



**PSC Insurance Group Limited**

# APPENDIX 4E PRELIMINARY FINAL REPORT 2024



**PSC Insurance Group Limited & Controlled Entities**  
ACN 147 812 164  
Level 4, 96 Wellington Parade East Melbourne VIC 3002  
[www.pscinsurancegroup.com.au](http://www.pscinsurancegroup.com.au)

# APPENDIX 4E PRELIMINARY FINAL REPORT

## Name of entity

PSC INSURANCE GROUP LIMITED  
ABN 81 147 812 164

## 1. Reporting period

Report for the financial year ended 30 June 2024. Previous corresponding period is the financial year ended 30 June 2023.

## 2. Results for announcement to the market

Revenues from ordinary activities up 14.9% to \$361.5m. Profit from ordinary activities after tax attributable to members up 3% to \$57.2m. Net profit for the period attributable to members up 3% to \$57.2m.

Dividends	Amount per security	Franked amount per security
Interim dividend – 10 April 2024	5.7¢	3.42¢
Final dividend	N/A	N/A
Record date for determining entitlements to the dividend		N/A

Brief explanation of any of the figures reported above necessary to enable the figures to be understood:

Refer to the separate 2024 Results Announcement.

## 3. Statement of Comprehensive Income

Refer to the attached audited 2024 Annual Report.

## 4. Statement of Financial Position

Refer to the attached audited 2024 Annual Report.

## 5. Statement of Cash Flows

Refer to the attached audited 2024 Annual Report.

## 6. Dividends

	Date of payment	Total amount of dividend
Interim dividend – year ended 30 June 2024	10 April 2024	\$20,771,011
Final dividend – year ended 30 June 2024	N/A	NIL

### Amount per security

		Amount per security	Franked amount per security at 30% tax	Amount per security of foreign sourced dividend
Total dividend:	Current year	14.0¢	8.4¢	N/A
	Previous year	13.5¢	8.1¢	N/A

**Total dividend on all securities**

Dividends	Current period \$A'000	Previous corresponding Period - \$A'000
Ordinary securities (each class separately)	20,771	47,942
Preference securities (each class separately)	NIL	NIL
Other equity instruments (each class separately)	NIL	NIL
<b>Total</b>	<b>20,771</b>	<b>47,942</b>

**7. Details of dividend or distribution reinvestment plans in operation:**

Not applicable

**8. Statement of retained earnings**

Refer to attached audited 2024 Annual Report.

**9. Net tangible assets per security**

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	(12.8¢)	(18.0¢)

**10. Details of entities over which control has been gained or lost during the period**

Refer to attached audited 2024 Annual Report.

**11. Details of associates and joint venture entities**

Refer to attached audited 2024 Annual Report.

**12. Significant information relating to the entity's financial performance and financial position**

Refer to the separate 2024 Results Announcement and attached audited 2024 Annual Report.

**13. The financial information provided in the Appendix 4E is based on the annual financial report (attached), which has been prepared in accordance with Australian Accounting Standards.****14. Commentary on the results for the period.**

Refer to the separate 2024 Results Announcement and attached audited 2024 Annual Report.

**15. Audit of the financial report**

The financial report has been audited by Ernst & Young, Melbourne.





**PSC Insurance Group Limited**

# 2024 ANNUAL REPORT

**FOR THE YEAR ENDED 30 JUNE 2024**



**PSC Insurance Group Limited & Controlled Entities**  
ACN 147 812 164  
Level 4, 96 Wellington Parade East Melbourne VIC 3002  
[www.pscinsurancegroup.com.au](http://www.pscinsurancegroup.com.au)

# CONTENTS

Chairman's Letter .....	1
Managing Director's Report .....	2
ESG Statement.....	6
Directors' Report .....	16
Directors' Report - Remuneration Report .....	24
Auditors Independence Declaration.....	35
Financial Statements .....	36
Notes to the Financial Statements.....	40
Directors' Declaration .....	92
Independent Auditor's Report.....	93
Consolidated Entity Disclosure Statement.....	99
Shareholder Information .....	102
Corporate Information.....	103

# CHAIRMAN'S LETTER

My Fellow Shareholders,

I am pleased to report that financial year 2024 has been a strong year, with underlying EBITDA growing by 15% and the performance being in line with expectations.

## Strategy & Performance

Our strategy is simple and has not changed over the years. We focus on delivering on our clients' needs, look to build and maintain operational excellence in our businesses and add capability and scale via accretive acquisitions where there is good cultural alignment.

