 years	Total
	\$000	\$000	\$000	\$000	\$000
2024 Company					
Trade and Other Payables	134,846	-	-	-	134,846
Liability for Incurred Claims	7,858	4,089	7,952	8,404	28,303
	142,704	4,089	7,952	8,404	163,149
2024 Consolidated					
Trade and Other Payables	156,189	0	0	0	156,189
Liability for Incurred Claims	48,745	34,740	51,362	45,186	180,033
	204,934	34,740	51,362	45,186	336,222

3.1.2.4 Net fair values

The Group's financial assets and liabilities are carried in the Statement of Financial Position at amounts that approximate fair value.

The carrying amounts of all financial assets and liabilities are reviewed to ensure they are not in excess of the net fair value.

(i) Fair value hierarchy

The investments carried at fair value have been classified under the three levels of the IFRS fair value hierarchy as follows:

- Level 1: quoted prices (unadjusted) in active markets for an identical instrument
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

The table below analyses financial instruments, measured at fair value at the end of the reporting period, by level in the fair value hierarchy into which the fair value measurement is categorised:

	Level 1	Level 2	Level 3	Total
	\$000	\$000	\$000	\$000
2025 Company				
Bank Accepted Bills of Exchange	-	18,799	-	18,799
Government and Other Public Securities	83,911	-	-	83,911
Shares in Listed Securities and Unit Trusts	14,229	-	-	14,229
Floating Rate Notes	32,762	-	-	32,762
	130,902	18,799	-	149,701

Notes to the Financial Statements (continued)

3. Investment Activities (continued)

3.1.2.4 Net fair values (continued)

	Level 1	Level 2	Level 3	Total
	\$000	\$000	\$000	\$000
2025 Consolidated				
Bank Accepted Bills of Exchange	-	30,690	-	30,690
Government and Other Public Securities	199,190	-	-	199,190
Shares in Listed Securities and Unit Trusts	19,833	-	-	19,833
Floating Rate Notes	70,748	-	-	70,748
	289,771	30,690	-	320,461

	Level 1	Level 2	Level 3	Total
	\$000	\$000	\$000	\$000
2024 Company				
Bank Accepted Bills of Exchange	-	8,889	-	8,889
Government and Other Public Securities	56,403	-	-	56,403
Shares in Listed Securities and Unit Trusts	14,134	-	-	14,134
Floating Rate Notes	27,583	-	-	27,583
	98,120	8,889	-	107,009

	Level 1	Level 2	Level 3	Total
	\$000	\$000	\$000	\$000
2024 Consolidated				
Bank Accepted Bills of Exchange	-	20,747	-	20,747
Government and Other Public Securities	169,344	-	-	169,344
Shares in Listed Securities and Unit Trusts	19,220	-	-	19,220
Floating Rate Notes	52,006	-	-	52,006
	240,570	20,747	-	261,317

Total unrealised gains and losses recognised in profit or loss have been included in investment revenue.

(ii) Valuation of Riverwise Pty Limited

Riverwise is an investment in unlisted shares that was impaired to \$Nil in 2019. This investment is an area of accounting judgement as the shares are unlisted.

The impairment level was based on a value in use impairment review performed by management that assessed future cashflows and forecasts of results for a 4 year period that showed an overall projected trading loss. The position has not been revisited through a formal impairment review in the current year as the financial performance following the business restructure that occurred in Riverwise in the prior year has not improved to the levels expected.

Notes to the Financial Statements (continued)

4. Other income and operating expenses

Material Accounting Policies

Workers' compensation management fees

Revenue is measured based on the consideration specified in a contract with a customer in exchange for providing services to a customer, excluding amounts collected on behalf of third parties. Entities in the Group recognise revenue when they transfer control over a service to the customer.

The Group provides service at a point in time unless one of the following over time criteria is met:

- (a) The customer simultaneously receives and consumes the benefits provided as the Group performs;
- (b) The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; and
- (c) The Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

Contract Asset

A contract asset is recognised when the Group's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment in accordance with Note 3.1.2.

Contract Liability

A contract liability is stated at cost and represents the obligation of the Group to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

Other income – revenue from Partnership

The Company receives 50% of the profit from its Partnership with ASWIG Management Pty Ltd as Trustee for ASWIG Management Trust. The Partnership income is recognised as it accrues.

Workers' compensation statutory funds

The Group has been contracted to maintain statutory insurance funds for some external clients. The application of the statutory funds was restricted to the collection of premiums and the payment of claims, related expenses and other payments authorised under the relevant Acts. The Group is not liable for any deficiency in the funds or entitled to any surplus, nor does the group control or have capacity to control the statutory funds in terms of AASB 10 Consolidated Financial Statements. Accordingly, the statutory funds are of a separate and distinct nature. The income and expenses of the statutory funds are not consolidated in the Group's Statement of Comprehensive Income and the assets and liabilities of the statutory funds are not consolidated in the Group's Statement of Financial Position.

Estimation of workers compensation management fees

Owing to the complex calculations underlying the performance and incentive fees and the delays in statutory authorities providing the supporting data, judgement has been applied to estimates performance and incentive fees relating to the current financial year. The Directors, as at the date of this report, have applied the accounting policy in this note using data available at the date of this report.

Notes to the Financial Statements (continued)

4. Other income and operating expenses (continued)

4.1 Other income and Management fees and other operating expenses

	2025		2024	
	The Company	Consolidated	The Company	Consolidated
	\$000	\$000	\$000	\$000
(a) Other income				
Management fees revenue	29,299	29,456	32,192	337,933
	29,299	29,456	32,192	337,933
(b) Management fees and other operating expenses				
Management fees paid to related entity*	(31,248)	(34,025)	(31,895)	(337,611)
Mutual Benefits	(18,690)	(18,690)	(22,929)	(22,929)
Other	-	-	(3,114)	(5,752)
	(49,938)	(52,715)	(57,938)	(366,292)

* Partnership of Employers Mutual Limited & ASWIG Management Pty Ltd as Trustee for ASWIG Management Trust.

Notes to the Financial Statements (continued)

5. Risk Management

5.1 Risk appetite

The Board has adopted a Risk Appetite Statement (RAS) that articulates the level of risk the Group is prepared to accept. The RAS states the Board's tolerance for risk across a number of exposure or risk areas:

- Capital, earnings and return targets.
- Insurance risk.
- Regulatory and compliance risk.
- Asset risk.
- Operational risk.
- Strategic and reputation risk.
- People and capability risk.
- Governance risk.

