

# General Purpose Financial Report 2025

For the year ended 31 December 2025



## About Adica

Adica Insurance is an Australian general insurance provider specialising in automotive insurance solutions. As part of the global MS&AD Insurance Group, Adica delivers insurance products and services for leading automotive brands including Toyota Insurance and Lexus Insurance, as well as commercial and fleet insurance solutions.

Headquartered in Melbourne, Adica combines global insurance expertise with local insight to support customers, partners and businesses across Australia. Through our strong partnerships with automotive manufacturers and other insurance industry experts, we deliver insurance products that are closely integrated with the vehicle ownership journey.

Our focus is on creating meaningful value for customers by delivering insurance solutions that are simple, transparent and easy to access. By combining strong partnerships, specialist knowledge and a commitment to innovation, Adica continues to strengthen its role within Australia's evolving mobility ecosystem.

### Our Purpose

We believe our partnerships, expertise and people give purpose to the insurance solutions we provide.

Through the strength of our partnerships, we transform the value of insurance for customers by delivering experiences that are seamless, meaningful and easy to navigate.

We place our customers at the centre of everything we do and work collaboratively with our partners to provide peace of mind throughout the vehicle ownership journey.

Our goal is to create tangible value for customers, partners and communities while supporting the future of mobility in Australia.



### Our Values

Our values guide how we work, how we make decisions and how we support our customers, partners and each other.

**Customer**  
We think customer

**Innovation**  
We lead the way

**Integrity**  
We do the right thing

**Professionalism**  
We are experts in what we deliver

**Teamwork**  
Together we make the difference

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# Our Brand Partners



# Directors' Report

The Board of Directors of Aioi Nissay Dowa Insurance Company Australia Pty Ltd (the Company) have the pleasure of presenting the financial reports of the Company for the 12 months ended 31 December 2025.

## Board of Directors

The Directors of the Company during the financial year, and until the date of this report, are



### Mr J Richardson OAM – Chairman and Non-Executive Director

Mr John Richardson joined the Board as a non-executive director on 1 October 2013 and was appointed as Board Chairman on 1 June 2025. He is the Chairman of the People, Culture and Remuneration Committee and a member of the Audit Committee and Risk and Compliance Committee. John is also the Chairman and a Director of Aioi Nissay Dowa Management New Zealand Ltd.

With over 40 years of experience in the insurance industry, John has held senior positions at Marsh, Guy Carpenter, and various other entities within Marsh McLennan Companies. In June 2014, John was awarded the Order of Australia for his contributions to the insurance industry and the community.



### Mr D Cullen – CEO & Managing Director

Mr Dean Cullen has 30 years of experience in the insurance industry, working across banking, intermediated distribution, and direct-to-consumer insurance models. Before joining Adica, Dean held senior management roles at QBE Insurance, National Australia Bank, and ANZ Bank, where he was responsible for large-scale financial institutions and agency programs in both personal and commercial lines of insurance. Additionally, Dean serves as the Chair of the Rural Financial Counselling Service Board in Victoria.

Mr Cullen joined Adica on 20 July 2020 in the role of Chief Executive Officer and was appointed as Director to the Board in November 2011.



### Mr K Forder – Non-Executive Director

Mr Kevin Forder joined the Board as a non-executive director on 23 July 2009. He is the Chairman of the Audit Committee and Risk and Compliance Committee and a member of the People, Culture and Remuneration Committee.

Kevin is a qualified Chartered Accountant with over 35 years of experience in the general insurance industry. His previous roles include positions at Ernst & Young, Gerling Global Reinsurance Company of Australia, and Littlewoods Services. Kevin also serves as a director at the insurance advisory and services company Littlewoods Services Pty Ltd.



### Mr T Miyadera – Executive Director

Mr Toshiaki Miyadera joined the Board as an executive director on 1 April 2023. Toshiaki serves as the Chief Group Executive of Adica and is also a non-executive director of Aioi Nissay Dowa Management New Zealand Ltd.

Toshiaki has been with Aioi Nissay Dowa Insurance Co., Ltd for over 25 years.

### **Mr K Kato – Non-Executive Director**



Mr K Kato joined the Board as a non-executive director on 1 April 2025. He is a member of the People, Culture and Remuneration Committee, Audit Committee and Risk and Compliance Committee.

Mr Kato has over 15 years of progressive experience in insurance and telematics, primarily with Aioi Nissay Dowa Insurance Co., Ltd. His career spans claims, sales, and strategic global leadership, with significant international secondments at Toyota Group entities.

Currently, as Group Leader, America & Oceania Pacific Group, Global Business Department in Tokyo, he provides invaluable international business expertise.

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### **Dr R Gandhi – Non-Executive Director**



Dr. R Gandhi joined the Board as a non-executive director in December 2025. She is a member of the People, Culture and Remuneration Committee, Audit Committee and Risk and Compliance Committee.

Dr Gandhi is an experienced multi-industry ASX 30 and public sector executive and Board Director, having held various roles across strategy, operations and digital and customer experience transformation.

Rachna also serves as a director at Insignia Financial and Chief Executive Women.

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### **Mr R Sato – Non-Executive Director**



Mr R Sato joined the Board as a non-executive director on 1 April 2024.

Mr Sato is a group leader of the Global Business Department at Aioi Nissay Dowa Insurance Company Limited, and is responsible for operations in Europe, America and the Oceania Pacific. Mr Sato was a member of the Audit, Risk & Compliance and People, Culture & Remuneration Committees. Mr R Sato resigned from the Board of Directors and Board Committees effective 31 March 2025.

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### **Ms S Freeman – Non-Executive Director**



Ms Freeman joined the Board as a non-executive director on 24 November 2022. Ms Freeman was appointed as Chairperson of the Company on 1 January 2024.

Ms Freeman resigned as a director of the Company effective 30 May 2025.

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### **Mr J Ames – Company Secretary**



Mr Ames was appointed Company Secretary on 1 January 2024.

Mr Ames joined the Company in June 2019 and holds the position of Head of Legal. He is dual-qualified lawyer having previously practiced in Northern Ireland.

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## Meetings of Directors

The number of meetings of the Board of Directors and Board Committees during the year, and attendance by directors at those meetings, are listed below.

Director	Board	Audit	Risk & Compliance	People, Culture & Remuneration
<i>Held</i>	9	6	6	6
<i>Attended</i>				
<i>Mr J Richardson OAM</i>	9	6	6	6
<i>Mr D Cullen</i>	9	**	**	**
<i>Mr K Forder</i>	9	6	6	6
<i>Mr T Miyadera</i>	8	**	**	**
<i>Mr K Kato*</i>	6	4	4	4
<i>Dr R Gandhi*</i>	0	0	0	0
<i>Mr R Sato*</i>	3	2	2	2
<i>Ms S Freeman*</i>	3	3	3	3

\* Mr R Sato resigned from the Board of Directors and Board Committees effective 31 March 2025. Mr K Kato was appointed to the Board of Directors and Board Committees effective 1 April 2025. Ms S Freeman resigned from the Board of Directors and Board Committees effective 30 May 2025. Dr R Gandhi was appointed to the Board of Directors and Board Committees effective 1 December 2025.

\*\* Not a member of the Board Committees.

## Directors' benefits

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in Note 25).

## Principal activities

The principal activity of the Company during the financial year was underwriting general insurance.

## Dividend

No dividends were declared or paid during the financial year.

## Review of operations

The Company generated a profit before tax of \$19,373,873 (2024: 10,545,520), which includes investment income of \$10,468,162 (2024: \$9,740,221). After recognising a tax expense of \$5,686,353 (2024: \$3,029,834), the Company reported an after-tax profit of \$13,687,520 for the year ended 31 December 2025 (2024: \$7,515,685).

## Significant changes in the state of affairs

There were no significant changes in the Company's state of affairs during the financial year.

## Subsequent events after the balance date

There have been no matters or circumstances arising since the end of the financial year that have significantly affected, or may significantly affect, the operations of the the Company, the results of those operations, or the state of affairs of the Company in future financial years.

## Likely developments and future results

On 29 March 2025, MS&AD Insurance Group Holdings Inc. announced its intention to merge its non-life insurance subsidiaries, Mitsui Sumitomo Insurance Co., Ltd. and Aioi Nissay Dowa Insurance Co., Ltd. The merger is scheduled for completion in April 2027. The integration is anticipated to leverage combined strengths, enhance corporate governance, improve operational efficiency, and support sustained long-term growth.

Management will collaborate with the Group to ensure effective integration planning and transition activities in accordance with the proposed timeline. Management maintains a positive outlook for the Company, with an ongoing focus on strategic objectives.

In the coming year, the Company will remain focused on the disciplined execution of its strategic roadmap.

## Environmental Regulations

The Company is not subject to any notable or specific environmental regulations under Commonwealth, State, or Territory laws. The Directors are not aware of any violations of key environmental regulations during the reporting period that could have a significant effect on the Company or the environment.

## Indemnification of Directors, Officers and Auditors

The Company indemnifies current and former Directors and officers for any loss arising from any claim in connection with a wrongful act committed in their capacity as a Director or officer, subject to the exclusions required by law. During the 2025 financial year, the Company paid premium totalling \$67,121 for Directors and Officers Liability insurance. The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred in their capacity as such.



## Capital adequacy of the Company

In accordance with the requirements of the Australian Prudential Regulation Authority's (APRA) Prudential Standards, the Company's Common Equity Tier 1 (CET1) capital was \$108.6 million (2024: \$94.1 million) and Prescribed Capital Requirement coverage was 1.61 (2024: 1.61) for the year ended 31 December 2025.

	2025 \$'000	2024 \$'000
<b>A. Common Equity Tier 1 Capital</b>		
Paid-up ordinary shares	87,800	87,800
Retained earnings	11,998	4,482
Undistributed current year earnings	13,688	7,516
Net surplus / (deficit) relating to outstanding claims liabilities	(5,256)	(2,151)
Net surplus / (deficit) relating to premium liabilities after regulatory adjustments	20,831	10,404
Plus/(Minus): Regulatory adjustments to Common Equity Tier 1 Capital	(20,474)	(13,980)
<b>Total Common Equity Tier 1 capital (CET1 capital)</b>	<b>108,588</b>	<b>94,071</b>
<b>B. Additional Tier 1 Capital</b>		
<b>Total Tier 1 Capital</b>	<b>108,588</b>	<b>94,071</b>
<b>C. Tier 2 Capital</b>		
<b>Total Regulatory Capital</b>	<b>108,588</b>	<b>94,071</b>
<b>D. Prescribed Capital Requirement (PCR)</b>		
Insurance risk charge	34,607	25,629
Insurance concentration risk charge	11,998	14,044
Asset risk charge	17,275	12,749
Asset concentration risk charge	-	-
Operational risk charge	14,769	14,389
Aggregation benefit	(11,036)	(8,390)
<b>Total PCR</b>	<b>67,613</b>	<b>58,421</b>
<b>PCR Coverage</b>	<b>1.61</b>	<b>1.61</b>

## Rounding amounts

The Company meets the criteria set out in the Australian Securities and Investments Commission's (ASIC) Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, and in accordance with this Instrument, amounts in the Financial Report and the Directors' Report have been rounded off to the nearest thousand dollars (\$'000) unless otherwise stated.