This has stood us in good stead with compounding revenue growth (24%), underlying EBITDA growth (24%) and underlying NPATA growth (25%) over the last 5 years. The Group is increasingly generating strong levels of capital and cash-flow that are being re-invested back in to the Group and businesses. This has seen return on equity increase from 15% to 20% over the last 3 years.

## Financial Year 2024

The performance this financial year has been pleasing and is a tribute to our leaders and all staff. Organic earnings growth was pleasing in the context of increased headwinds in parts of our businesses and the performance shows the strength, diversity and resilience of our Group.

We continued to execute on acquisition opportunities, the majority of which were smaller in size and more accretive in terms of value. During the period we also commenced or invested in early stage and start-up businesses which we expect to be strong contributors over time. It was pleasing to continue with these growth opportunities at a time when significant Group resources were dedicated to the planned Scheme of Arrangement with The Ardonagh Group.

## Scheme of Arrangement

We entered a Scheme Implementation Deed on the 8th May 2024 with The Ardonagh Group. Ardonagh are a global insurance broking and services Group. We believe our businesses are a strong cultural fit and the combined strength of the Group will provide superior outcomes for our clients and staff.

A Scheme Booklet providing information about Ardonagh and the proposed scheme of arrangement was released to ASX on 22 August 2024, will be despatched to shareholders today and is available at: <https://events.miracle.com/psc-scheme>

## Conclusion

If the Scheme is implemented, it would be approximately 18 years since the commencement of PSC and 9 years since our IPO. Over this time we have been fortunate to have had such a great team of leaders and staff within the Group, great clients, a highly collaborative and hands on Board and supportive Shareholders who have entrusted their capital with us.

We are excited for the next phase of PSC's evolution in partnership with a global leading broker in The Ardonagh Group if the Scheme is implemented.

Yours sincerely,



Paul Dwyer  
Chairman

# MANAGING DIRECTOR'S REPORT

Key financial highlights in 2024 were:

- UNDERLYING REVENUE UP 16% TO \$343.6M.
- UNDERLYING EBITDA UP 15% TO \$127.1M<sup>1</sup>.
- UNDERLYING NPATA UP 11% TO \$87.0M.
- EPS GROWTH OF 8% TO 24.0 CPS.

## Year in Review:

The 2024 financial year has been an enormously significant year for PSC Insurance Group Limited.

We have:

- Generated record earnings, at the upper end of our earnings guidance.
- Continued to build and strengthen the capabilities of the Group.
- Invested in and fostered a number of start-up businesses.
- Finalised our shift to be completely independent in our dealings with insurers, by exiting our buying group.
- Commenced the journey of building or supporting the development of key software infrastructure.
- Identified a merger partner, which will help ensure and accelerate the goal of PSC leadership of building a globally significant insurance broking and intermediary business.

We announced in May this year that we had entered into a Scheme Implementation Deed for the acquisition of PSC Insurance by The Ardonagh Group. It is a Group with significant scale, and PSC's strengths are a perfect fit with the areas Ardonagh identified for future growth or development. A Scheme Booklet providing information about Ardonagh and the proposed scheme of arrangement was released to ASX on 22 August 2024, will be despatched to shareholders today and is available at: <https://events.miraqle.com/psc-scheme>

Each of the key components of PSC performed well in the 2024 financial year. Sometimes this was in a difficult market environment:

- Australian broking remains the best large scale SME broker in Australia. That is a subjective judgment, however operating talent based businesses at scale is a complex task and we do it very well. It requires commitment from all individuals in that business and an ability of the leaders to respond and support the front of the business to ensure we continue to provide our clients with fantastic outcomes. We have a depth of capability in this business that we believe is the best in Australia.
- Our PSC Network business worked through the difficulties and complexities of needing to guide its authorised representatives (AR's) through a period of significant systems change and to help develop those replacement systems. Its financial performance, recognising the difficulties of the period, is outstanding. We could not have achieved the outcome without the support and patience of our AR's. We are privileged to have such a wonderful collection of partners.
- Our underwriting agencies have also continued to grow. This is an area of focus for developing early stage and start-up businesses. We have acquired two early stage businesses and commenced three. We are very excited about the outlook for all of them. The existing businesses battled tougher market conditions and found a way to go on building relationships with brokers and retaining important clients. Leadership is always important, and in these difficult market conditions even more so. This is an area of the Group that has strong and capable leadership in each of its core pieces and the segment as a whole.
- Paragon faced headwinds in a number of its key specialties both as rates fell, and the relative relationship between cover available in the relevant local market and coverage available via the London market. Notwithstanding those changes Paragon continued to grow.
- Carrolls also continues to grow successfully. That is a product of expanding the number of brokers the business supports and the continued expansion of their offerings. The business has a strength and ability to continue to grow significantly over the next few years as it successfully and capably continues to pull both those levers
- Our UK commercial broking business continued to grow and is starting to find its feet as we expand the leadership within those businesses. The outlook for the 2025 financial year is increasingly positive. A tribute to the individuals leading all parts of that business.