5.2 Risk management framework

The Group has established a risk management framework for managing the risks it faces. The Group has a designated Risk and Governance function which is responsible for the development and maintenance of the framework. In accordance with Prudential Standard CPS 220 Risk Management, issued by the Australian Prudential Regulation Authority ("APRA"), the risk management framework is summarised in the Risk Management Strategy (RMS). The Reinsurance Management Strategy (ReMS) also forms part of the risk management framework. The RMS and ReMS are both developed by management and approved by the Board. The Group also meets the requirements of the Prudential Standard CPS220 Risk Management.

The risk management framework (and the RMS) have been developed and designed to ensure that the Group operates within the Board's risk tolerances as stated in the RAS. The risk management framework operates with the objective of ensuring risks are managed within tolerance or if a risk should move outside of tolerance that strategies are put in place to return the risk to tolerance as soon as practical.

The RMS and ReMS identify the Group's policies and procedures, processes and controls that comprise its risk management and control systems. These systems address all material risks, financial and non-financial, likely to be faced by the Group. Annually, the Board certifies to APRA that adequate strategies have been put in place to monitor those risks, that the Group has systems in place to ensure compliance with legislative and prudential requirements and that the Board has satisfied itself as to compliance with the RMS and ReMS.

Notes to the Financial Statements (continued)

5. Risk Management (continued)

5.3 Capital, earnings and return targets

The EML Level 2 Group has set a target capital adequacy ratio of 2.5 to 3 times its prescribed capital amount (PCA) which is the minimum level of capital required in APRA's capital standards (assessed at the level 2 Group). The Group has established an internal capital adequacy assessment process (ICAAP) which it uses to monitor and project its capital position, stress test its capital resiliency and to assess the capital and financial impact of business opportunities. Further detail on capital management is included in Note 8.15.

The Group has adopted a target return on capital for underwritten businesses of 10% p.a. before tax over a rolling 3-year period although lower returns than this target are acceptable in any one year and during growth periods. The Company closely monitors its performance against its earning targets. While the intention is to limit earnings' volatility, it is acknowledged that the nature of the business has an inherent level of uncertainty and below target returns are acceptable in periods of material change, such as significant business growth or major legislative change, it is acknowledged that the expected return on capital may be lower in any one year as set out in the business plan covering the underwritten scheme.

5.4 Insurance risk

The Group has established policies for accepting insurance risks. The risk under any one insurance contract arises out of the uncertainty surrounding the timing and severity of claims under the contract.

The Group manages its insurance risk through underwriting limits, approval procedures for transactions that involve new products or that exceed set limits, pricing guidelines, centralised management of reinsurance and monitoring of emerging issues. Methods of monitoring performance include internal risk measurement models, scenario and stress testing and regular review of performance by product.

The principal risk is that the frequency and severity of claims is greater than expected. Insurance events are, by their nature, random, and the actual number and size of events during any one year may vary from those estimated using established statistical techniques.

The Group has an objective to control insurance risk, thus reducing the volatility of operating profits. In addition to the inherent uncertainty of insurance risk, which can lead to significant variability in the loss experience, profits from insurance business are affected by market factors, particularly competition and movements in asset values. Short-term variability is, to some extent, a feature of insurance business.

The Group writes insurance risks only in Australia and currently only underwrites workers compensation in NSW. The Group will consider further underwriting opportunities where a business case demonstrates that the capital adequacy and the level of return to shareholders remain within risk tolerances.

The underwriting strategy of the Group is aimed at meeting the insurance needs of customers, whilst achieving its risk management and financial objectives.

5.5 Reinsurance strategy

The Group adopts a conservative approach towards its reinsurance risk management. The Board has determined the level of risk which is appropriate for the Group having regard to its financial resources, premium volume and the usual concepts of prudence and regulatory constraint. It uses reinsurance products to mitigate capital and financial risk.

This approach is summarised in the Reinsurance Management Strategy (ReMS) and approved by the Board. The Group has an Underwriting Committee that assesses the effectiveness of the reinsurance management process. The control mechanisms include annual review of reinsurance arrangements, reinsurance programs and criteria for selection of reinsurers.

Notes to the Financial Statements (continued)

5. Risk Management (continued)

5.6 Concentration of insurance risk

Concentration of insurance risk occurs where multiple exposures or policyholders are subject to losses from the one event and are particularly relevant in the case of catastrophes including natural disasters. The Group has estimated a maximum event retention and purchases excess of loss reinsurance to provide protection above that retention to a level well in excess of its assessed probable maximum loss determined by modelling aggregated exposures and projected losses from catastrophes. The Group reviews its maximum event retention and probable maximum loss regularly to ensure adequate reinsurance coverage.

5.7 Regulatory and compliance risks

The Group is subject to regulatory supervision by APRA. It is also subject to supervision by State Insurance Regulatory Authority (SIRA) for its NSW Underwritten workers compensation insurance business. The Group works closely with regulators and monitors regulatory developments to assess any potential impact on its ongoing ability to meet the various regulatory requirements. The Group is also subject to other regulatory requirements including corporate law, taxation law, privacy law, workplace health and safety laws and state records laws.

The Group utilises a comprehensive enterprise wide program of internal and external audit to assist in managing its regulatory and compliance risk.

5.8 Asset risks

The Group has a low tolerance for investment risk for assets backing insurance liabilities and seeks to limit the scope for asset-liability mismatch risk. Asset liability modelling, using dynamic financial analysis techniques, is undertaken annually to match asset and liability durations and to underpin a review of the investment mandate. The investment mandates are established each year by the Board and provides limited scope for the Investment Manager to make tactical investment decisions around an approved benchmark portfolio.

5.9 Liquidity risk

Liquidity risk is the risk that there are insufficient cash resources available to meet current obligations as they fall due without affecting the ongoing operations or the financial or capital position of the Group. Actual and expected cash flow for its businesses are actively monitored and reviewed to ensure that all businesses within the Group have, and continue to have, sufficient funds.

5.10 Credit risk

Credit risk is the risk of financial loss resulting from the failure of a customer, an intermediary or counterparty to settle its financial and contractual obligations to the Company as and when they fall due. The Group's primary exposure to credit risk arises through its investment in fixed income securities, its receivables arising from its claim management activities and its receivables arising from sales of insurance policies and receivables from reinsurers through reinsurance contracts.

Notes to the Financial Statements (continued)

5. Risk Management (continued)

5.10 Credit risk (continued)

The Group has put in place credit policies and investment guidelines as a part of its overall credit risk management framework which includes the following:

- Evaluation of a debt instrument issuer's credit risk is undertaken by the Finance function in consultation with the Group's Investment Manager where applicable. Monitoring of credit and concentration risk is carried out by Finance and is supported by Risk Management.
- Cash and deposits in Australia are generally placed with banks and financial institutions licensed under APRA.