## Declaration from auditors

The directors have received a declaration from the auditor of the Company as required under section 307C of the Corporations Act 2001 as attached after the Directors' Report.

This report is signed in accordance with a resolution of the Board of Directors.

**Mr John Richardson OAM**

Chairman, Adica

Signed in Melbourne this 24<sup>th</sup> of March 2025



# Auditor's Independence Declaration



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## Auditor's Independence Declaration to the Directors of Aioi Nissay Dowa Insurance Company Australia Pty Ltd

As lead auditor for the audit of the financial report of Aioi Nissay Dowa Insurance Company Australia Pty Ltd for the financial year ended 31 December 2025, I declare to the best of my knowledge and belief, there have been:

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

A handwritten signature in black ink that reads 'Ernst &amp; Young'.

Ernst & Young

A handwritten signature in black ink that reads 'E Reekie'.

Emma Reekie  
Partner  
24 March 2026

A member firm of Ernst & Young Global Limited  
Liability limited by a scheme approved under Professional Standards Legislation

# Statement of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2025

		2025 \$'000	2024 \$'000
Insurance revenue	7a	450,147	371,375
Insurance service expense	7b	(415,755)	(326,727)
<b>Insurance service result before reinsurance contracts held</b>		<b>34,392</b>	<b>44,648</b>
Allocation of reinsurance premiums	7c	(90,958)	(87,119)
Amounts recoverable from reinsurers for incurred claims	7d	72,340	51,780
<b>Net expense from reinsurance contracts held</b>		<b>(18,618)</b>	<b>(35,338)</b>
<b>Insurance service result</b>		<b>15,774</b>	<b>9,310</b>
Interest revenue calculated using the effective interest method	8	10,468	9,740
<b>Total investment income</b>		<b>10,468</b>	<b>9,740</b>
Insurance finance income/(expenses) for insurance contracts issued	8	66	10
Reinsurance finance expense for reinsurance contracts held	8	(58)	(8)
<b>Net insurance financial result</b>		<b>26,250</b>	<b>19,052</b>
Other expenses	10	(7,507)	(8,560)
Fee and other income	9	631	54
<b>Profit/(loss) before income tax</b>		<b>19,374</b>	<b>10,546</b>
Income tax benefit/(expense)	11	(5,686)	(3,029)
<b>Net profit/(loss) for the period</b>		<b>13,688</b>	<b>7,516</b>
Other comprehensive income		-	-
<b>Total Comprehensive Income/(Loss)</b>		<b>13,688</b>	<b>7,516</b>

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

# Statement of Financial Position

FOR THE YEAR ENDED 31 DECEMBER 2025

	Note	2025 \$'000	2024 \$'000
<b>ASSETS</b>			
Cash and cash equivalents	12	53,949	58,178
Other receivables	13	12,538	14,458
Investment assets	14	183,500	145,500
Reinsurance contract assets	15.2	42,735	28,586
Property, plant, and equipment	16	2,122	1,196
Right-of-use assets	17	5,720	3,254
Deferred tax assets	11	7,484	6,673
<b>Total assets</b>		<b>308,048</b>	<b>257,845</b>
<b>LIABILITIES</b>			
Other payables	18	14,045	16,290
Current tax liabilities		3,592	3,444
Insurance contract liabilities	15.1	163,774	127,858
Lease liabilities	19	5,708	3,304
Employee benefits provision	20	7,443	7,151
<b>Total liabilities</b>		<b>194,562</b>	<b>158,047</b>
<b>Net assets</b>		<b>113,486</b>	<b>99,798</b>
<b>EQUITY</b>			
Contributed equity	21	87,800	87,800
Accumulated profit/(losses)		25,686	11,998
<b>Total equity</b>		<b>113,486</b>	<b>99,798</b>

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

# Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2025

	Note	Issued Share Capital \$'000	Accumulated Profit / (Losses) \$'000	Total Equity \$'000
<b>Equity as at 1 January 2024</b>		<b>87,800</b>	<b>4,482</b>	<b>92,282</b>
Profit/(loss) for the period		-	7,516	7,516
<b>Equity as at 31 December 2024</b>		<b>87,800</b>	<b>11,998</b>	<b>99,798</b>
Profit/(loss) for the period		-	13,688	13,688
<b>Equity as at 31 December 2025</b>		<b>87,800</b>	<b>25,686</b>	<b>113,486</b>

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.



# Statement of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2025

	Note	2025 \$'000	2024 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Premium received		434,172	362,357
Outwards RI paid		(92,773)	(104,794)
Claim and other insurance service expense paid		(334,095)	(270,830)
Reinsurance recoveries received		59,946	53,814
Acquisition costs paid		(29,702)	(38,270)
Management fee received		576	-
Other operating receipt/(payment)		(6,176)	12,212
Interest received		10,118	9,625
Income tax received/(paid)		(6,349)	459
GST		752	-
<b>Net cash flows from/(used in) operating activities</b>	22	<b>36,469</b>	<b>24,573</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of property, plant & equipment		10	-
Purchase of property, plant and equipment	16	(1,343)	(285)
Purchase of investments		(114,000)	(103,000)
Proceeds from investments		76,000	80,000
<b>Net cash flows from/(used in) investing activities</b>		<b>(39,333)</b>	<b>(23,285)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of lease liabilities	19	(1,365)	(1,603)
<b>Net cash flows from/(used in) financing activities</b>		<b>(1,365)</b>	<b>(1,603)</b>
<b>Net decrease in cash</b>		<b>(4,229)</b>	<b>(315)</b>
Cash and cash equivalents at the beginning of the financial period	12	58,178	58,493
<b>Cash and cash equivalents at the end of the financial period</b>	12	<b>53,949</b>	<b>58,178</b>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.



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# Notes to the Financial Statements

## 1. Corporate information

The financial statements for Aioi Nissay Dowa Insurance Company Australia Pty Ltd (the Company or Adica) for the year ended 31 December 2025 were authorised for issue in accordance with the resolution of the Directors on 24 March 2026.

The Company is a for profit company limited by shares, incorporated and domiciled in Australia. The address of its registered office is Level 17, 412 St Kilda Road Melbourne VIC 3004.

## 2. Accounting policies

The material accounting policies adopted in the preparation of these financial statements are set out below.

### a) Basis of preparation

This general purpose financial report has been prepared in accordance with the Corporations Act 2001 and applicable Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB).

The financial report has been prepared on a going concern and accruals basis, and is based on historical costs unless the application of fair value measurements is required by the relevant Accounting Standards.

The preparation of financial statements requires the use of critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000), unless otherwise stated.

In accordance with the Accounting Standards, the comparative figures have been updated year-on-year to better align the understanding and ensure consistent presentation with the current financial year.

### b) Compliance with IFRS

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

### c) Accounting standards and interpretations issued but not yet adopted

The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Australian Accounting Standards and Interpretations that have recently been issued or amended, but are not yet effective and have not been adopted by the Company for the annual reporting period ending 31 December 2025, are outlined in the following table:

Reference	Title	Application Date for Company
AASB 2024-2	Amendments to AASs - Classification and Measurement of Financial Instruments	1 January 2026
AASB 2025-2	Amendments to AASs - Classification and Measurement of Financial Instruments: Tier 2 Disclosures	1 January 2026
AASB 2025-1	Amendments to AASs - Contracts Referencing Nature-dependent Electricity <ul style="list-style-type: none"><li>▪ Amendments to AASB 7</li><li>▪ Amendments to AASB 9</li></ul>	1 January 2026
AASB 2025-3	Amendments to AASs - Contracts Referencing Nature-dependent Electricity: Tier 2 Disclosures	1 January 2026

AASB 2022-9	Amendments to AASs - Insurance Contracts in the Public Sector	1 July 2026
AASB 18	Presentation and Disclosure in Financial Statements	1 January 2027
AASB 2014-10	Amendments to AASs - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2028

The Company currently plans to adopt the standards and amendments in the reporting periods beginning on their respective operative dates.

Based on the Company's preliminary assessment, AASB 18 – Presentation and Disclosure of Financial Statements will introduce significant changes to the presentation and disclosure of Adica's financial performance, including reclassification of items within the statement of comprehensive income and additional note disclosures. The Company will continue to assess system and reporting implications ahead of the 2027 effective date. All other standards listed above are not expected to have a material impact on the Company's financial statements.

## d) Insurance and reinsurance contracts

### Insurance and reinsurance contracts accounting treatment

The Company issues non-life insurance contracts in the normal course of business, under which it accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. As a general guideline, the Company determines whether it has significant insurance risk, by comparing benefits payable after an insured event with benefits payable if the insured event did not occur. Non-life insurance products offered by the Company include property, motor vehicle and personal accident insurance.

The Company holds reinsurance contracts to mitigate certain risk exposure. A reinsurance contract is an insurance contract issued by a reinsurer to compensate the Company for claims arising from one or more insurance contracts issued by the Company.

### Level of aggregation

The Company identifies portfolios by aggregating insurance contracts that are subject to similar risks and managed together. In grouping insurance contracts into portfolios, the Company considers the similarity of risks rather than the specific labelling of the product lines. Each portfolio is further divided by year of issue and profitability for recognition and measurement purposes into three groups, as follows:

- A group of contracts that are onerous at initial recognition (if any)
- A group of contracts that, at initial recognition, have no significant possibility of becoming onerous subsequently (if any)
- A group of the remaining contracts in the portfolio (if any)

While determining the level of aggregation, the Company identifies a contract as the smallest 'unit', i.e., the lowest common denominator. The Company makes an evaluation of whether a series of contracts need to be treated together as one unit based on reasonable and supportable information, or whether a single contract contains components that need to be separated and treated as if they were stand-alone contracts. As such, what is treated as a contract for accounting purposes may differ from what is considered as a contract for other purposes (i.e., legal or management). AASB 17 also requires that no group for level of aggregation purposes contain contracts issued more than one year apart.

The profitability of groups of contracts is assessed by actuarial valuation models that take into consideration existing and new business. On the basis that they meet Premium Allocation Approach (PAA) eligibility, the Company assesses, at initial recognition, that there is no significant possibility of becoming onerous subsequently by assessing the likelihood of changes in applicable facts and circumstances. The Company considers facts and circumstances to identify whether a group of contracts are onerous based on:

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

The Company divides portfolios of reinsurance contracts acquired by applying the same principles set out above, except that the references to onerous contracts refer to contracts on which there is a net gain on initial recognition. For some groups of reinsurance contracts held, a group can comprise a single contract.

### **Recognition**

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

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

The Company recognises a group of reinsurance contracts held from the earlier of the following:

- The beginning of the coverage period of the group of reinsurance contracts held
- The date the Company recognises an onerous group of underlying insurance contracts if the Company entered into the related reinsurance contract held in the group of reinsurance contracts held at or before that date.

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

### **Contract boundary**

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

A substantive obligation to provide insurance contract services ends when:

- The Company has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks; or
- Both of the following criteria are satisfied:
  - The Company has the practical ability to reassess the risks of the portfolio of insurance contracts that contain the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio
  - The pricing of the premiums up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date

A liability or asset relating to expected premiums or claims outside the boundary of the insurance contract is not recognised. Such amounts relate to future insurance contracts.