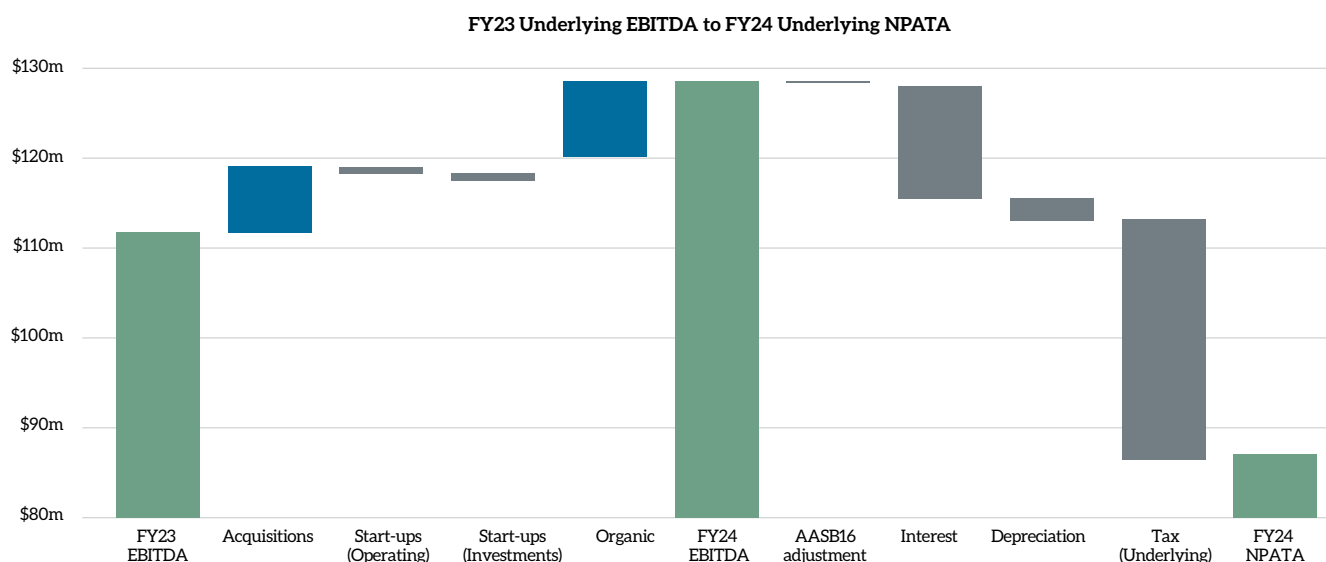
This may be the last time we write to this shareholder group (if the scheme of arrangement is implemented). It has been an exciting and enjoyable period in PSC's continuing journey and the support and interest of shareholders has been enormously helpful.

We look forward to seeing you at the Scheme meetings detailed in the Scheme Booklet.

[1] Adjusted for AASB16 impact of ~ -\$0.2m to ensure like for like comparison with prior years.

## Year in Review (Financial Commentary):

We summarise the components of our 2024 growth below:



### Comments:

#### Growth Summary

(\$m)	FY24	FY23	\$ Growth	% Growth
Underlying Revenue	343.6	297.5	46.1	15.5%
Underlying EBITDA	127.1	111.0	16.1	14.5%
Underlying NPATA	87.0	78.5	8.5	10.9%

#### Organic Growth

- Organic EBITDA growth across the Group was good at \$9.1m (8%), with growth across the Distribution and UK segments. This growth was after the results of a number of start-up businesses within the Group which combined for a loss of \$1.4m. Without the impact of these businesses the total EBITDA of the Group would be \$128.5m and organic growth of \$10.5m (9%). We expect these businesses to contribute well in coming periods.
- EBITDA margins remained broadly steady at 37%. Distribution contributed \$4.1m, Agency -\$1.2m, UK \$6.1m and Group \$0.1m of organic growth. There were mixed conditions across the businesses, with the UK wholesale rates in Cyber and D&O being difficult and commercial rates in Australia beginning to soften in certain classes. Offsetting this, increasing interest rates assisted the business and the stronger Sterling was a net contributor.