Receivables arising from claims management activities and its insurance and reinsurance contracts are monitored to ensure adherence to the Group's credit policy.

As part of the overall risk management strategy, the Company cedes insurance risk through proportional and non-proportional treaties and facultative arrangements as deemed necessary. The Group monitors the credit quality and financial conditions of its reinsurers on an ongoing basis and review its reinsurance arrangements periodically. The Group typically cedes business to reinsurers that have a good credit rating and concentration of risk is avoided by adhering to policy guidelines in respect of counterparties' limits that are set each year by the Board of Directors. When selecting its reinsurers, the Group considers their relative financial security. The security of the reinsurer is assessed based on public rating information and annual reports.

The Group's credit risk exposure also arises from premiums receivables from its policyholders and management fees receivables from its workers compensation claims management statutory and corporate clients. The Group has policies to monitor credit risk from these receivables with a focus on day to day monitoring of the outstanding position by the applicable credit control function. The Group also has guidelines to evaluate intermediaries before their appointment as well as setting credit terms to these appointees.

The Group uses the ratings assigned by external rating agencies to assess the credit risk of debt securities, fixed and call deposits and reinsurance receivables.

5.11 Operational risks

Operational risk is the risk of financial loss (including lost opportunities) resulting from internal processes, people and systems which fail to perform as required or are inadequate. When operational controls break down, an operational incident may occur that results in financial loss, breach of regulatory, legal and contractual obligations, fraud or damage to reputation.

The Group's Risk Management Strategy includes consideration of operational risk, and the Group uses a framework of operational controls to manage its operational risk exposures – a control framework is established for each business operation. Operational Risk is identified and assessed on an ongoing basis. Management and staff are responsible for identifying, assessing and managing operational risks in accordance with their roles and responsibilities. The Group utilises the Risk Management function and the Internal Audit function of the Group as second and third lines of defence to monitor and verify the effectiveness of processes, procedures and controls surrounding operational risk. The Group has progressed its transition to CPS 230 Operational Risk Prudential Standard which commences on 1 July 2025.

Notes to the Financial Statements (continued)

5. Risk Management (continued)

5.12 Strategic and reputation risks

Strategic and reputation risks are the risk that a failure or weakness in business strategy and business planning may lead to poor decision making and financial losses. Regulated entities in the Group establish business plans for their operations which articulate business strategy and incorporate three year budgets, with non-regulated entities having detailed annual budgets that feed into the three year business plans as appropriate. The Group aims to grow its business and considers opportunities in both underwritten and non-underwritten business as they arise.

Business cases are required to be approved for any material business opportunity in accordance with the business appraisal requirements of the risk management framework. Business cases are required to demonstrate how they meet the Group's strategic objectives and fit within its risk appetite including, but not limited to, target returns and capital adequacy levels.

5.13 People and capability risks

A key critical resource for the business is its people and their capability. People and capability risk is the risk that the business does not have sufficient resources, or the available resources are not sufficiently skilled to meet the needs of the business. The Group has a range of strategies in place to manage its people risks by recruiting the right staff, providing appropriate training and implementing strategies to improve employee engagement and staff retention.

5.14 Governance risks

Governance risk is the risk that a breakdown in governance may lead to financial loss, reputational impacts or regulatory or compliance issues. The Company maintains an independent Board with an effective, robust committee structure to provide arms-length strategic oversight of the business of the Group and ensure that the interests of the members are maintained.

Notes to the Financial Statements (continued)

6. Taxation

Income tax on the Statement of Comprehensive Income for the periods presented comprises current and deferred tax. Income tax is recognised in the Statement of Comprehensive Income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

	2025		2024	
	The Company	Consolidated	The Company	Consolidated
	\$000	\$000	\$000	\$000
(a) Income Tax Expense				
Prima facie income tax expense calculated at 30% on operating profit	14,070	15,631	12,236	15,724
Increase/(Decrease) in income tax expense due to:				
Deferred tax on carrying value investments	-	-	-	-
Imputation gross-up on dividends received	1,227	55	1,007	66
Franking credits on dividends received	(4,089)	(183)	(3,356)	(221)
Permanent differences	-	-	-	-
Income tax expense attributable to profit	11,208	15,503	9,887	15,569
(Under)/Over provision for tax liability in previous years	138	135	(6)	16
Tax Expense attributable to Operating Profit	11,346	15,638	9,881	15,585
Income Tax Expense is made up of:				
Current Tax	13,810	12,615	4,170	10,538
(Under)/Over provision in prior year	138	135	(6)	15
Deferred Tax	(2,602)	2,888	5,831	5,978
Deferred tax impact of initial application of AASB 17	-	-	(114)	(946)
	11,346	15,638	9,881	15,585
(b) Net Current Tax (liabilities)/assets				
Provision for income tax receivable/(payable)	(4,470)	(1,708)	1,561	4,404
Net Current Tax (liabilities)/assets	(4,470)	(1,708)	1,561	4,404
(c) Net deferred tax assets/(liabilities)				
Deferred tax assets				
Claims Handling Expenses	1,378	19,831	652	3,846
Member benefit Provision	2,135	2,135	2,472	2,472
Accumulation/ (utilisation of) Tax Losses	-	123	-	163
Deferred tax on management fee expense	8,270	8,272	8,432	39,098
Other	593	572	483	332
(ii) Amounts set off against deferred tax liabilities	(12,377)	(30,933)	(12,039)	(45,911)
	-	-	-	-

Notes to the Financial Statements (continued)

6. Taxation (continued)

	2025		2024	
	The Company	Consolidated	The Company	Consolidated
Note	\$000	\$000	\$000	\$000
Deferred tax liabilities				
Deferred tax on management fee revenue	(14,479)	(28,779)	(18,418)	(49,326)
Accrued Investment Income	(241)	(246)	(201)	(207)
Unrealised gains on investments	(2,146)	(3,119)	(525)	(450)
Other - Discount EMM Fees	-	(325)	-	(352)
Deferred tax impact of initial application of AASB 17	-	-	-	-
(ii) Amounts set off against deferred tax assets	12,377	30,933	12,039	45,911
(d) Net deferred tax	(4,489)	(1,536)	(7,105)	(4,424)
Reconciliation of Deferred tax (liabilities)/ assets				
Balance at 1 July	(7,105)	(4,424)	(1,475)	539
Prior year (under) / over provision	14	5,776	87	69
Debited/(Credited) to Statement of Comprehensive Income	2,602	(2,888)	(5,717)	(5,032)
Balance at 30 June	(4,489)	(1,536)	(7,105)	(4,424)
(e) Franking Account				
Dividend Franking Account				
30% franking credits	97,339	115,646	83,212	88,395