For groups of reinsurance contracts held, cash flows are within the contract boundary if they arise from substantive rights and obligations of the Group that exist during the reporting period in which the Group is compelled to pay amounts to the reinsurer or in which the Group has a substantive right to receive services from the reinsurer.

The excess of loss reinsurance contracts held provides coverage for claims incurred during an accident year. As such, all cash flows arising from claims incurred and expected to be incurred in the accident year are included in the measurement of the reinsurance contracts held. Some of these contracts may include mandatory or voluntary reinstatement reinsurance premiums, which are guaranteed per the contractual arrangements and are thus within the respective reinsurance contracts' boundaries.

## Insurance contracts – initial measurement

For a group of contracts that is not onerous at initial recognition, the Company measures the liability for remaining coverage as:

- The premiums, if any, received at initial recognition
- Minus any insurance acquisition cash flows at that date
- Plus or minus any amount arising from the derecognition at that date of the asset recognised for insurance acquisition cash flows and
- Any other asset or liability previously recognised for cash flows related to the group of contracts that the Company pays or receives before the group of insurance contracts is recognised.

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

## Reinsurance contracts held – initial measurement

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

Where the Company recognises a loss on initial recognition of an onerous group of underlying insurance contracts or when further onerous underlying insurance contracts are added to a group, the Company establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the recovery of losses.

## Insurance contracts – subsequent measurement

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

- Plus premiums received in the period
- Minus insurance acquisition cash flows,
- Plus any amounts relating to the amortisation of the insurance acquisition cash flows recognised as an expense in the reporting period for the group
- Plus any adjustment to the financing component, where applicable
- Minus the amount recognised as insurance revenue for the services provided in the period
- Minus any investment component paid or transferred to the liability for incurred claims, where applicable

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

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

Insurance acquisition cash flows are allocated on a straight-line basis as a portion of premium to profit or loss (through insurance revenue), however if the expected pattern of release of risk during the coverage period differs significantly from the passage of time, then the allocation is made on the basis of the expected timing of incurred insurance service expenses.

## Reinsurance contracts held – subsequent measurement

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

Where the Company has established a loss-recovery component, the Company subsequently reduces the loss-recovery component to zero in line with reductions in the onerous group of underlying insurance contracts in order to reflect that the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the entity expects to recover from the group of reinsurance contracts held.

## Insurance contracts – modification and derecognition

The Company derecognises insurance contracts when:

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

When a modification is not treated as a derecognition, the Company recognises amounts paid or received for the modification with the contract as an adjustment to the relevant liability for remaining coverage.

## e) Revenue recognition

### Insurance Revenue

The insurance revenue comprises amounts charged to policyholders, including fire service levies and excludes taxes collected on behalf of third parties.

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

The Company changes the basis of allocation between the two methods above as necessary, if facts and circumstances change. The change is accounted for prospectively as a change in accounting estimate.

For the periods presented, all revenue has been recognised on the basis of the passage of time except for the GAP, and Consumer Credit which are on the basis of the expected timing of incurred insurance service expenses.

### Other Revenue

Other revenue is recognised when the Company's right to receive the payment is established.

### Fire Service Levies and Other Charges

A liability for fire service levy and other charges payable is recognised on business written to the reporting date. Levies and charges payable are expensed on the same basis as the recognition of insurance revenue.

## f) Net income or expense from reinsurance contracts held

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

The Company does not currently have any insurance or reinsurance products that contain a non-distinct investment component.

## g) Insurance acquisition cash flows

Insurance acquisition cash flows are cash flows arising from the costs of selling, underwriting, and starting a group of insurance contracts (issued or expected to be issued) that are directly attributable to the portfolio of insurance contracts to which the group belongs. Such cash flows include cash flows that are not directly attributable to individual contracts or groups of insurance contracts within the portfolio.

The Company allocates the acquisition cash flows to groups of insurance contracts issued or expected to be issued using a systematic and rational basis. Insurance acquisition cash flows that are directly attributable expenses are deferred and amortised over the coverage period of the group of insurance contracts and recorded as part of the Insurance Service Result in the Statement of Comprehensive Income.

## h) Loss components

The Company assumes that no contracts are onerous at initial recognition unless facts and circumstances indicate otherwise. Where this is not the case, and if at any time during the coverage period, the facts and circumstances mentioned above indicate that a group of insurance contracts is onerous, the Company establishes a loss component as the excess of the fulfilment cash flows that relate to the remaining coverage of the group over the carrying amount of the liability for remaining coverage of the group. Accordingly, by the end of the coverage period of the group of contracts the loss component will be zero.

### Loss-recovery components

As described in the Reinsurance contracts held – initial measurement note, where the Company recognises a loss on initial recognition of an onerous group of underlying insurance contracts, or when further onerous underlying insurance contracts are added to a group, the Company establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the expected recovery of the losses.

A loss-recovery component is subsequently reduced to zero in line with reductions in the onerous group of underlying insurance contracts in order to reflect that the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the entity expects to recover from the group of reinsurance contracts held.

## i) Insurance and reinsurance finance income and expenses

Insurance and reinsurance finance income or expenses comprise the change in the carrying amount of the group of insurance and reinsurance contracts arising from:

- The effect of the time value of money and changes in the time value of money; and
- The effect of financial risk and changes in financial risk.

The company does not disaggregate finance income and expenses between profit or loss and other comprehensive income.

### Discount rates

Insurance contract liabilities are calculated by discounting expected future cash flows at a risk free rate, plus an illiquidity premium. Risk free rates are determined by reference to the yields of highly liquid AAA-rated sovereign securities in the currency of the insurance contract liabilities. The illiquidity premium is determined by reference to observable market rates.

## j) Cash and cash equivalent

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

## k) Other receivables

Trade receivables are recognised initially at fair value less any transaction costs. After initial measurement, trade receivables are measured at amortised costs less any allowance for impairment. Collectability of trade receivables is reviewed on an on-going basis. Individual debts that are known to be uncollectible are written off when identified.

Impairment recognition under AASB 9 is based on an expected credit loss model which requires impairment losses to reflect the following principles:

- a probability-weighted outcome
- the time value of money
- any reasonable and supportable information, including that which is forward-looking.

Impairments are recognised on a 12-month expected credit loss (ECL) basis if there has been no significant increase in credit risk since initial recognition of the financial instrument, and lifetime ECL if there has been a significant increase in credit risk.

## **I) Financial assets**

### *Initial recognition and measurement*

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments, as well as the Solely Payments of Principal and Interest test (SPPI).

Financial instruments are initially recognised on the trade date measured at their fair values. As part of its investment strategy, the Company actively manages its investment portfolio to ensure that investments mature in accordance with the expected pattern of future cash flows arising from general insurance liabilities.

### *Measurement categories*

The Company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms as follows:

#### **Interest bearing investments measured at amortised cost**

Interest bearing investments are held at amortised cost if both of the following conditions are met:

- The instruments are held within a business model with the objective of holding the instrument to collect the contractual cash flows
- The contractual terms of the interest-bearing investments give rise on specified dates to cash flows that are SPPI on the principal amount outstanding

The details of these conditions are outlined below.

#### **Business model assessment**

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Company holds financial assets to generate returns and provide a capital base to provide for settlement of claims as they arise. The Company considers the timing, amount, and volatility of cash flow requirements to support insurance liability portfolios in determining the business model for the assets as well as the potential to maximise return for shareholders and future business development.

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios that is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Company's key management personnel
- The risks that affect the performance of the business model (and the financial assets held within that business model) and the way those risks are managed
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)
- The expected frequency, value and timing of asset sales are also important aspects of the Company's assessment

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

### **The Solely Payments of Principal and Interest (SPPI) test**

As a second step of its classification process, the Company assesses the contractual terms to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within the interest bearing investment arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

### **Reclassification of financial assets and liabilities**

The Company does not reclassify its financial assets after their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line.

### **Transfer of control**

The Company considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Company has neither transferred nor retained substantially all of the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Company's continuing involvement, in which case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Company could be required to pay. When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership.

All financial assets including investments are carried at amortised cost.

### **m) Recognition of interest income**

Under AASB 9, interest income is recorded using the effective interest rate (EIR) method for all financial assets measured at amortised cost.

Interest income comprises amounts calculated using the effective interest method and other methods. These are disclosed separately on the face of the income statement.

For interest income calculated using the effective interest method, the Company only includes interest earned on financial instruments measured at amortised cost.

### **n) Depreciation**

Property, plant and equipment and right-of-use assets are initially recorded at cost which is the fair value of consideration provided plus incidental costs directly attributable to the acquisition. Depreciation is calculated using the straight line method to allocate the cost of assets less any residual value over the estimated useful economic life.

The economic life periods used for depreciation are:

Item	31 December 2025	31 December 2024
Office furniture and fixtures	4 - 20 years	4 - 20 years
Computer software	1 - 5 years	1 - 5 years
Computer hardware	1 - 15 years	1 - 15 years
Office equipment	1 - 20 years	1 - 20 years
Right-of-use assets	1 - 15 years	1 - 15 years

The carrying amounts of property, plant and equipment and right-of-use assets are reviewed each reporting date. If any impairment is indicated or exists, the item is tested for impairment by comparing the recoverable amount of the asset to the carrying value.

Where an existing carrying value exceeds the recoverable amount, the difference is recognised in the Statement of Comprehensive Income. The net gain or loss on the disposal is recognised in the Statement of Comprehensive Income and is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds.

Right-of-use (ROU) assets are recognised in accordance with AASB 16 (i.e. present value of future lease payments over the term of the agreement). They are depreciated using the straight-line method to allocate the cost of assets less any residual value over the estimated useful economic life.

### o) Other payables

Other payables are carried at cost, which is the fair value of the expenses not directly attributable to insurance services to be paid in the future for goods and services received. The amounts are discounted where the effect of the time value of money is material.

### p) Provisions for employee benefits

Provisions are made for the Company's liabilities for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with entitlements arising from wages and salaries, annual leave and long service leave which will be settled after one year, have been measured at the amounts expected to be paid when the liability is settled. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

If the effect of the time value of money is material, provisions are discounted using a current rate that reflects the risks specific to the liability.

### q) Income tax and other taxes

#### Income tax

Income tax expense for a reporting period comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax expense is the change in deferred tax assets and liabilities between the reporting periods.

Deferred tax assets and liabilities are recognised using the liability method for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts for taxation purposes, except in the following circumstances when no deferred tax asset or liability is recognised:

- Temporary differences if they arose in a transaction, other than a business combination, that at the time of transaction did not affect either accounting profit or taxable profit or loss;

- Temporary differences relating to the initial recognition of goodwill; and
- Temporary differences between the carrying amount and tax bases of investments in subsidiaries branches and associates, and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

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

### **Goods and Services Tax (GST)**

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

- When the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.
- Receivables and payables, which are stated inclusive of GST. Cash flows are included in the cash flow statement on a gross basis.

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

### **BEPS Pillar 2**

The OECD has developed a global minimum tax framework under the Global Anti Base Erosion (GloBE) rules, designed to ensure that multinational groups are subject to a minimum effective tax rate of 15% in each jurisdiction in which they operate.