#### Acquisition Growth

- Acquisition growth across the Group was \$7.0m. Overall we completed 14 acquisitions and deployed approximately \$50m in capital. The focus of activity was on smaller, accretive acquisitions.
- The Ensurance acquisition added PI to the Australian agency businesses (now Chase Professional Risks), and we see this as a growth business.
- We added to our UK commercial broking business with the acquisition of Giles Gowers and added to our Irish wholesale business with the acquisition of Worldwide Insurance.
- The balance of acquisitions were bolt-in acquisitions in the Australian and NZ broking businesses.



**Distribution Segment**

(\$m)	FY24	FY23	\$ Growth	% Growth
Underlying Revenue	147.7	128.2	19.5	15.2%
Underlying EBITDA	63.4	56.4	7.0	12.4%

- Distribution performed well with 15% revenue growth (\$19.5m) and 12% EBITDA growth (\$7.0m).
- We saw good performance across the Australian broking businesses and increased performance from the Workers Compensation Consulting business.
- It was a year of consolidation for the PSC Network business (including PSC Insurance Brokers NZ) as we digested the move away from our buying group and invested in to our NZ broking platform.
- Organic EBITDA growth of \$4.1m (7%) was a good result. Market conditions were mixed by policy class, with the commercial classes softening and we are seeing reduced premiums in some classes.

**Agency Segment**

(\$m)	FY24	FY23	\$ Growth	% Growth
Underlying Revenue	26.5	23.7	2.8	11.9%
Underlying EBITDA	12.2	13.0	-0.8	-6.0%

- It has been a busy year in the Australian underwriting agency and specialty businesses; completing the Ensurance Australia acquisition (now Chase Professional Risks) and commencing 3 new businesses (Chase Plant & Equipment, Chase Credit and Chase Accident & Health). In all 4 of these businesses we have brought in highly capable and experienced leaders to drive growth over the coming years.

**UK (International) Segment**

(\$m)	FY24	FY23	\$ Growth	% Growth
Underlying Revenue	167.1	142.3	24.8	17.5%
Underlying EBITDA	56.0	46.2	9.8	21.1%

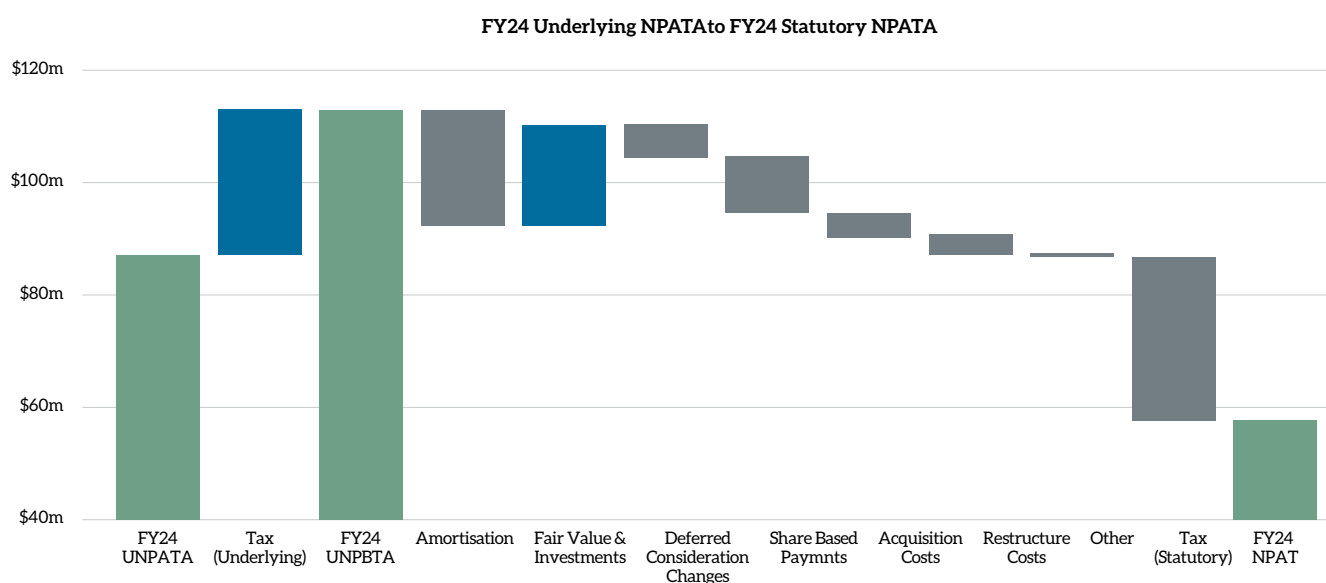
Our UK and international businesses continued to grow successfully with 18% revenue growth (\$24.8m) and 21% EBITDA growth (\$9.8m). This was from a combination of acquisition based growth, organic growth, a net favourable position from a strengthening in the sterling over the period and increased interest income from the flow on of the increasing interest rate environment. Specifically regarding the businesses (commentary in its own currency):