Balance of franking account adjusted for:

- (a) franking credits which will arise from the payment of the amount of the provision for income tax.
- (b) franking debits that will arise from the payment of dividends recognised as liability at the reporting date; and
- (c) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

Notes to the Financial Statements (continued)

7. Group Structure

7.1 Investment in controlled subsidiaries

Summarised information of interests in controlled subsidiaries is as follows:

	Reporting date	Principal place of business	Principal activity	Consolidated	
				Ownership Interest	
				2025 %	2024 %
Hospitality Industry Insurance Limited ^{1, 2}	30 June	Australia	Insurance underwriting	50	50
EML Foundation Limited*	30 June	Australia	Dormant	100	100

* These entities are audited by Deloitte for the Employers Mutual Limited consolidated financial statements for the year ended 30th June 2025. No separate financial statements are issued by these entities. Post corporate restructure these entities will not be consolidated into Employers Mutual Limited.

¹ Employers Mutual Limited holds 50% of the ordinary share capital of Hospitality Industry Insurance Limited (formerly Hospitality Employers Mutual Limited), with the remaining 50% owned equally by the Australian Hotels Association (NSW) and ClubsNSW. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The majority of Hospitality Industry Insurance Board members are appointed by Employers Mutual Limited and hence it is deemed that control is exercised by Employers Mutual Limited.

² Employers Mutual Limited has an additional investment of \$12.8 million of subordinated debt, classified as equity under AASB 132 *Financial Instruments: Presentation*, in Hospitality Industry Insurance Limited. This subordinated debt carries no voting rights. The ultimate Australian entity and parent entity is Employers Mutual Limited.

None of the controlled entities are listed on a stock exchange. There is no unrecognised share of losses arising from the above controlled entities, both for the reporting year and cumulatively.

Disclosure is based on the financial statements prepared in accordance with Australian Accounting Standards (AASBs) under Group accounting policies. The following summarised information represents the financial position and performance of the entities as a whole and not just Employers Mutual Limited's share.

Notes to the Financial Statements (continued)

7. Group Structure (continued)

7.1 Investment in controlled subsidiaries (continued)

Material Accounting Policies

Consolidation

Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entities. The financial statements of the controlled entities are included from the date control commences until the date control ceases.

Investments in subsidiaries are carried at their cost of acquisition in the parent entity disclosures less any impairment losses.

Transactions eliminated on consolidation

Intra-group balances and transactions and any unrealised gains and losses or income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements

	2025			
	Hospitality Industry Insurance Limited \$000	EML Foundation \$000	EML Management Pty Ltd \$000	EML National \$000
Summarised Statement of Comprehensive Income				
Revenue	175,139	-	495,405	-
Profit / (loss) after tax	8,806	2	158	-
Other comprehensive income	-	-	-	-
Total comprehensive income	8,806	2	158	-
Summarised balance sheet				
Total assets	290,746	502	173,740	-
Total liabilities	223,912	2	173,365	-
Net assets as at reporting date	66,834	500	375	-

Notes to the Financial Statements (continued)

7. Group Structure (continued)

7.1 Investment in controlled subsidiaries (continued)

	2024					
	Employers Mutual NSW Limited \$000	Hospitality Industry Insurance Limited \$000	EML Vic Pty Limited \$000	EML Foundation \$000	Employers Mutual SA Pty Ltd \$000	EML National \$000
Summarised Statement of Comprehensive Income						
Revenue	232,918	97,046	48,598	-	24,389	-
Profit / (loss) after tax	82	13,148	-	(1)	-	-
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	82	13,148	-	(1)	-	-
Summarised balance sheet						
Total assets	-	256,861	-	504	-	-
Total liabilities	-	185,684	-	2	-	-
Net assets as at reporting date	-	71,177	-	502	-	-

7.2 Related party disclosures

Ultimate Parent Entity and Controlling Entity

The ultimate parent entity in the consolidated entity is Employers Mutual Limited, a public company limited by guarantee, domiciled in Australia.

Related Party Transactions

The aggregate amounts included in the Statement of Comprehensive Income that resulted from transactions with related parties are:

	2025 \$000	2024 \$000
Paid by Employers Mutual Limited		
Partnership of Employers Mutual Limited & the Trustee for ASWIG Management Trust	31,211	336,679
Employers Mutual Management Pty Ltd	(2,662)	11,577
Paid by Hospitality Industry Insurance Limited		
Employers Mutual Management Pty Ltd	22,339	21,320
Partnership of Employers Mutual Limited & the Trustee for ASWIG Management Trust	408	386
Australian Hotels Association (NSW) Holdings Pty Ltd	2,005	1,836
The Registered Clubs Association of NSW	2,116	1,830
EM Safe Pty Ltd	137	137

Notes to the Financial Statements (continued)

7. Group Structure (continued)

7.2 Related party disclosures (continued)

The outstanding balances on related party receivables and payables at year end are:

	2025 \$000	2024 \$000
Receivable/(Payable) by Employers Mutual Limited		
Partnership of Employers Mutual Limited & the Trustee for ASWIG Management Trust	(49,548)	(107,137)
Employers Mutual Management Pty Ltd [^]	(1,829)	597
EML VIC Pty Limited	13	13
Employers Mutual Management Pty Limited	3	3
Hospitality Industry Insurance	106	(527)
Receivable/(Payable) by Hospitality Industry Insurance Limited		
Employers Mutual Management Pty Ltd [^]	16,456	11,059
Australian Hotels Association (NSW) Holdings Pty Ltd	(157)	(139)
The Registered Clubs Association of NSW	(175)	(155)
Partnership of Employers Mutual Limited & the Trustee for ASWIG Management Trust	(36)	(33)
EM Safe Pty Ltd	-	-

[^] the balance comprises Deferred Management Fees, Administration Fees Payables and Profit Share Fees Payable

The Company entered a quota share reinsurance agreement on an arms length basis with Hospitality Industry Insurance Limited commencing 30 June 2023. Under this reinsurance arrangement the Company received 7.5% of Gross Written Premiums and paid an exchange commission of 26%.

The Company has entered a banking arrangement which includes provision of various bank guarantees and financial security deeds as required under certain contracts with clients and office leasing contracts. The financial security deeds in relation to clients' contracts are issued on behalf of the Company and its 100% owned subsidiaries. The principal lessee under the office leases is Employer Mutual Management Pty Ltd. In these instances, the Company's bank guarantees are issued on behalf of Employer Mutual Management Pty Ltd as at 30 June 2025 totalled \$9.8m (2024: \$9.6m). The total value of all bank guarantees and financial security deeds on issue as at 30 June 2025 was \$16.9m (2024: \$16.7m).