Australia has enacted legislation implementing these rules, including a 15% domestic minimum top up tax and income inclusion rule applying for income years commencing on or after 1 January 2024, and an undertaxed profits rule applying for income years commencing on or after 1 January 2025. Similar legislation has been enacted or is being enacted in other jurisdictions. The application of these rules may increase the Group's tax compliance obligations and, depending on jurisdictional effective tax rates, may result in additional tax liabilities.

IAS 12 Income Taxes mandates that as a temporary exception to the standard's requirements, entities shall neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes. The Company (consistent with Japan Head Office) has applied this exception and has not yet assessed the potential deferred tax impact of Pillar Two income taxes.

For the period ended 31 December 2025, the Company had no current tax exposure related to Pillar Two legislation effective at the reporting date on the basis that the effective tax rate is above 15%.

### **r) Lease liabilities**

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at inception date and whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset even if that right is not explicitly specified in an arrangement.

At the commencement date of a lease, the Company recognises a liability to make lease payments (i.e. the present value of lease payments over the term of the agreement). Interest is accrued monthly and the lease liability is reduced each time a payment is made. The Company is also required to remeasure the lease liability upon the occurrence of a lease variation (e.g., a change in the lease term, a change in future lease payments, etc.). The Company generally recognises the amount of the remeasurement of the lease liability as an adjustment to the ROU asset.

### s) Contributed equity

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

## 3. Significant accounting judgements, estimates and assumptions

In the process of applying the significant accounting policies, certain critical accounting estimates and assumptions are used and certain judgements are made.

The estimates and related assumptions are based on experience and other factors that are considered to be reasonable, the results of which form the basis for judgements about the carrying values of assets and liabilities. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods if relevant.

The areas where the estimates and assumptions involve a high degree of judgement or complexity and are considered significant to the financial statements are noted below:

### a) Insurance and reinsurance contracts

The Company applies the PAA to simplify the measurement of insurance contracts. When measuring liabilities for remaining coverage, the PAA is broadly similar to the Company's previous accounting treatment under AASB 1023. The Company continues to discount all cash flows that are expected to occur after the date on which the claims are incurred and includes an explicit risk adjustment for non-financial risk.

### b) Insurance acquisition cash flows

Insurance acquisition cash flows are cash flows arising from the costs of selling, underwriting, and starting a group of insurance contracts.

The Company allocates the acquisition cash flows to groups of insurance contracts issued or expected to be issued using a systematic and rational basis. Insurance acquisition cash flows include those that are directly attributable to a group and to future groups that are expected to arise from renewals of contracts in that group.

### c) Onerous groups

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

### d) Time value of money

For all insurance product lines, the Company adjusts the carrying amount of the liability for incurred claims to reflect the time value of money and the effect of financial risk using discount rates that reflect the characteristics of the cash flows of the group of insurance contracts at initial recognition.

### e) Liability for incurred claims

The liability for incurred claims is determined by the Appointed Actuary and is estimated using a range of standard actuarial claims projection techniques, such as Chain Ladder and Bornheutter-Ferguson methods. The main assumption underlying these techniques is that a Company's past claims development experience can be used to project future claims development and hence ultimate claims costs. These methods extrapolate the development of paid and incurred losses, average costs per claim (including claims handling costs), and claim numbers based on the observed development of earlier years and expected loss ratios.

Historical claims development is mainly analysed by accident years but are also further analysed by significant business lines and claim types. Catastrophes are separately projected to reflect their future development. In most cases, no explicit assumptions are made regarding future loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based.

Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, (e.g., to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the probability weighted expected value outcome from the range of possible outcomes, taking account of all the uncertainties involved.

Some of the insurance contracts that have been written in the Motor Vehicle line of business permit the Company to sell property acquired in settling a claim. The Company also has the right to pursue third parties for payment of some or all costs. Estimates of salvage recoveries and subrogation reimbursements are considered as an allowance in the measurement of ultimate claims costs.

Other key circumstances affecting the reliability of assumptions include variation in interest rates, delays in settlement.

#### f) Discount rates

Liabilities for Incurred Claims are calculated by discounting expected future cash flows at a risk free rate, plus an illiquidity premium. Risk free rates are determined by reference to the yields of highly liquid AAA-rated sovereign securities in the currency of the insurance contract liabilities. The illiquidity premium is determined by reference to observable market rates. Discount rates applied for discounting of future cash flows are listed below:

	1 year		3 years		5 years		10 years	
	2025	2024	2025	2024	2025	2024	2025	2024
Discount rate used for Retail Portfolio	4.20%	4.24%	4.68%	4.15%	5.18%	4.81%	5.68%	5.44%
Discount rate used for Commercial	4.26%	4.31%	4.80%	4.28%	5.29%	4.91%	5.71%	5.54%

#### g) Risk adjustment for non-financial risk

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

The Company has adopted a profit margin approach whereby the compensation for non-financial risk is based on the long-term target profit margin and corresponding target loss ratio (including Claims Handling Expenses). The chosen approach results in a probability of sufficiency at 62.5%.

That is, the Company has assessed its indifference to uncertainty for all product lines (as an indication of the compensation that it requires for bearing non-financial risk) as being equivalent to the confidence level of 62.6%, less the mean of an estimated probability distribution of the future cash flows. For LFIC, the Company has estimated the probability distribution of the future cash flows, and the additional amount above the expected present value of future cash flows required to meet the requirements of bearing non-financial risk.

Estimates of reinsurance and other recoveries are also determined using the above methods. In addition, the recoverability of these assets is assessed on a periodic basis to ensure that the balance is reflective of the amounts that will ultimately be received taking into consideration factors such as credit risk.

#### h) Assets for insurance acquisition cash flows

The Company applies judgement in determining the inputs used in the methodology to systematically and rationally allocate insurance acquisition cash flows to groups of insurance contracts. This includes judgements about the amounts allocated to insurance contracts expected to arise from renewals of existing insurance contracts in a group and the volume of expected renewals from new contracts issued in the period.

At the end of each reporting period, the Company revisits the assumptions made to allocate insurance acquisition cash flows to groups and where necessary revises the amounts of assets for insurance acquisition cash flows accordingly.

#### **i) Impairment losses on financial assets**

The measurement of impairment losses under AASB 9 across relevant financial assets requires judgement for the estimation of the amount and timing of future cash flows when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by the outcome of modelled ECL scenarios, and the relevant inputs used.

#### **j) Deferred tax assets**

The Company has recognised deferred tax assets relating to carried forward tax losses to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority against which the unused tax losses can be utilised. However, utilisation of the tax losses also depends on the ability of the Company to satisfy certain tests at the time the losses are recouped. If the Company fails to satisfy the tests, carried forward losses that are currently recognised as deferred tax asset would have to be written off to income tax expense.

## **4. Division information**

For management purposes, the Company is organised into business units based on their products and has two reportable operating divisions as follows:

- Retail Division offers retail general insurance products. The products offered include motor vehicle insurance, motor vehicle gap insurance, consumer credit insurance and extended warranty on motor vehicles.
- Commercial Division offers general insurance products for commercial purposes. The products offered include commercial motor vehicle, property, public liability, professional indemnity, householders and casualty insurance.

## **5. Risk Management Framework**

The Company has established principles of sound risk governance for the ownership, management, and oversight of risks. The Board of Directors (The Board) is ultimately responsible for the Company's Risk Management Framework (RMF) and oversees its implementation by management. The Board's responsibilities include:

- a) Setting the Risk Appetite within which it expects management to operate and approves the Company's Risk Appetite Statement (RAS) and Risk Management Strategy (RMS)
- b) Evaluating the risk culture of the Company, to determine whether it supports the Company's ability to operate within its Risk Appetite, identify necessary adjustments to risks and effectively monitor and manage all material risks in alignment with the strategic objectives, RAS and policies approved by the Board
- c) Ensuring that the operational structure of the Company facilitates effective risk management
- d) Approving policies and processes for risk-taking that align with the RMS and established Risk Appetite
- e) Allocating sufficient resources to support risk management; and
- f) Recognising the uncertainties, limitations and assumptions associated with the measurement of each material risk.

The Board has delegated certain risk management responsibilities to various subcommittees, as outlined in each subcommittee's Charter. Additionally, the Board has delegated certain responsibilities to the Executive Leadership Team, which are detailed in the Executive Team job descriptions.

The RAS is a Board-defined statement which sets out the nature and level of risk that the Company is willing to take in pursuit of its objectives. The RAS is a key component of the RMS which outlines how the RMF is operationalised.

Each year the Board certifies to APRA that adequate strategies have been implemented to monitor material risks, and that appropriate systems and resources are in place to identify, measure, evaluate, monitor, report and control or mitigate those risks, including compliance with legislative and prudential requirements. The Board also confirms satisfaction with compliance with the RMS and ReMS.

The RAS, RMS and ReMS are reviewed and updated annually (or more frequently if required) and are approved by the Board. Any material changes are Submitted to APRA. In addition, a rolling four-year rolling business plan and capital management plan are submitted to APRA after each annual review or when material changes occur.

The Company also maintains a Recovery and Exit Plan (REP), as required by APRA Prudential Standard CPS 190 (Recovery and Exit Planning). The REP outlines recovery strategies in the event of distress and exit strategies if the recovery efforts fail. The REP reviewed and updated at least every three years and is provided to APRA as required by CPS 190.

### **Risk Management Approach**

The Company adopts the following approach to fully understand its internal and external environment, the risks that are inherent to its business operations and how these risks are managed, monitored, and reported. This approach is applied to all core business activities, material business planning and decision-making.

- 1. Identification of Risks:** Risks are identified through consultation with key stakeholders, as part of the strategic planning process and in response to any proposed material changes to the business.
- 2. Risk assessment:** The likelihood and consequence of each risk are assessed (e.g., the impact on customers, finances, reputation, regulatory compliance and internal operations). The inherent risk is determined, and controls are identified to manage it. Once controls are implemented, the risk level is reassessed, known as the residual risk.
- 3. Evaluate:** After identifying and assessing the risks, they are evaluated in alignment with the Board RAS and Board approved policies and procedures. Evaluation involves using controls, capital management, recovery plans, and addressing conflicts of interest, among other tools.
- 4. Implementation:** Policies, procedures, and systems are developed to support the RMS. The primary implementation strategy involves the execution of appropriate controls having regard for the risk appetite, the size, business mix and complexity of the organisation.
- 5. Monitoring:** Controls are monitored to ensure the effective management of risks. Monitoring activities include incident reviews, self-assessment of control performance, risk monitoring reviews and in-depth assessments conducted by second line of defense and specialists' oversight key risk exposures.
- 6. Report and Review:** Risks are regularly reviewed and reported to the Board, Board Committees and Management Committees on a timely basis.

### **Risk and Control Self Assessments (RCSA)**

The Company performs Risk and Control Self-Assessments (RCSA) to identify and effectively manage material risks to which it is exposed, as well as controls in place to mitigate those risks. The RCSA process is a key component of how the Company manages, monitors, and reports on risks, controls, and control improvements.

The RCSA process is conducted at least annually or as required in the event of a material business change or external events. The results of the RCSA review are reported to the Risk and Compliance Committee.