- Paragon EBITDA growth of 3% was more muted over the period given challenging market conditions within the Cyber, D&O and M&A teams. The business remains well placed as a pre-eminent specialist in professional and financial lines. Total EBITDA was a little under £14m for the period.
- The Carrolls and Breeze Underwriting businesses grew strongly with revenue growth of 10% and EBITDA growth of 18%. Total EBITDA was approximately £6m for the period.
- The PSC UK Insurance Brokers business (UK commercial broking) grew revenue by 17% and EBITDA by 13% given the contributions of the Turner Rawlinson and Giles Gowers acquisitions. We have actively changed the leadership and restructured these businesses over the period which we expect will place them in a good position for growth.
- The Chase UK operations have grown as we continue to integrate the Ensurance UK acquisition. Performance has been satisfactory in a period where we have made material changes to the team which place the business in a strong ongoing position.
- The Hong Kong business performance was down (from \$1.9m to \$1.4m). During the period we made a small investment in our first Vietnamese business with an association with Vietnam's largest insurer. We expect this may become an opportunity to progressively and patiently grow a business in the region.

## Group Comments

- Interest costs are up from \$9.0m to \$12.0m given the increase in the interest rate environment. The Group did not draw additional debt during the period to fund our growth.
- The underlying tax rate has increased from ~ 25% to ~ 28% given an increase in the UK company tax rate from 19% to 25% in April 2023.
- This has resulted in an 11% increase in underlying NPAT before amortisation to \$87.0m, at the top end of guidance range of \$83-87m.

Key adjustments to reconcile underlying to statutory results are below:



### Comments:

- Fair Value (Investments) – this produced a positive contribution of \$17.9m given the strong share price performance of BP Marsh.
- Non-operating charges – totalled \$23.2m, the main items were:
  - A charge of ~ \$9.7m relating to the implied options under the Group's LTI. Approximately \$6.0m of this related to the acceleration of the Group's LTI as required under accounting standards as a result of the proposed scheme of arrangement with The Ardonagh Group.
  - Fair value increases in the expected value of deferred consideration on previous acquisitions of ~ \$6.0m, indicating the sound performance of the recently completed acquisitions.
  - Expenses of ~ \$3.8m relating to legal and other transaction related costs.
  - Expenses of ~ \$3.4m relating to restructured and non-recurring costs.
- Amortisation – of approximately \$20.5m, which has increased given the Group's continued acquisition activity and accelerated amortisation of acquired client lists.

## Dividend and Outlook:

Given the current scheme of arrangement process, the Group has not declared a dividend for the FY24 year as an amount equal to any dividend would result in a commensurate reduction in the Scheme consideration payable to shareholders.

# ENVIRONMENTAL, SOCIAL & CORPORATE GOVERNANCE STATEMENT 2024

## Overview

PSC Insurance Group Limited (PSC) is proud to present our consolidated Environmental, Social and Corporate Governance Statement (ESG). Our approach to integrating environmental, social, and governance initiatives into our operations reflects our dedication to our clients, staff, partners, shareholders, and the communities we serve. Central to our mission is the protection of our clients' assets and livelihoods and we are proud to support them in their times of need and loss.

For us, ESG is a continuous and dynamic process that ensures our operations and controls align with our company's core culture and values. Our ESG commitments are strategically structured around three key areas:

- i. The Environment in which we operate.
- ii. Our People and Communities.
- iii. Our Corporate Governance.

As a professional services firm with a low greenhouse gas (GHG) footprint, PSC endeavors to continually improve and expand upon the quantitative metrics included in our annual reporting. Throughout this journey, we have actively engaged with both internal and external stakeholders to ensure continuous progress and growth in our ESG commitments. We remain dedicated to further developing and enhancing our ESG strategy and framework, while also preparing for future reporting requirements anticipated with the introduction of new Financial Reporting Standards by the International Sustainability Standards Board (ISSB).

## Our Values

PSC remains committed to being a responsible corporate citizen and to adhering to our cultural values which include supporting charities, giving back to local communities and encouraging staff participation in numerous worthwhile causes.

The "PSC DNA" embodies our values, beliefs, and disciplines, guiding us to deliver the best outcomes for our clients. We celebrate team members who exemplify the PSC DNA through peer nominations, reflecting our culture and commitment to improving the workplace and positively impacting the communities we operate in.