Notes to the Financial Statements (continued)

7. Group Structure (continued)

7.3 Equity accounted investees

7.3.1 Joint venture

Employers Mutual Limited is a 50% partner in the Partnership of Employers Mutual Limited and ASWIG Management Pty Ltd as Trustee for the ASWIG Management Trust ("the Partnership"). The financial report includes the financial position, the results from operations and cash flows of the joint venture entity in accordance with the accounting policy described in Note 7.3.1 (i). The principal place of business of the joint venture entity is in Australia.

The Partnership is structured as a separate vehicle and Employers Mutual Limited has a residual interest in its net assets. Accordingly, Employers Mutual Limited has classified its interest in the Partnership as a joint venture which is equity accounted.

The following is summarised financial information for the Partnership, based on its financial statements prepared in accordance with all applicable Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board.

(i) Joint arrangements

A joint venture is a type of an arrangement in which the Company has joint control, whereby the Company has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interest in the joint venture is accounted for using the equity method. It is recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Company's share of the profit or loss and other comprehensive income of equity accounted investees, until the date on which significant influence or joint control ceases.

Summary Financial Information of the Partnership

	2025	2024
	\$000	\$000
Revenue	588,493	564,590
Profit for distribution	89,035	106,287
Total comprehensive income	677,528	670,877
Current assets	187,877	268,482
Non-current assets	17,582	16,847
Current liabilities	(187,877)	(268,482)
Non-current liabilities	(17,582)	(16,847)
Net assets	-	-

Notes to the Financial Statements (continued)

7. Group Structure (continued)

7.3 Equity accounted investees (continued)

Movement in carrying amount in investment in the Partnership

	2025	2024
	\$000	\$000
Group's interest in net assets of investee at the beginning of the year	-	-
Share of total comprehensive income	44,517	53,143
Partnership distribution	(44,517)	(53,143)
Carrying amount of interest in investee at end of the year	-	-

7.3.2 Partnership's expenditure commitments

There is no capital or other commitments or contingent liabilities arising from the investment in the Partnership that are significant to the consolidated entity.

7.3.3 Equity interest investees

The Group has equity interests in three unlisted companies through its Partnership with ASWIG Management Pty Ltd as Trustee for the ASWIG Management Trust (the Partnership):

- Riverwise Pty Ltd, which exceeds 20%, when combined with its indirect interest via its 50% ownership in the Partnership
- EML Solutions Pty Limited (formerly known as EMLife Pty Limited), where it owns 50% of the investee's equity which represents significant influence.
- Fleet Network Pty Limited, where it owns 50% of the Partnership's 18.4% stake in the investee. The combined shareholding coupled with a director appointment by the Partnership on the Board of Directors of Fleet Network Pty Ltd constitutes significant influence.
- EML Management Pty Limited, where it owns 50% of the investee's equity which represents significant influence.

As the Group has significant influence over EML Solutions Pty Ltd, EML Management Pty Ltd and Fleet Network Pty Limited, it applies the equity method of accounting for these investment.

Management have assessed both direct and indirect shareholdings in Riverwise Pty Ltd and deem that the Group has neither control nor significant influence over this entity. While the combined unit holdings of the Partnership and Employers Mutual Limited in Riverwise Pty Ltd exceeds 20%, the individual shareholdings are significantly below this threshold. As Employers Mutual Limited does not exercise control over the Partnership and has no voting control over its equity interest shareholding, there is no significant influence and, accordingly, the equity method of accounting is not applicable for this investment. Riverwise Pty Limited has been treated as an equity investment and is carried at fair value measured in accordance with AASB 13 *Fair Value Measurement*. Refer to Note 3.1.2.4 (ii).

Notes to the Financial Statements (continued)

8. Other

8.1 Other Accounting Policies

8.1.1 New accounting standards and amendments

Australian Accounting Standards and amendments adopted by the Group:

A number of new Standards, amendments to Standards and interpretations are effective for annual periods beginning on or after 1 July 2024. All of the new Standards do not apply to the Group for the year ended 30 June 2025.

Accounting estimates and judgments

In preparing these financial statements, the Directors rely on management, whom have made judgements and estimates that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Management evaluates estimates and judgements incorporated in the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and performance outcomes based on current trends and economic data, obtained both externally and within the Group.

8.2 Contingent liabilities

Contingent liabilities are not recognised on the Statement of Financial Position but are disclosed where the possibility of settlement is less than probable but more than remote. Provisions are not required with respect to these matters as it is not probable that a future sacrifice of economic benefits will be required or the amount is not reliably measurable. If settlement becomes probable, a provision is recognised. The best estimate of the settlement amount is used in measuring a contingent liability for disclosure. The measurement involves judgement.

In the normal course of business, transactions are entered into that may generate a range of contingent liabilities. These include litigation arising out of insurance policies. It is not believed that there are any other potential material exposures to the Group.

8.3 Statement of cash flows

8.3.1 Reconciliation of cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents includes cash on hand and at bank and short term deposits. Cash and cash equivalents at the end of the financial year are reconciled to the related items in the Statement of Financial Position as follows:

	2025		2024	
	The Company \$000	Consolidated \$000	The Company \$000	Consolidated \$000
Cash and cash equivalents	14,394	28,686	10,135	21,366
Other Creditors*	-	-	(10,000)	(10,000)
Net Cash	14,394	28,686	135	11,366

*Represents Bank Loan Facility drawn down as at 30 June 2024.

For the purposes of the Statement of Cash Flows, cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less. Cash and cash equivalents are measured at fair value, being the principal amount. For the purpose of the cash flow statement, cash also includes other highly liquid investments not subject to significant risk of change in value, with short periods to maturity, net of any bank overdraft.