Key risks faced by the Company affecting its financial condition are discussed below.

#### **a) Financial Risk**

Financial Risk is defined as the risk that is associated with the uncertainty of returns and the potential for financial loss (refer to 6. Financial Risk Management).

#### **b) Insurance Risk**

Insurance Risk is defined as risk associated with the provision of insurance and the returns of insurance products. Insurance contracts transfer risk to the insurer by indemnifying the policyholder against adverse events. The risk inherent in the insurance contract is the uncertainty of claims and amounts paid which may exceed amounts estimated at the time the product was designed and priced.

The Company has a Product & Underwriting Committee to develop and oversee its underwriting strategy to diversify the type of insurance risks accepted within each of these categories in order to achieve a sufficiently large population of risks to reduce the variability of the expected outcome. The following protocols have been established to manage insurance risk:

1. *Premium risk*: The pricing and selection of risks for each class of business is controlled by underwriting rules and the results are analysed by the Appointed Actuary during the actuarial review.
2. *Concentration of insurance risk*: The Company's exposure to concentrations of insurance risk is mitigated by a robust catastrophe reinsurance programme which limits the financial impact of its exposure to any single event or any single risk.
3. *Terms and conditions of insurance contracts*: There are no special terms and conditions in any non-standard contracts that have a material impact on the financial statements.
4. *Claims management and provisioning*: The Company has established systems to capture, review and update claims estimates on a timely basis to ensure the adequacy of its liability for incurred claims.

#### Sensitivity analysis

The impact on the profit or loss to changes in key actuarial assumptions are summarised below. Each change has been calculated in isolation of the other changes and is gross and net of reinsurance recoveries.

#### Financial year 2025

Variable	Movement	Gross of Recoveries \$'000	Net of Recoveries \$'000	Equity \$'000
Recognised amounts per the financial statements		<b>163,774</b>	<b>70,228</b>	<b>113,486</b>
Claim Inflation	+ 50 basis points	415	96	287
Discount Rate	+ 50 basis points	-409	-94	-283
Claims Handling Expense	+ 50 basis points	737	788	511
Risk Adjustment	+ 50 basis points	723	331	501

#### Financial year 2024

Variable	Movement	Gross of Recoveries \$'000	Net of Recoveries \$'000	Equity \$'000
Recognised amounts per the financial statements		<b>110,285</b>	<b>51,914</b>	<b>99,798</b>
Claim Inflation	+ 50 basis points	1,393	315	1,261
Discount Rate	+ 50 basis points	(1,406)	(312)	(1,273)
Claims Handling Expense	+ 50 basis points	498	654	451
Risk Adjustment	+ 50 basis points	489	244	442

An increase in the claim inflation, claims handling expense and risk adjustment would result in an increase in the insurance contract liabilities, therefore reducing equity. Whilst an increase in the discount rate would have the opposite affect of reducing the insurance contract liabilities and increasing equity.

#### c) Operational Risk

All businesses face operational risk while pursuing their objectives. Operational Risk is defined as risk associated with the financial loss resulting from inadequate or failed internal processes, people, and systems or from external events (including legal risk). While the Company cannot expect to eliminate all operational risks, it aims to manage these by implementing an appropriate control framework, monitoring potential risks, and responding effectively to minimise exposure.

As outlined in the Board approved Risk Management Strategy, Operational Risks are identified, assessed, evaluated and managed through policies and procedures. These risks are monitored, reported and reviewed on an ongoing basis.

Management and staff are responsible for identifying, assessing and managing operational risks in line with their roles and responsibilities. The Company also has a designated Risk, Audit & Compliance function that monitors processes and procedures involving the management of operational risk, as well as a dedicated Operational Risk Team to meet the requirements of APRA Prudential Standard CPS230.

Key residual risks from the above processes are monitored by the Board Risk and Compliance Committee.

#### d) Strategic Risk

Strategic Risk is defined as risks associated with the risk internal or external factors comprise the Company's ability to execute strategy and achieve strategic objectives, and includes Partnership Risk, Strategy Formation Risk, Group Risk and Competitive Risk.

The Company is focused on achieving profitable growth through innovation to meet the needs of customers, delivering expertise and insights that enhance customer experience and protect the brand.

The Company has a moderate appetite for risks arising from external and internal factors that may disrupt its strategy. As result Management actively seeks and manages such risks.

Management and staff are responsible for identifying, assessing and managing strategic risks in accordance with their roles and responsibilities. The Company also has a designated Risk, Audit & Compliance function that monitors processes and procedures related to strategic risk.

## 6. Financial Risk Management

The operating activities of the Company may expose it to investment, liquidity and credit financial risks.

#### a) Market and Investment Risk

Investment risk is the probability that an actual return on investment will be lower than the expectation. The types of investment risk that may affect the operating activities of the Company are discussed below:

1. *Currency risk*: currency risk is the risk of loss arising from an unfavourable movement in market rates. The Company's insurance contracts and financial assets and liabilities are not exposed to currency risk.
2. *Interest rate risk*: interest rate risk is the risk that the fair value or future cash flows of a financial instrument or insurance contract or reinsurance contract will fluctuate because of changes in market interest rates.

The Company's investments are exposed to changes in interest rates on maturity, with adverse effects when interest rates are reducing.

There is no direct contractual relationship between financial assets and insurance contracts. However, the Company's policy of investing in assets backing insurance liabilities, primarily in fixed interest securities, is broadly aligned to the expected payment pattern of the insurance liabilities.

Movements in investment income on assets backing insurance liabilities broadly offset the impact of movements in discount rates on the insurance liabilities. The Bank Bill Swap rates (BBSW) and the cash rate serves as a benchmark for the interest rate the Company is exposed to by financial institutions.

#### Sensitivity analysis

The impact from the measurement of the investments, cash and cash equivalents held at reporting date of a change in interest rates at reporting date on profit after tax is shown in the table below:

Year	Increase / decrease in basis points	Sensitivity of the input to fair value
2025	1.00%	2,374
	-1.00%	(2,374)
2024	1.00%	2,037
	-1.00%	(2,037)

## b) Credit Risk

Credit risk is the risk of loss from a counterparty to a financial instrument, insurance contract issued in an asset position or reinsurance contract held, will cause a financial loss for the other party by failing to meet their financial obligations.

The Company's credit risk arises predominantly from insurance contracts issued, reinsurance and investing activities. The Company's credit risk is minimised as it holds investments that have a minimum Standard & Poor credit rating of BBB.

The level of assets invested in individual counterparties and the level of reinsurance cover entered into with individual reinsurers is sufficiently diversified so as to avoid a concentration charge in the regulatory capital calculation.

### *Credit risk exposure*

#### - *Premium receivable*

The maximum exposure to credit risk as at reporting date is the carrying amount of the Insurance Contract Liabilities on the Statement of Financial Position.

The majority of the underlying specific receivables relate to policies which are paid on a monthly instalment basis. It is important to note that the late payment of amounts due under such arrangements allows for the cancellation of the related insurance contract eliminating both the credit risk and insurance risk for the unpaid amounts. Upon cancellation of a policy the outstanding premium receivable and revenue is reversed.

#### - *Reinsurance amounts recoverable on incurred claims*

Reinsurance arrangements mitigate insurance risk but expose the Company to credit risk. Reinsurance is placed with companies based on an evaluation of the financial strength of the reinsurers, terms of coverage and price.

The Company monitors the financial condition of its reinsurers on an on-going basis and periodically reviews the reinsurers' ability to fulfil their obligations under respective existing and future reinsurance contracts.

The level and quality of reinsurance protection is an important element in understanding the financial strength of an insurer. The financial condition of a reinsurer is a critical deciding factor when entering into a reinsurance agreement. It is the Company's policy to only deal with reinsurers with credit ratings of at least Standard & Poor's A- (or other rating agency equivalent). Where the credit rating of a reinsurer falls below the required quality during the period of risk, a contractual right to replace the counterparty exists.

Having reinsurance protection with strong reinsurers also benefits the Company in its regulatory capital calculations. The risk charges vary with the grade of the reinsurers such that higher credit quality reinsurance counterparties incur lower APRA regulatory capital charges. No separate provision for impairment has been recognised for the reinsurance recoveries on outstanding balance.

The following table illustrates the credit risk exposure of the Company:

	A- and Above	B- to BBB+	Customers	Total
2025	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	53,949	-	-	53,949
Premium receivables within Insurance contract liabilities	-	-	172,422	172,422
Reinsurance and other recoveries receivable	101,297	-	-	101,297
Investments	117,500	33,000	-	150,500
<b>Net exposure</b>	<b>272,746</b>	<b>33,000</b>	<b>172,422</b>	<b>478,168</b>

  

	\$'000	\$'000	\$'000	\$'000
2024	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	58,178	-	-	58,178
Premium receivables within Insurance contract liabilities	-	-	124,460	124,460
Reinsurance and other recoveries receivable	75,650	-	-	76,650
Investments	145,500	-	-	145,500
<b>Net exposure</b>	<b>279,329</b>	<b>-</b>	<b>124,460</b>	<b>403,789</b>

There are no financial assets which are past due or impaired at 31 December 2025.

### c) Liquidity Risk

Liquidity risk is the risk that the Company may not have sufficient cash resources to meet its obligations as they fall due, including those arising from insurance liabilities and other payment commitments, without adversely affecting its day-to-day operations or financial position. Liquidity facilitates the ability to meet expected and unexpected requirements for cash. Maintaining adequate liquidity ensures the Company is able to meet both expected and unexpected cash outflows. To manage and mitigate liquidity risk, the Company has established the following policies and practices:

- A formal liquidity risk policy defining the Company's approach to identifying, assessing and managing liquidity risk. This policy is reviewed regularly to ensure it remains appropriate in light of changes in the business and external environment.
- Investment of funds in products with maturities of 12 months or less to ensure availability of liquid assets.
- Maintenance of a \$7.5 million security deposit with ANZ, which operates as a line of credit, noting that it may be terminated, cancelled or withdrawn at any time.
- Ensuring banking facilities are held with institutions rated no lower than S&P BBB (S&P Short-Term Issuer Credit Rating) or an equivalent rating.
- Structuring investment maturities to occur on a regular basis, enabling the Company to meet cash requirements as they arise.