Our DNA integrates social, environmental, and ethical standards across our global business. It assists in guiding our actions and decisions, ensuring a clear framework for responsible and ethical conduct from our staff. With our team's support and dedication to the values, beliefs and disciplines we adhere to, we believe the PSC DNA will continue to support our goals for a socially responsible and sustainable future.

## PSC Group ESG Steering Committee

The PSC ESG Steering Committee continues to guide the Group Board in shaping and directing our ESG strategy. Comprising members from various businesses and regions within the PSC Group, the Committee met quarterly throughout FY24 to review our approach and monitor progress.

The Committee is tasked with tracking and reporting on:

- Meeting community and regulatory expectations to protect the environment.
- Initiatives promoting the health & safety of our people.
- Supplier adherence to our procurement principles.
- The support provided by our corporate governance framework in guiding our overall approach.

## Our Environment

PSC is a professional services-based company operating in local communities with a limited environmental footprint. Despite this, we remain conscious of the global climate pressures and are committed to minimising the environmental impacts of our business. A continued key focus in FY24 has been to further align the collection of businesses within PSC to a common set of environmental objectives.

PSC's reported emissions data recorded below covers the Group's offices located in Australia, New Zealand, Asia, the United Kingdom, Ireland and Bermuda.

Being an office focused professional services firm, PSC's group-wide Greenhouse Gas (GHG) emissions fall below the threshold for businesses to report their GHG emissions under the National Greenhouse and Energy Reporting (NGER) scheme (50,000 tonnes of Scope 1 and 2 GHG Emissions (CO<sub>2</sub>-e)). However, PSC remains committed to the collection and reporting of GHG data to maintain an understanding of our global footprint and to ensure the Group is best prepared for future reporting obligations.

Our Objectives	How We Are Achieving Our Objectives
Monitor and reduce energy consumption	Adopting the use of renewable energy and the implementation of energy saving strategies, including consolidating our energy provider/s (discussed below).
	Measuring and monitoring emissions across PSC - see Emissions section below for further detail.
	Continuing to monitor and evaluate opportunities to reduce our carbon footprint.
Minimise and encourage the reuse and recycling of waste items	Active encouragement of recycling with computer equipment, paper, glass and aluminium in each office.
	A number of our businesses have relocated office premises during the reporting period and responsible recycling of office equipment and furniture has been a consistent priority during these moves.
	Contracting third party companies to recycle office and staff personal e-waste. General office waste is also recycled in line with the local requirements.
Promote sustainable travel	Where possible, offices are in central locations near public transport hubs.
	Our staff are encouraged to only undertake air travel where it is considered to be a net benefit for the business as well as combining with other initiatives where possible.
	Video and audio communication is encouraged in order to reduce air and road travel.
Support sustainable procurement practices	The Group Procurement Policy promotes ethical behaviour, sustainability, social responsibility and the safety of staff and contractors.
	PSC has recently partnered with a third party provider to automate and expand on our supplier due diligence procedures.

### PSC Australia's transition to Green Electricity Supply

Since November 2023, PSC has switched its Australian offices to a 100% green electricity supply through a government-accredited renewable energy offset program. This initiative covers all eligible offices in PSC's Australian operations, excluding those that are part of an embedded network, ensuring that their electricity consumption comes from renewable sources with the aim to reduce our carbon emissions.

### PSC's Emissions

The emissions reporting period across the Group spans the 12-month period from April 2023 to March 2024.

The Clean Energy Regulator in Australia is a Government body responsible for accelerating carbon abatement for Australia through the administration of the NGER scheme. PSC's emissions data follows the NGER scheme which encompasses the following categories of GHG emissions:

- Scope 1: emissions released to the atmosphere as a direct result of business activities (gas usage and vehicle transport).
- Scope 2: indirect emissions from the burning of coal (office electricity usage).
- Scope 3: emissions not reported under the NGER Scheme which are indirectly caused by our business activities. In FY24, PSC has once again reported on the indirect emissions created by our staff air travel, taxi/rideshare usage, and hotel stays.