Notes to the Financial Statements (continued)

8. Other (continued)

8.3 Statement of cash flows (Continued)

8.3.2 Reconciliation of profit from ordinary activities after income tax to net cash provided by operating activities

	2025		2024	
	The Company	Consolidated	The Company	Consolidated
	\$	\$	\$	\$
Total comprehensive income for the year	35,554	35,655	30,906	39,198
Add/(Less):				
Depreciation and amortisation	-	-	-	-
Profit on sale of investments	(814)	(1,280)	483	1,130
Increase in market value of investments	(3,044)	(6,538)	(2,336)	(4,458)
Net cash provided by operating activities before change in assets and liabilities	31,696	27,837	29,053	35,870
Changes in assets and liabilities:				
Decrease/(Increase) in Trade & Other Receivables	59,696	50,547	(64,492)	(270,089)
Decrease/(Increase) in Other Assets	(2,783)	(10,947)	(10,644)	(33,204)
Decrease/(Increase) in Insurance Contract Assets	(10,123)	(10,123)	(5,101)	(6,112)
Decrease/(Increase) in Reinsurance Contract Assets	(4,464)	(14,729)	298	(12,109)
Decrease/(Increase) in Reinsurance Contract Liabilities	1,555	(1,509)	(9)	(2,515)
(Decrease)/Increase in Provision for Tax	6,031	5,867	(5,354)	(13,192)
Decrease/(Increase) in Deferred Tax Assets	-	(1,077)	-	(680)
(Decrease)/Increase in Deferred Tax Liability	(2,616)	(1,596)	5,744	6,570
(Decrease)/Increase in Payables	3,124	9,714	58,796	250,423
(Decrease)/Increase in Other Liabilities (Member Incentive)	(1,123)	(1,123)	4,428	4,428
(Decrease)/Increase in Other Liabilities (non- Member Incentive)	398	1,268	536	17,073
(Decrease)/Increase in Liability for Incurred Claims	20,627	54,747	20,706	53,345
(Decrease)/Increase in Liability for remaining coverage	-	10,188	-	12,052
Decrease/(Increase) in Deferred Acquisition Costs	-	51	-	-
	70,322	91,278	4,908	5,990
Net cash provided by/(used in) operating activities	102,018	119,115	33,961	41,860

Notes to the Financial Statements (continued)

8. Other (continued)

8.4 Trade and other receivables

	2025		2024	
	The Company	Consolidated	The Company	Consolidated
	\$000	\$000	\$000	\$000
Current				
Trade and sundry debtors	167	167	4,587	4,587
Amount due from related entities	27,933	20,083	35,836	32,412
Contract asset – accrued income	127,432	127,409	166,762	167,457
GST receivable	342	1,725	268	383
	155,874	149,384	207,453	204,839
Non-Current				
Amount due from related entities	-	-	8,116	9,037
	-	-	8,116	9,037

8.5 Other assets

	2025		2024	
	The Company	Consolidated	The Company	Consolidated
	\$000	\$000	\$000	\$000
Current				
Specialised Insurer Security Deposit*	-	-	15,000	17,403
Deferred management fees	13,822	50,100	-	2,719
Prepayments	235	321	11,274	39,027
Total	14,057	50,421	26,274	59,149

* As part of its specialised insurance licenses, the Group is required to lodge a Security Deposit with the State Insurance Regulation Authority (SIRA). The Security Deposit is held by SIRA on behalf of the Group and can be in the form of cash or securities issued or guaranteed by the Commonwealth or NSW State Government.

The Group's Security Deposit at 30 June 2025 consists of \$43.4m (2024: \$34.6m) in CPI indexed bonds, \$31.1m (2024: \$20.3m) in fixed interest bonds issued by the Commonwealth and NSW State Governments and Nil (2024: \$2.4m) in Cash. The cash component is part of Other Assets, whilst the CPI indexed bonds and fixed interest bonds components are included in the Government and other public securities investments balance.

Notes to the Financial Statements (continued)

8. Other (continued)

8.6 Financial assets at fair value

	2025		2024	
	The Company	Consolidated	The Company	Consolidated
	\$000	\$000	\$000	\$000
Current				
Bank accepted bills of exchange	18,799	30,690	8,889	20,747
	18,799	30,690	8,889	20,747
Non-current financial assets				
Investment in controlled entity at cost	22,400	-	22,400	-
Shares in listed companies and unit trusts	14,229	19,833	14,134	19,220
Floating rate notes	32,762	70,748	27,583	52,006
Government and other public securities*	83,910	199,190	56,403	169,344
	153,301	289,771	120,520	240,571
Total financial assets	172,100	320,461	129,409	261,317

All the financial assets noted above are held based on a business model under which the entity is primarily focused on fair value information and uses that information to assess these assets' performance and make decisions about them.

*Government and other public securities includes \$43.4m (2024: \$34.6m) of CPI indexed bonds and \$31.1m (2024: \$20.3m) of fixed interest bonds held by the State Insurance Regulation Authority (SIRA) as a Security Deposit on behalf of the Group as part of its specialised insurance licenses conditions.

8.7 Trade and other payables

	2025		2024	
	The Company	Consolidated	The Company	Consolidated
	\$000	\$000	\$000	\$000
Current				
Sundry creditors	712	8	241	258
Amounts due to related entities*	11,842	30,277	14,572	136,210
Statutory levies payable	192	779	67	702
Other Creditors**	51,300	53,896	119,966	18,881
	64,046	84,960	134,846	156,051
Non-current				
Amounts due to Related Entities*	-	-	-	138
	-	-	-	138
Total	64,046	84,960	134,846	156,189

Trade and other payable transactions with related entities have been made on terms equivalent to arm's length transactions.

* Partnership of Employers Mutual Limited & ASWIG Management Pty Ltd as trustee for ASWIG Management Trust, Employers Mutual Management Pty Ltd, The Registered Clubs Association of NSW and Australian Hotels Association (NSW) Holdings Pty Ltd.

**Other Creditors no longer include the \$10 million loan facility recorded in 2024, which was provided by the Company's bank. As at 30 June 2025, there was no amount drawn under the facility (2024: fully drawn).

Notes to the Financial Statements (continued)

8. Other (continued)

8.7 Trade and other payables (continued)

Payables

Liabilities are recognised for amounts to be paid in the future for goods and services received. Trade accounts payable are normally settled within 60 days.

8.8 Provisions

	2025		2024	
	The Company	Consolidated	The Company	Consolidated
	\$000	\$000	\$000	\$000
Current				
Mutual Benefits	7,116	7,116	8,240	8,240
	7,116	7,116	8,240	8,240
Balance 1 July	8,240	8,240	3,811	3,811
Amount incurred	18,690	18,690	22,929	22,929
Amount utilised	(19,814)	(19,814)	(18,500)	(18,500)
Balance at 30 June	7,116	7,116	8,240	8,240

Provision for Mutual Benefits

The Company provides Mutual Benefits through a number of initiatives which will improve outcomes in relation to injury management and occupational health and safety. The Company recognises a provision at the end of the year for those benefits that have been committed to and is presently obliged to provide.