Following is the undiscounted maturity of Insurance, Reinsurance and other Financial Assets and Financial Liabilities:

2025	< 6 Months \$'000	6-12 Months \$'000	1-5 Years \$'000	> 5 Years \$'000	Total \$'000
<b>Financial Assets</b>					
Cash and cash equivalents	53,949				53,949
Premium receivables within Insurance contract liabilities	143,948	28,474			172,422
Reinsurance and other recoveries receivable	56,900	19,075	41,920	745	118,640
Investments	150,500				150,500
	<b>405,297</b>	<b>47,549</b>	<b>41,920</b>	<b>745</b>	<b>495,511</b>
<b>Financial Liabilities</b>					
Other payables	14,045	-	-	-	14,045
Liability for incurred claims	123,529	22,796	29,470	591	176,386
Lease liabilities	772	704	2,739	-	4,215
	<b>138,345</b>	<b>23,500</b>	<b>32,209</b>	<b>591</b>	<b>194,646</b>
<b>Net maturity</b>	<b>266,952</b>	<b>24,049</b>	<b>9,711</b>	<b>154</b>	<b>300,865</b>

2024	< 6 Months \$'000	6-12 Months \$'000	1-5 Years \$'000	> 5 Years \$'000	Total \$'000
<b>Financial Assets</b>					
Cash and cash equivalents	58,179	-	-	-	58,179
Premium receivables within Insurance contract liabilities	99,250	25,210	-	-	124,460
Reinsurance and other recoveries receivable	68,847	13,393	19,632	615	102,487
Investments	145,500	-	-	-	145,500
	<b>371,776</b>	<b>38,603</b>	<b>19,632</b>	<b>615</b>	<b>430,626</b>
<b>Financial Liabilities</b>					
Other payables	16,290	-	-	-	16,290
Liability for incurred claims	84,916	17,110	24,049	754	126,829
Lease liabilities	772	646	2,493	-	3,911
	<b>101,978</b>	<b>17,755</b>	<b>26,542</b>	<b>754</b>	<b>147,030</b>
<b>Net Maturity</b>	<b>269,798</b>	<b>20,848</b>	<b>(6,910)</b>	<b>(139)</b>	<b>283,596</b>

#### d) Capital Risk

Capital Risk is defined as the risk of not having sufficient capital to meet obligations to policy holders.

For the purposes of Company's capital management, capital includes authorised/fully-paid capital attributable to the parent. APRA requires the Company to set a capital target which is high enough to withstand temporary stresses and which will give the Company adequate lead time to take corrective actions should the Company's target be breached. The Company has therefore implemented an Internal Capital Adequacy Assessment Process (ICAAP) which links the capital target to the Company's risk profile, assesses the risk to capital from existing material risks and potential risks from future business strategies and ensures that actions can be taken to minimise the impact of these risks. The Company is in compliance with its capital requirements set by APRA.

The Company's solvency is forecasted annually and more rigorous monitoring and analysis of the underlying causes will be undertaken if the solvency is forecasted to be lower than the capital target in order to determine the relevant corrective actions to take. Corrective action includes adjusting premium pricing and underwriting criteria, changing the reinsurance programme or requesting additional capital from its parent Aioi Nissay Dowa Insurance Co., Ltd.

## 7. Insurance Service Result

(a) Insurance Revenue			
2025			
	Retail \$'000	Commercial \$'000	TOTAL \$'000
Contracts Measured under the PAA	339,611	110,536	450,147
<b>Total insurance revenue</b>	<b>339,611</b>	<b>110,536</b>	<b>450,147</b>
2024			
	Retail \$'000	Commercial \$'000	TOTAL \$'000
Contracts Measured under the PAA	265,555	105,820	371,375
<b>Total insurance revenue</b>	<b>265,555</b>	<b>105,820</b>	<b>371,375</b>
(b) Insurance Service Expense			
2025			
	Retail \$'000	Commercial \$'000	TOTAL \$'000
Incurring claims and other attributable expenses	(349,327)	(145,438)	(494,765)
Amortisation of insurance acquisition cash flows	(52,500)	(2,142)	(54,642)
Losses on onerous contracts and reversals of those losses	(1,564)	802	(762)
Changes to liabilities for incurred claims	84,249	50,165	134,414
<b>Total insurance service expense</b>	<b>(319,142)</b>	<b>(96,613)</b>	<b>(415,755)</b>
<b>Insurance service result before reinsurance contracts held</b>	<b>20,469</b>	<b>13,923</b>	<b>34,392</b>
2024			
	Retail \$'000	Commercial \$'000	TOTAL \$'000
Incurring claims and other attributable expenses	(246,959)	(94,993)	(341,952)
Amortisation of insurance acquisition cash flows	(40,271)	(1,912)	(42,183)
Losses on onerous contracts and reversals of those losses	162	(802)	(640)
Changes to liabilities for incurred claims	33,102	24,946	58,048
<b>Total insurance service expense</b>	<b>(253,966)</b>	<b>(72,761)</b>	<b>(326,727)</b>
<b>Insurance service result before reinsurance contracts held</b>	<b>11,589</b>	<b>33,059</b>	<b>44,648</b>

**(c) Allocation of reinsurance premiums****2025**

	<b>Retail \$'000</b>	<b>Commercial \$'000</b>	<b>TOTAL \$'000</b>
Contracts Measured under the PAA	(8,389)	(82,569)	(90,958)
<b>Total Contracts Measured under PAA</b>	<b>(8,389)</b>	<b>(82,569)</b>	<b>(90,958)</b>

**2024**

	<b>Retail \$'000</b>	<b>Commercial \$'000</b>	<b>TOTAL \$'000</b>
Contracts Measured under the PAA	(7,547)	(79,571)	(87,118)
<b>Total Contracts Measured under PAA</b>	<b>(7,547)</b>	<b>(79,571)</b>	<b>(87,118)</b>

**(d) Amounts recoverable from reinsurers for incurred claims****2025**

	<b>Retail \$'000</b>	<b>Commercial \$'000</b>	<b>TOTAL \$'000</b>
Contracts Measured under the PAA	(8)	72,348	72,340
<b>Total Amounts recoverable from reinsurers for incurred claims</b>	<b>(8)</b>	<b>72,348</b>	<b>72,340</b>
<b>Net revenue/(expense) from reinsurance contracts held</b>	<b>(8,397)</b>	<b>(10,221)</b>	<b>(18,618)</b>
<b>Insurance Service Result</b>	<b>12,072</b>	<b>3,702</b>	<b>15,774</b>

**2024**

	<b>Retail \$'000</b>	<b>Commercial \$'000</b>	<b>TOTAL \$'000</b>
Contracts Measured under the PAA	(13)	51,794	51,781
<b>Total Amounts recoverable from reinsurers for incurred claims</b>	<b>(13)</b>	<b>51,794</b>	<b>51,781</b>
<b>Net revenue/(expense) from reinsurance contracts held</b>	<b>(7,560)</b>	<b>(27,778)</b>	<b>(35,338)</b>
<b>Insurance Service Result</b>	<b>4,029</b>	<b>5,281</b>	<b>9,310</b>

## 8. Total Investment income and insurance and reinsurance finance income/(expense)

	2025 \$'000	2024 \$'000
Interest revenue calculated using the effective interest method	10,468	9,740
<b>Total investment income</b>	<b>10,468</b>	<b>9,740</b>
Insurance finance Income/(expenses) from insurance contracts issued	66	10
Reinsurance finance expense for reinsurance contracts held	(58)	(8)
<b>Total insurance and Reinsurance finance income/(expenses) from insurance and reinsurance contracts issued</b>	<b>8</b>	<b>2</b>

## 9. Fee and other income

	2025 \$'000	2024 \$'000
Management fee income	69	-
Other administration fee income	562	54
<b>Total fee and other income</b>	<b>631</b>	<b>54</b>

## 10. Other expenses

	2025 \$'000	2024 \$'000
Staff expenses	32,782	31,180
Superannuation	3,142	2,877
Travel expenses	456	222
Office expenses	1,493	1,605
Professional fees and membership expenses	4,373	4,691
Information technology expenses	5,821	7,107
Depreciation of property, plant and equipment	396	348
Depreciation of right-of-use leased assets	1,249	1,356
Finance costs	243	320
Other expenses	3,034	4,265
<b>Total expenses</b>	<b>52,989</b>	<b>53,971</b>
Amount attributable to insurance service expense	(45,482)	(45,411)
<b>Total other expenses</b>	<b>7,507</b>	<b>8,560</b>

## 11. Income tax expense

The major components of income tax expense for the years ended 31 December are:  
Income Statement

	2025 \$'000	2024 \$'000
<b>(a) Current tax year charge</b>		
<b>Current income tax:</b>		
Current income tax charge	5,976	6,590
Adjustments in respect of current income tax of previous year	521	521
<b>Total current tax</b>	<b>6,497</b>	<b>7,111</b>
<b>Deferred tax:</b>		
Origination of temporary differences	(352)	(3,560)
Adjustments in respect of deferred tax of previous year	(459)	(521)
<b>Total deferred tax</b>	<b>(811)</b>	<b>(4,081)</b>
<b>Total income tax expense/(credit)</b>	<b>5,686</b>	<b>3,030</b>
<b>(b) Reconciliation of tax charge</b>		
Accounting profit/(loss) before tax from continuing operations	19,374	10,546
At statutory income tax rate of 30%	5,812	3,164
Adjustments in respect of previous years income tax	62	-
Other permanent adjustments	(188)	(134)
<b>Total tax charge for the year</b>	<b>5,686</b>	<b>3,030</b>



## Deferred Tax

Deferred tax relates to the following:

	Statement of Financial Position		Statement of Comprehensive Income	
	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
Asset depreciation and disposals for tax purposes	(1,718)	(975)	743	309
Lease liabilities	1,712	991	(720)	(286)
Insurance Contract Liabilities	2,302	1,482	(820)	(2,118)
Other payables	3,247	3,449	202	(1,888)
Income Tax Payable	-	-	-	-
Employee benefits provision	2,257	2,199	(58)	(956)
Carried forward tax losses	-	-	-	905
Transitional adjustments	(316)	(474)	(158)	474
<b>Deferred tax expense/(income)</b>			<b>(811)</b>	<b>(3,560)</b>
<b>Net deferred tax assets/(liabilities)</b>	<b>7,484</b>	<b>6,673</b>		

	2025 \$'000	2024 \$'000
<b>Reconciliation of deferred tax assets net</b>		
<b>Opening balance</b>	<b>6,673</b>	<b>3,113</b>
Tax income/(expense) during the period recognised in Statement of Comprehensive Income	352	3,039
Prior year adjustment	459	521
<b>Closing balance as at 31 December</b>	<b>7,484</b>	<b>6,673</b>

## 12. Cash and cash equivalents

	2025 \$'000	2024 \$'000
Cash at bank	10,449	14,678
Short-term deposits	43,500	43,500
<b>Total cash and cash equivalents</b>	<b>53,949</b>	<b>58,178</b>

## 13. Other receivables

	2025 \$'000	2024 \$'000
Accrued investment income	2,254	1,903
Sundry debtors	10,284	11,555
<b>Total trade and other receivables</b>	<b>12,538</b>	<b>14,458</b>

For the maturity profile, please refer to Note 6c.

## 14. Investments

	2025 \$'000	2024 \$'000
<b>Investments at amortised cost</b>		
Interest bearing investments	183,500	145,500
<b>Total investments at amortised cost</b>	<b>183,500</b>	<b>145,500</b>

The Company holds investments with maturity expected to be realised within 12 months. The investments are held within a business model with the objective of holding the instrument to collect the contractual cash flows.