# ESG STATEMENT (CONTINUED)

GHG emissions scope 1 and 2 (tonnes CO2-e)	2024	QTR1	QTR2	QTR3	QTR4
Australia	730	160	249	156	165
New Zealand	7	2	2	2	1
United Kingdom	244	68	52	66	58
Asia	86	21	24	22	19
Scope 1 & 2 GHG emissions (tonnes CO2-e)	1,067	251	327	246	243

Group-wide breakdown	2024	QTR1	QTR2	QTR3	QTR4
Scope 1					
Gas	106	26	26	24	30
Vehicle transport (personal transport)	144	39	35	36	34
Scope 2					
Electricity	817	186	266	186	179
Scope 3					
Vehicle transport - trains / taxis	20	5	4	6	5
Travel - flights	1,418	359	210	337	512
Travel - hotels	57	17	14	14	12
<b>Total global GHG emissions (tonnes CO2-e)</b>	<b>2,562</b>	<b>632</b>	<b>555</b>	<b>603</b>	<b>772</b>

## PSC Australia and New Zealand Greenhouse Gas (GHG) Emissions

PSC's Australian and New Zealand businesses grew by 107 staff to 524 across 26 office locations. In the 12 months to 31 March 2024:

- Despite the business growing significantly in FY24, PSC's combined Scope 1 (Gas, Vehicle Transport) and Scope 2 (Electricity) emissions in Australia and New Zealand were 737 tonnes of GHG Emissions (CO2-e) which represented a 3% decrease (21 tonnes) on the previous 12 month reporting period. The decrease was mainly attributed to PSC's transition to green electricity supply in all Australian offices where we have been able to take this option.
- Our Australian and New Zealand staff air travel totalled 327 tonnes of GHG, representing a 28% (72 tonnes) increase on the corresponding prior 12 month period. This was influenced by return travel by staff to the Group's annual conference held in Vietnam in March 2024.
- Our hotel emissions were 57 tonnes and our taxi/rideshare emissions were 13 tonnes of GHG.
- Solar energy exported to the grid from PSC regional office buildings was 27 tonnes of GHG Emissions (CO2-e).

## PSC United Kingdom Greenhouse Gas (GHG) Emissions

PSC United Kingdom, including Dublin and Bermuda (PSC UK) grew to 397 staff across 10 office locations. In the 12 months to 31 March 2024:

- PSC's UK operations recorded a combined 244 tonnes of Scope 1 (Gas, Vehicle Transport) and Scope 2 (Electricity) GHG emissions (CO2-e) which represented a 21% increase (43 tonnes) on the previous 12 month reporting period.
- This was made up of 110 tonnes of GHG from electricity usage, 89 tonnes of GHG from gas usage, and 45 tonnes of GHG from motor vehicle travel.
- PSC commercial air travel emissions by UK staff rose to 1,088 tonnes (400 tonne increase) of GHG Emissions (CO2-e). Key drivers of air travel for the reporting period included:
  - Paragon's increasing global reach requiring frequent international travel to meet with our clients and broker partners.
  - Return travel by staff to the Group's annual conference held in Vietnam in March 2024.



### PSC Asia Greenhouse Gas (GHG) Emissions

PSC's Asia businesses comprise 86 staff across 3 office locations in Hong Kong and Vietnam. In the 12 months to 31 March 2024:

- Combined Scope 1 (Gas, Vehicle Transport) and Scope 2 (Electricity) emissions were 86 tonnes of GHG Emissions (CO<sub>2</sub>-e) which represented a 13 tonne increase on the previous 12 month reporting period. Emissions for the prior reporting period were artificially low due to COVID-related restrictions continuing in Hong Kong until March 2023.
- Scope 3 emissions rose by 5 tonnes of GHG from the prior reporting period as air travel returned to pre-COVID levels during the reporting period.

### Future Emissions Reporting Obligations

Following the International Sustainability Standards Board (ISSB) issuing its first two International Financial Reporting Standards (IFRS) in June 2023, the Australian Treasury released the Climate-related Financial Disclosure: Exposure Draft Legislation in January 2024. The draft legislation requires Tier 1 companies, including PSC, to enhance their annual financial reports to include climate-related financial disclosures in the form of a 'sustainability report'. It is anticipated that PSC will need to prepare a sustainability report as part of the Group's FY26 annual report. PSC is preparing for the reporting obligations under the proposed legislative changes in close consultation with the Group's external auditor.

### Supporting Our Clients

At PSC our commitment is to always act in the best interests of our clients in everything we do.

Our personal approach to our client's business means our focus is to:

- Understand our client's needs, their industry and their risks.
- Negotiate on their behalf to provide the most appropriate coverage and terms available to them.
- Deliver quality, timely and cost-effective client services that are bespoke to their business situation.