Estimation of Mutual Benefits provision

The Mutual Benefits provision comprises a pool of committed funds which have been approved by the Board. A valid expectation has been created among members that they will receive the funds to assist them to improve claims and injury outcomes in the workplace. The funds have been allocated to a number of areas, including funding for specific proposals as submitted by members. The year-end provision represents a reasonable estimate of the expected cost of these initiatives.

8.9 Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Insurance and reinsurance contract assets and liabilities and other receivables and payables in the Statement of Financial Position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Statement of Financial Position.

Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

The effect of GST on the ultimate settlement of claims has been included in the reported claims provision.

Notes to the Financial Statements (continued)

8. Other (continued)

8.10 Other Contract Liabilities

	2025		2024	
	The Company	Consolidated	The Company	Consolidated
	\$000	\$000	\$000	\$000
Current				
Contract Liability - Unearned Income	1,417	-	1,019	1,019

8.11 Reserves

	2025		2024	
	The Company	Consolidated	The Company	Consolidated
	\$000	\$000	\$000	\$000
General Reserve (Accumulated Funds)	25,307	25,307	25,307	25,307

General reserve

The amount standing to the credit of the General Reserve has resulted from prior period allocations of retained profits for future operating requirements. Transfers back to retained profits will occur if required in the future.

8.12 Remuneration of auditor

	2025		2024	
	The Company	Consolidated	The Company	Consolidated
	\$000	\$000	\$000	\$000
Audit and review services				
Statutory and Regulatory Audits and Reviews	228	462	214	456
Total audit and review services	228	462	214	456
Other services				
Other Professional Services*	-	-	24	24
Total other services	-	-	24	24
Total Auditor Remuneration	228	462	238	480

*Relates to GST advisory services.

Notes to the Financial Statements (continued)

8. Other (continued)

8.13 Key management personnel disclosure

The following were the key management personnel of the Company at any time during the reporting period:

Directors

- Paul R. Baker
- Patrick Gurr
- Nicole Britt
- Lisa Neville
- Scott Whiddett

Executives

- Anthony Fleetwood (Chief Executive Officer)
- Matthew Wilson (Chief Risk Officer)
- George Srdic* (Chief Financial Officer)
- Benjamin Gray* (Company Secretary)

* Employed by a related party

Transactions with key management personnel

The key management personnel compensation is:

	2025		2024	
	The Company	Consolidated	The Company	Consolidated
	\$	\$	\$	\$
Short term employee benefits	476,957	476,957	515,345	515,345

This compensation represents Directors fees only. Executives are employed and paid by Employers Mutual Management Pty Ltd, a related entity.

8.14 Other information

Employers Mutual Limited, incorporated and domiciled in Australia, is a public company limited by guarantee. Certain persons and corporations may be eligible for membership as per the Employers Mutual Limited Constitution. Admittance to membership of Employers Mutual Limited is at the Board's sole discretion.

Principal registered office

Level 3

345 George Street

Sydney NSW 2000

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Facsimile: (02) 8251 9491

Notes to the Financial Statements (continued)

8. Other (continued)

8.15 Capital Management

8.15.1 Capital management strategy

The Group's capital management strategy plays a key role in managing risk to create shareholder value whilst providing an appropriate level of capital to protect policyholders' and claimants' interests and to satisfy regulators. Capital finances operating activities, capital expenditure and growth. It also provides support of unexpected outcomes arising from the Group's insurance and other investment activities that are unfavourable.

The Group manages its capital and the adequacy of its capital through its internal capital adequacy assessment process (or "ICAAP"). The Board has adopted an ICAAP designed for the size and nature of the Group which is summarised in the ICAAP Summary Statement and also incorporates its capital management plan that sets out capital triggers and responses. The Group utilises its ICAAP to monitor its capital position on an ongoing basis, to assess whether it is operating within its stated risk tolerances and to assess the likelihood of breaching a risk tolerance.

The determination of the capital amount and mix is built around two core considerations:

Regulatory capital

Employers Mutual Limited and its subsidiary, Hospitality Industry Insurance Limited, are regulated by the Australian Prudential Regulatory Authority ("APRA") as general insurers and are subject to APRA's prudential standards. These standards establish the basis for calculating the prescribed capital amount ("PCA") which is a minimum level of capital that the regulator deems must be held. To ensure the PCA is not breached the Group targets capital levels of at least 2.5 to 3 times the PCA. The Group uses the standardised framework for calculating the PCA detailed in the relevant Prudential Standards and referred to as the prescribed method which is determined to be the sum of the capital charges for asset risk, asset concentration risk, insurance risk, insurance concentration risk and operational risk to assess its prescribed capital requirement. Capital calculations for regulatory purposes are in part based on the premium liabilities model which is different to the deferral and matching model which underpins the measurement of assets and liabilities in the financial statements. The premium liabilities model assesses future claim payments arising from future events insured under existing policies. This differs to the measurement of the Outstanding Claims Liability on the Statement of Financial Position which considers claims relating to events that occur only up to and including the reporting date.

Economic capital

In conjunction with the considerations set out above, which are important to the functioning of the business, consideration is given to the operational capital needs of the business. The capital objectives are achieved through dynamic management of the Statement of Financial Position and capital mix, the use of a risk based capital adequacy framework for capital needs that relies on explicit quantification of uncertainty or risk and the use of modelling techniques to provide valuable input to the capital management process and provide the capacity to quantify and understand this risk/return trade-off.

8.15.2 Capital composition

Total capital is calculated as equity as shown in the Statement of Financial Position.

Notes to the Financial Statements (continued)

8. Other (continued)

8.15.3 Regulatory capital compliance

Under the Prudential Standards issued by the Australian Prudential Regulatory Authority (APRA), the prescribed capital amount (PCA) is calculated by assessing the risks inherent in the business, which comprise:

- The risk that the provision for outstanding claims is not sufficient to meet the obligations to the policyholders arising from losses incurred up to the reporting date (outstanding claims insurance risk);
- The risk that the liability for remaining coverage amount is insufficient to meet the obligations to policyholders arising from losses incurred after the reporting date on existing policies (premium liabilities insurance risk);
- The risk of a catastrophe giving rise to major claims losses up to the retention amount under existing reinsurance arrangements (insurance concentration risk);
- The risk that the value of assets is diminished (asset risk);
- The risk of concentrations in exposures to a particular asset, counterparty or group of related counterparties resulting in adverse movements in the capital base (asset concentration risk);
- The risk of loss resulting from failed internal processes, people and systems or from external events (operational risk); and,
- The allowance for diversification between asset and insurance risks (aggregation benefit).
- These risks are quantified to determine the minimum capital required under the APRA's Prudential Standards. This requirement is compared to the capital held by the Company. Any provisions for outstanding claims and insurance risk in excess of the amount required to provide a level of sufficiency at 75% is classified as capital.