The contractual terms of the investments give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

## 15. Insurance and Reinsurance contracts

	2025			2024		
	Assets	Liabilities	Net	Assets	Liabilities	Net
<b>Total insurance contracts</b>		<b>163,774</b>	<b>163,774</b>		<b>127,858</b>	<b>127,858</b>
<b>Total reinsurance contracts</b>	<b>44,332</b>	<b>1,597</b>	<b>42,735</b>	<b>30,530</b>	<b>1,944</b>	<b>28,586</b>



## 15.1 Roll-forward of net asset or liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims

### 15.1 Consolidated

The roll-forward of the net asset or liability for insurance contracts issued, showing the liability for remaining coverage and the liability for incurred claims for all product lines, is disclosed in the table below:

	2025					TOTAL \$'000
	Liabilities for remaining coverage		Liabilities for Incurred claims		Assets for insurance acquisition cash flows \$'000	
	Excluding loss component \$'000	Loss component \$'000	Estimates of the present value of future cash flows \$'000	Risk adjustment \$'000		
Insurance contract liabilities as at 01/01	70,245	802	76,376	3,610	(23,175)	127,858
Insurance contract assets as at 01/01	-	-	-	-	-	-
<b>Net insurance contract (assets)/liabilities as at 01/01</b>	<b>70,245</b>	<b>802</b>	<b>76,376</b>	<b>3,610</b>	<b>(23,175)</b>	<b>127,858</b>
Insurance revenue	(450,147)	-	-	-	-	(450,147)
Insurance service expenses	54,642	762	358,088	2,263	-	415,755
Incurred claims and other attributable expenses	-	-	492,502	2,263	-	494,765
Amortisation of insurance acquisition cash flows	54,642	-	-	-	-	54,642
Losses on onerous contracts and reversals of those losses	-	762	-	-	-	762
Changes to liabilities for incurred claims	-	-	(134,414)	-	-	(134,414)
Insurance service result	(395,505)	762	358,088	2,263	-	(34,392)
Insurance finance expenses	-	-	(66)	-	-	(66)
<b>Total changes in the statement of comprehensive income</b>	<b>(395,505)</b>	<b>762</b>	<b>358,022</b>	<b>2,263</b>	<b>-</b>	<b>(34,458)</b>
<b>Cash flows</b>						
Premiums received	434,172	-	-	-	-	434,172
Claims and other expenses paid	-	-	(334,095)	-	-	(334,095)
Insurance acquisition cash flows	(29,702)	-	-	-	-	(29,702)
Total cash flows	404,469	-	(334,095)	-	-	70,374
Allocation from assets for insurance acquisition cash flows to groups of insurance contracts	6,227	-	-	-	(6,227)	-
Other movements	-	-	-	-	-	-
	<b>85,436</b>	<b>1,564</b>	<b>100,303</b>	<b>5,873</b>	<b>(29,402)</b>	<b>163,774</b>
<b>Net insurance contract liabilities as at 31/12</b>						
Insurance contract liabilities	85,436	1,564	100,303	5,873	(29,402)	163,774
Insurance contract assets	-	-	-	-	-	-
<b>Net insurance contract (assets)/liabilities as at 31/12</b>	<b>85,436</b>	<b>1,564</b>	<b>100,303</b>	<b>5,873</b>	<b>(29,402)</b>	<b>163,774</b>

Insurance acquisition cash flows were allocated on a straight-line basis during the coverage period of the respective group of contracts.

	2024						
	Liabilities for remaining coverage		Liabilities for Incurred claims			Assets for insurance acquisition cash flows	TOTAL
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	\$'000		
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Insurance contract liabilities as at 01/01	54,440	162	64,333	2,590	(18,572)	102,953	
Insurance contract assets as at 01/01	-	-	-	-	-	-	
<b>Net Insurance contract (assets)/liabilities as at 01/01</b>	<b>54,440</b>	<b>162</b>	<b>64,333</b>	<b>2,590</b>	<b>(18,572)</b>	<b>102,953</b>	
Insurance Revenue	(371,375)	-	-	-	-	(371,375)	
Insurance service expenses	42,183	640	282,884	1,020	-	326,727	
Incurred claims and other expenses	-	-	340,932	1,020	-	341,952	
Amortisation of insurance acquisition cash flows	42,183	-	-	-	-	42,183	
Losses on onerous contracts and reversals of those losses	-	640	-	-	-	640	
Changes to liabilities for incurred claims	-	-	(58,048)	-	-	(58,048)	
Insurance service result	(329,192)	640	282,884	1,020	-	(44,648)	
Insurance finance expenses	-	-	(10)	-	-	(10)	
<b>Total changes in the statement of comprehensive income</b>	<b>(329,192)</b>	<b>640</b>	<b>282,874</b>	<b>1,020</b>	<b>-</b>	<b>(44,658)</b>	
<b>Cash flows</b>							
Premiums received	365,391	-	-	-	-	365,391	
Claims and other expenses paid	-	-	(270,831)	-	-	(270,831)	
Insurance acquisition cash flows	(24,997)	-	-	-	-	(24,997)	
Total cash flows	340,394	-	(270,831)	-	-	69,563	
Allocation from assets for insurance acquisition cash flows to groups of insurance contracts	4,603	-	-	-	(4,603)	-	
Other movements	-	-	-	-	-	-	
	<b>70,245</b>	<b>802</b>	<b>76,376</b>	<b>3,610</b>	<b>(23,175)</b>	<b>127,858</b>	
<b>Net insurance contract liabilities as at 31/12</b>							
Insurance contract liabilities	70,245	802	76,376	3,610	(23,175)	127,858	
Insurance contract assets	-	-	-	-	-	-	
<b>Net insurance contract (assets)/liabilities as at 31/12</b>	<b>70,245</b>	<b>802</b>	<b>76,376</b>	<b>3,610</b>	<b>(23,175)</b>	<b>127,858</b>	

Insurance acquisition cash flows were allocated on a straight-line basis during the coverage period of the respective group of contracts. The expected timing of when assets for insurance acquisition cash flows will be derecognised and included in the measurement of the group of insurance contracts to which they are allocated is disclosed in the table below:

	2025						Total
	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	>5 years	
<b>Expected timing of derecognition of assets balances as at 31/12</b>	29,188	165	16	33	0	-	<b>29,402</b>

	2024						Total
	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	>5 years	
Expected timing of derecognition of assets balances as at 31/12	22,830	178	90	44	33	-	23,175

## 15.2 Roll-forward of net asset or liability for reinsurance contracts held showing the assets for remaining coverage and the amounts recoverable on incurred claims

### 15.2 Consolidated

Roll-forward of net asset or liability for reinsurance contracts held showing the assets for remaining coverage and the amounts recoverable on incurred claims

	2025				TOTAL
	Assets for remaining coverage		Amounts recoverable on incurred claims		
	Excluding loss component	Loss-recovery Component	Estimates of the PV of future cash flows	Risk adjustment	
	\$'000	\$'000	\$'000	\$'000	\$'000
Reinsurance contract assets as at 01/01	-	-	28,749	1,780	30,529
Reinsurance contract liabilities as at 01/01	(1,943)	-	-	-	(1,943)
<b>Net reinsurance contract assets/(liabilities) as at 31/12</b>	<b>(1,943)</b>	<b>-</b>	<b>28,749</b>	<b>1,780</b>	<b>28,586</b>
An allocation of reinsurance premiums	(90,958)	-	-	-	(90,958)
Amounts recoverable from reinsurers for incurred claims	-	-	70,939	1,401	72,340
Amounts recoverable for incurred claims and other expenses	-	-	70,939	1,401	72,340
Loss-recovery on onerous underlying contracts and adjustments	-	-	-	-	-
Changes to amounts recoverable for incurred claims	-	-	-	-	-
Reinsurance Investment components	-	-	-	-	-
Net income or expense from reinsurance contracts held	(90,958)	-	70,939	1,401	(18,618)
Reinsurance finance income/(expense)	-	-	(58)	-	(58)
Effect of changes in non-performance risk of reinsurers	-	-	-	-	-
<b>Total changes in the statement of comprehensive income</b>	<b>(90,958)</b>	<b>-</b>	<b>70,881</b>	<b>1,401</b>	<b>(18,676)</b>
<b>Cash flows</b>					
Premiums paid	92,771	-	-	-	92,771
Amounts received	-	-	(59,946)	-	(59,946)
Total cash flows	92,771	-	(59,946)	-	32,825
Other movements	-	-	-	-	-
	<b>(130)</b>	<b>-</b>	<b>39,683</b>	<b>3,181</b>	<b>42,735</b>
<b>Net reinsurance contract assets/(liabilities) as at 31/12</b>					
Reinsurance contract assets	-	-	39,683	3,181	42,865
Reinsurance contract liabilities	(130)	-	-	-	(130)
<b>Net reinsurance contract assets/(liabilities) as at 31/12</b>	<b>(130)</b>	<b>-</b>	<b>39,683</b>	<b>3,181</b>	<b>42,735</b>

	2024				TOTAL \$'000
	Assets for remaining coverage		Amounts recoverable on incurred claims		
	Excluding loss component \$'000	Loss-recovery Component \$'000	Estimates of the PV of future cash flows \$'000	Risk adjustment \$'000	
Reinsurance contract assets as at 01/01	-	-	28,992	1,121	30,113
Reinsurance contract liabilities as at 01/01	(17,162)	-	-	-	(17,162)
<b>Net reinsurance contract assets/(liabilities) as at 01/01</b>	<b>(17,162)</b>	<b>-</b>	<b>28,992</b>	<b>1,121</b>	<b>12,951</b>
An allocation of insurance premiums	(87,119)	-	-	-	(87,119)
Amounts recoverable from reinsurers for incurred claims	-	-	51,122	659	51,781
Amounts recoverable for incurred claims and other expenses	-	-	51,122	659	51,781
Loss recovery on onerous underlying contracts and adjustments	-	-	-	-	-
Changes to amounts recoverable for incurred claims	-	-	-	-	-
Reinsurance investment components	-	-	-	-	-
Net income or expense from reinsurance contracts held	(87,119)	-	51,122	659	(35,338)
Reinsurance finance income/(expense)	-	-	(8)	-	(8)
Effect of changes in non-performance risk of reinsurers	-	-	-	-	-
<b>Total changes in the statement of comprehensive income</b>	<b>(87,119)</b>	<b>-</b>	<b>51,114</b>	<b>659</b>	<b>(35,346)</b>
Cash flows					
Premiums paid	102,338	-	-	-	102,338
Amounts received	-	-	(51,357)	-	(51,357)
Total cash flows	102,338	-	(51,357)	-	50,981
Other movements	-	-	-	-	-
	<b>(1,943)</b>	<b>-</b>	<b>28,749</b>	<b>1,780</b>	<b>28,586</b>
<b>Net reinsurance contract assets/(liabilities) as at 31/12</b>					
Reinsurance contract assets	-	-	28,749	1,780	30,529
Reinsurance contract liabilities	(1,943)	-	-	-	(1,943)
<b>Net reinsurance contract assets/(liabilities) as at 31/12</b>	<b>(1,943)</b>	<b>-</b>	<b>28,749</b>	<b>1,780</b>	<b>28,586</b>