Notes to the Financial Statements (continued)

8. Other (continued)

Regulatory capital requirements – 2025	The Company \$000	Consolidated \$000
Common Equity Tier 1 (CET1) Capital		
General reserves	25,307	25,307
Retained earnings	219,236	249,369
Net surplus/(deficit) relating to insurance liabilities	(36,504)	(81,280)
Minority interests	-	10,544
Common equity Tier 1 capital deductions		
Regulatory adjustments to Common Equity Tier 1 Capital for accounts receivables	51,148	135,950
Regulatory adjustments to Common Equity Tier 1 Capital for accounts payables	(9,700)	(37,825)
Regulatory adjustments to common equity Tier 1 capital	(22,400)	-
Total regulatory capital	227,087	302,065
Outstanding claims insurance risk charge	6,214	24,740
Premium liabilities insurance risk charge	8,053	20,670
Insurance concentration risk charge	3,000	4,000
Diversified asset risk charge	18,616	32,424
Operational risk charge	2,157	7,512
Aggregation benefit	(8,075)	(17,542)
Prescribed capital amount (PCA)	29,965	71,805
Surplus	197,122	230,230
PCA Multiple	7.58	4.21

Regulatory capital requirements – 2024	Company \$000	Consolidated \$000
Common Equity Tier 1 (CET1) Capital		
General reserves	25,307	25,307
Retained earnings	183,682	214,150
Net surplus/(deficit) relating to insurance liabilities	(28,657)	(69,753)
Minority interests	-	8,255
Common equity Tier 1 capital deductions		
Regulatory adjustments to Common Equity Tier 1 Capital for accounts receivables	38,658	118,032
Regulatory adjustments to Common Equity Tier 1 Capital for accounts payables	(6,500)	(29,128)
Regulatory adjustments to common equity Tier 1 capital	(22,400)	-
Total regulatory capital	190,090	266,863
Outstanding claims insurance risk charge	3,896	19,577
Premium liabilities insurance risk charge	7,558	18,199
Insurance concentration risk charge	3,000	4,000
Diversified asset risk charge	19,230	31,817
Operational risk charge	2,466	6,905
Aggregation benefit	(7,418)	(16,241)
Prescribed capital amount (PCA)	28,732	64,257
Surplus	161,358	202,669
PCA Multiple	6.62	4.15

The PCA calculations for the consolidated entity provided above are based on applying APRA Level 2 insurance group requirements.

Notes to the Financial Statements (continued)

8.16 Dividends Paid

Dividends from Hospitality Industry Insurance Limited (formerly Hospitality Employers Mutual Limited).

Declared and paid during 2025						
Share Class	Dividend	Franking	Amount per share \$	Shares Issued	Dividend Paid \$	Payment Date
Ordinary A	Final	Fully Franked	0.2855	12,000,000	3,425,818	20/09/2024
Ordinary B	Final	Fully Franked	0.2075	12,000,000	2,490,498	20/09/2024
Ordinary A	Special	Fully Franked	0.2855	12,000,000	1,141,938	03/12/2024
Ordinary B	Special	Fully Franked	0.2075	12,000,000	830,166	03/12/2024
Total Ordinary					7,888,420*	
Subordinate Debt	Final	Fully Franked	-	-	3,944,210	20/09/2024
Subordinate Debt	Special	Fully Franked	-	-	1,314,736	03/12/2024
Total Paid					13,147,366	

*50% Dividend on Ordinary Shares paid to Employers Mutual Limited \$3,944,210

Declared and paid during 2024						
Share Class	Dividend	Franking	Amount per share \$	Shares Issued	Dividend Paid \$	Payment Date
Ordinary A	Final	Fully Franked	0.2159	12,000,000	2,590,795	14/09/2023
Ordinary B	Final	Fully Franked	0.3171	12,000,000	3,805,362	14/09/2023
Total Ordinary					6,396,157*	
Subordinated Debt	Final	Fully Franked	-	-	4,264,104	14/09/2023
Total Paid					10,660,261	

*50% Dividend on Ordinary Shares paid to Employers Mutual Limited \$3,198,079.

8.17 Subsequent events

No other matter or circumstance has arisen since 30 June 2025 that has significantly affected, or may significantly affect:

- The Group's operations in future financial years;
- The results of those operations in future financial years; and
- The Group's state of affairs in future financial years.

There have been no other events subsequent to balance date which would have a material effect on the Group's financial statements at 30 June 2025.

Consolidated Entity Disclosure Statement as at 30 June 2025

Entity Name	Entity Type	Bodies corporate			Tax residency	
		Place formed or incorporated	% of share capital held		Australian or foreign	Foreign jurisdiction
			2025	2024		
EML Management Pty Ltd	Body corporate	Australia	50	-	Australian	N/A
Hospitality Industry Insurance Limited	Body corporate	Australia	50	50	Australian	N/A
EML Foundation Limited	Body corporate	Australia	100	100	Australian	N/A
EML National Pty Ltd	Body corporate	Australia	-	-	Australian	N/A



Directors' Declaration

1. In the opinion of the Directors of Employers Mutual Limited ('the Company'):
 - (a) the consolidated financial statements and notes set out on pages 11 to 75 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 2025 and of its performance for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
 - (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
 - (c) The consolidated entity disclosure statement on page 76 is true and correct.
2. The Directors draw attention to Note 1 to the financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors:

Dated at Sydney this day of 9 September 2025

Paul R. Baker

Chair

Nicole L. Britt

Director

Independent Auditor's Report to the Members of Employers Mutual Limited

Opinion

We have audited the financial report of Employers Mutual Limited (the "Company") and its controlled entities (the "Group") which comprises the Company and Group statements of financial position as at 30 June 2025, the statements of comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information, the Consolidated Entity Disclosure Statement and the directors' declaration.

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

- Giving a true and fair view of the Company's and Group's financial position as at 30 June 2025 and of their financial performance for the year then ended; and
- Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

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

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Directors' report for the year ended 30 June 2025, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible:

- For the preparation of the financial report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Company and Group in accordance with Australian Accounting Standards; and
- For such internal control as the directors determine is necessary to enable the preparation of the financial report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Company and Group, and is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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



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

A handwritten signature in blue ink, appearing to read "Stuart Alexander".

DELOITTE TOUCHE TOHMATSU

A handwritten signature in blue ink, appearing to read "Stuart Alexander".

Stuart Alexander
Partner
Chartered Accountants

Sydney, 09 September 2025



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