## 16. Property, plant, and equipment

	Furniture & Fixtures \$'000	Computer Software \$'000	Computer Hardware \$'000	Office Equipment \$'000	TOTAL \$'000
<b>Cost or valuation</b>					
At 1 January 2024	801	766	1,524	279	3,370
Additions	22	2	191	71	285
Disposals	(6)	(494)	(35)	(25)	(560)
<b>At 31 December 2024</b>	<b>817</b>	<b>274</b>	<b>1,680</b>	<b>325</b>	<b>3,095</b>
Additions	763	66	327	186	1,343
Disposals	-	-	(17)	(3)	(20)
<b>At 31 December 2025</b>	<b>1,580</b>	<b>340</b>	<b>1,990</b>	<b>508</b>	<b>4,418</b>
<b>Depreciation and impairment (pre allocation of expenses to Insurance Service Expense)</b>					
At 1 January 2024	(170)	(656)	(1,000)	(194)	(2,020)
Additions	(44)	7	(260)	(51)	(348)
Disposals	4	412	27	26	469
<b>At 31 December 2024</b>	<b>(210)</b>	<b>(237)</b>	<b>(1,233)</b>	<b>(219)</b>	<b>(1,899)</b>
Additions	(47)	(58)	(243)	(48)	(396)
Disposals	-	-	-	-	-
<b>At 31 December 2025</b>	<b>(257)</b>	<b>(296)</b>	<b>(1,476)</b>	<b>(268)</b>	<b>(2,296)</b>
<b>Net book value</b>					
At 31 December 2024	607	37	447	106	1,196
At 31 December 2025	1,323	45	513	241	2,122



## 17. Right-of-use assets

	Property \$'000	Equipment \$'000	Software \$'000	Motor Vehicles \$'000	TOTAL \$'000
<b>Cost or valuation</b>					
<b>At 1 January 2024</b>	<b>1,856</b>	<b>111</b>	<b>1,535</b>	<b>53</b>	<b>3,555</b>
Additions	3,251	-	-	8	3,259
Disposals	-	-	(54)	-	(54)
Modifications	(1,462)	-	-	-	(1,462)
<b>At 31 December 2024</b>	<b>3,645</b>	<b>111</b>	<b>1,481</b>	<b>61</b>	<b>5,298</b>
Additions	2,337	-	-	-	2,337
Disposals	-	-	-	-	-
Modifications	279	-	-	-	279
<b>At 31 December 2025</b>	<b>6,261</b>	<b>111</b>	<b>1,481</b>	<b>61</b>	<b>7,914</b>
<b>Depreciation and impairment</b>					
<b>At 1 January 2024</b>	<b>(577)</b>	<b>(35)</b>	<b>(708)</b>	<b>(9)</b>	<b>(1,329)</b>
Additions	(820)	(28)	(476)	(33)	(1,357)
Disposals	-	-	54	-	54
Modifications	588	-	-	-	588
<b>At 31 December 2024</b>	<b>(809)</b>	<b>(63)</b>	<b>(1,130)</b>	<b>(42)</b>	<b>(2,044)</b>
Additions	(864)	(29)	(346)	(10)	(1,249)
Disposals	-	-	-	-	-
Modifications	1,098	-	-	-	1,098
<b>At 31 December 2025</b>	<b>(575)</b>	<b>(91)</b>	<b>(1,476)</b>	<b>(52)</b>	<b>(2,194)</b>
<b>Net book value</b>					
<b>At 31 December 2024</b>	<b>2,836</b>	<b>48</b>	<b>351</b>	<b>19</b>	<b>3,254</b>
<b>At 31 December 2025</b>	<b>5,687</b>	<b>21</b>	<b>5</b>	<b>8</b>	<b>5,720</b>

During the year, the Company modified the office lease at Level 17, 412 St Kilda Road, Melbourne and commenced a new lease agreement at Level 18, 412 St Kilda Road Melbourne.

## 18. Other payables

	2025 \$'000	2024 \$'000
Accrued expenses	8,043	9,226
Other payables	6,002	7,064
	<b>14,045</b>	<b>16,290</b>

For the maturity profile, please refer to Note 6c.

## 19. Lease liabilities

	2025	2024
	\$'000	\$'000
<b>Balance at 1 January</b>	3,303	2,351
Additions	2,337	3,259
Modifications	1,190	(1,023)
Repayment of lease liabilities	(1,365)	(1,603)
Interest on lease liabilities	243	320
<b>Balance at 31 December</b>	<b>5,708</b>	<b>3,304</b>

  

<b>Maturity</b>		
Expected to be realised within 12 months	1,079	1,258
Expected to be realised after 12 months	4,629	2,046
	<b>5,708</b>	<b>3,304</b>

## 20. Employee benefits provision

	2025	2024
	\$'000	\$'000
Annual leave	1,965	1,718
Long service leave	1,732	1,594
Other employee benefits	3,746	3,839
<b>Total employee benefits provision</b>	<b>7,443</b>	<b>7,151</b>

  

<b>Maturity</b>		
Expected to be realised within 12 months	7,357	7,053
Expected to be realised after 12 months	86	98
	<b>7,443</b>	<b>7,151</b>



## 21. Contributed equity

	2025 \$'000	2024 \$'000
Authorised/Fully paid ordinary shares opening balance	87,800	87,800
Additional equity contribution	-	-
<b>Authorised/Fully paid ordinary shares closing balance</b>	<b>87,800</b>	<b>87,800</b>

	Number of shares	Number of shares
Authorised/Fully paid ordinary shares (\$1.00 per share)	87,800	87,800

### **Terms and conditions of contributed equity**

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

## 22. Cash flow statement

	2025 \$'000	2024 \$'000
<b>Reconciliation of the operating profit after tax to the net cash flows from operations:</b>		
Net profit/(loss) from ordinary activities	13,688	7,516
<b>Deduct:</b>		
Depreciation expense	1,448	1,720
Gain on disposal of property, plant and equipment	(10)	-
Lease modification gain	-	(149)
Interest paid on lease liabilities	243	320
<b>Profit/(loss) from operating activities</b>	<b>15,368</b>	<b>9,407</b>
(Increase)/decrease in current tax assets	149	7,049
(Increase)/decrease in deferred tax assets	299	(2,186)
(Decrease)/increase in deferred tax liabilities	(1,111)	(1,374)
(Decrease)/increase in employee benefits provision	292	3,162
(Decrease)/increase in insurance contract liabilities	35,857	24,885
(Decrease)/increase in other payables	(1,751)	10,959
(Increase)/decrease in other receivables	1,515	(11,694)
(Increase)/decrease in reinsurance contract assets/liabilities	(14,150)	(15,633)
<b>Net cash flows from/(used in) operating activities</b>	<b>36,469</b>	<b>24,574</b>

## 23. Related parties

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

	Aioi Nissay Dowa Insurance Co., Ltd (Japan Head Office)	Mitsui Sumitomo Insurance Co., Ltd (Australian Branch)
<b>2025</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Statement of Comprehensive Income</b>		
Management fee income	69	-
Secondment fee expense	(625)	-
Reinsurance premium	(67,292)	(9,859)
Reinsurance claim recoveries	67,863	67,863
<b>Statement of Financial Position</b>		
Amounts owed by related parties	35,265	35,265
Amounts owed to related parties	(17,607)	(17,607)
<b>2024</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Statement of Comprehensive Income</b>		
Management fee income	-	-
Secondment fee expense	(698)	-
Reinsurance premium	(63,976)	(10,430)
Reinsurance claim recoveries	26,985	1,639
<b>Statement of Financial Position</b>		
Amounts owed by related parties	19,833	4,343
Amounts owed to related parties	(17,365)	(857)

### The Ultimate Parent

The parent of the Company is Aioi Nissay Dowa Insurance Co., Ltd and the ultimate parent of the Company is MS&AD Insurance Group Holdings, Inc. Both of these companies are incorporated in Japan. In 2025, Aioi Nissay Dowa Insurance Co., Ltd owns 100% of the ordinary shares in the Company (2024: 100%).

### Australian Branch of Mitsui Sumitomo Insurance Co., Ltd

Mitsui Sumitomo Insurance Co., Ltd is a Japanese insurance company under MS&AD Insurance Group Holdings, Inc., the same ultimate parent as the Company's.

### Terms and conditions of transactions with related parties

Transactions from related parties are made at terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the end of financial year are unsecured and interest free. There have been no guarantees provided or received for any related party receivables or payables. For the period ended 31 December 2025, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (2024: \$Nil). This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

## 24. Remuneration of auditors

The auditor of the Company is Ernst & Young.

	2025 \$	2024 \$
Amounts received or due and receivable by Ernst & Young for:		
- An audit or review of the financial report of the Company	376,012	396,149
- Other services in relation to the Company:		
Tax compliance	29,400	27,000
	<b>405,412</b>	<b>423,149</b>

## 25. Key management personnel

	2025 \$'000	2024 \$'000
<b>Compensation of key management personnel of the Company</b>		
Short-term employee benefits:		
Salaries	3,714	2,389
Superannuation	445	247
Termination	19	-
Fringe Benefits Tax	120	113
<b>Total compensation</b>	<b>4,298</b>	<b>2,749</b>
Paid By Adica	4,211	2,688
Paid By Aioi Nissay Dowa Insurance Co., Ltd	87	61

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

## 26. Economic dependencies

The Company relies on Toyota Finance Australia (TFA) to promote the sale of its retail insurance products. This relationship is maintained through a five year Strategic Alliance Agreement signed in November 2023. Previously the relationship was maintained via an Agency Agreement signed in 2014.

## 27. Events after reporting date

No matters or circumstances have arisen since 31 December 2025 that have significantly affected, or may significantly affect:

- the operations in future years, or
- the results of those operations in future years, or
- the state of affairs in future years.

# Directors' Declaration

In the opinion of the directors of Aioi Nissay Dowa Insurance Company Australia Pty Ltd:

- the financial statements and notes are in accordance with the *Corporations Act 2001* including:
- giving a true and fair view of the financial position of the Company as at 31 December 2025 and its performance, as represented by the results of the operations and the cash flows, for the year ended on that date; and
- complying with Australian Accounting Standards (including Australian Interpretations) and the Corporations Regulations 2001; and
- the financial report also complies with International Financial Reporting Standards as disclosed in Note 2b; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Signed:



**Chairman: Mr John Richardson OAM**

Signed in Melbourne this 24<sup>th</sup> of March 2026



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## Independent Auditor's Report to the Members of Aioi Nissay Dowa Insurance Company Australia Pty Ltd

### Opinion

We have audited the financial report of Aioi Nissay Dowa Insurance Company Australia Pty Ltd ("the Company"), which comprises the statement of financial position as at 31 December 2025, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including material accounting policy information, and the directors' declaration.

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

- a. Giving a true and fair view of the Company's financial position as at 31 December 2025 and of its financial performance for the year ended on that date; and
- b. 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 in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

### Information Other than the Financial Report and Auditor's Report Thereon

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

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

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

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

## Responsibilities of the Directors for the Financial Report

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

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

## Auditor's Responsibilities for the Audit of the Financial Report

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

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

- ▶ Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company'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 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 to cease to continue as a going concern.



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with confidence**

- ▶ 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 cursive script that reads 'Ernst &amp; Young'.

Ernst & Young

A handwritten signature in cursive script that reads 'E Reekie'.

Emma Reekie  
Partner  
Melbourne  
24 March 2026



**adica**  
INSURANCE

**MS&AD**  
INSURANCE GROUP

**AIOI NISSAY DOWA INSURANCE COMPANY AUSTRALIA PTY LTD (ADICA)**

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