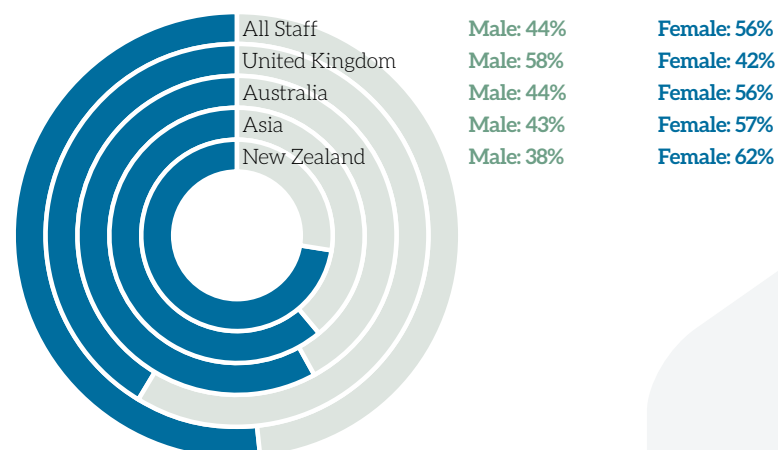
By adopting a client-centric approach, we evaluate all aspects of our clients' businesses, risks, and situations to provide bespoke services that suit individual needs. We support vulnerable clients by maintaining internal policies that help us better identify and understand vulnerability, responding with sensitivity, dignity, respect, and compassion. This includes offering support services to prevent communication barriers for clients affected by language barriers, disabilities, or limited literacy skills. Additionally, our policies encourage adaptability in our internal processes to support clients from diverse backgrounds, including those from Aboriginal or Torres Strait Islander communities or non-English speaking backgrounds.

### Supporting Our People

We acknowledge that our people are our greatest asset and we are proud to foster a culture where staff feel supported and recognised for their contribution to the business.

### Workplace Diversity and Inclusion

PSC promotes diversity and inclusion through its commitment to promote a culture which values equity and inclusiveness as outlined in our Gender Equality and Diversity Policy. We prioritise promoting an inclusive workplace by embracing individual differences and rejecting discriminatory behaviours and practices such as harassment, bullying, victimisation, and vilification.



Equal employment opportunities are a cornerstone of our approach, ensuring that employment at PSC is based on capability and performance, allowing staff the opportunity to realise their potential. With this in mind, our equitable frameworks and policies are designed to limit unconscious bias.

We strive to attract and retain a diverse range of talented people by creating an environment where individual differences are valued.

The graph provides an insight into the gender diversity across our businesses for the entire Group's operations across Australia, United Kingdom (including Ireland & Bermuda), New Zealand, and Asia.

# ESG STATEMENT (CONTINUED)

## Gender Equality

PSC is committed to maintaining pay equity and job opportunities for all staff in similar roles. Annual remuneration reviews, based on PSC's Remuneration Policy and market benchmarking, ensure fair pay and compliance with workplace laws. Attracting and retaining diverse talent is crucial to our success.

The Remuneration and Nomination Committee recommends measurable objectives to the Board which align with the ASX Corporate Governance Principles for gender equality.

These principles were tested as part of PSC's second gender equality reporting submission (Australian employee data) to the Workplace Gender Equality Agency (WGEA) in May 2024 where we reported for the period 1 April 2023 to 31 March 2024. Pleasingly, we saw an improvement in most core gender equality metrics:

- 31% of leadership roles were held by female staff.
- 51% of all advertised roles were filled by females.
- 50% of promotions were awarded to females.

## Staff Safety and Wellbeing

Staff safety is of the utmost importance to PSC and the Group continues to enhance its workplace health, safety and wellbeing programmes and training to promote comfortable, supportive and safe workplaces. PSC recognises our responsibility to ensure that staff enjoy a work-life balance as part of our commitment to promoting staff health safety and wellbeing.

### FY24 staff initiatives:

Australia/New Zealand/Asia:

- PSC's Australian Employee Assistance Program (EAP) continued to support our staff (and their families') wellbeing by providing a confidential private avenue for access to trusted mental health support when needed. Manager training to support staff experiencing or at risk of domestic violence.
- Over the past 12 months, PSC expanded its staff benefit offerings for our Australian-based staff, authorised representatives and their dependent family members.
- Our Hong Kong staff benefit from discounts on all classes of insurance as well as discounted health checks.

UK/Ireland/Bermuda:

- Our UK Culture Committees ran a number of staff activities including events to promote office wellbeing, cultural diversity and to recognise occasions such as International Women's Day and Chinese New Year.
- Our UK businesses once again supported UK Mental Health Awareness Week by holding various activities throughout the week. Funds were also raised for mental health charities including 'Mind' through an office bake sale and hampers were donated to our local 'Andy's Man Club' group which focus on male suicide prevention.
- Our UK businesses remained committed to staff welfare causes such as the UK's Cyclescheme, a cycle to work benefit which reduces the costs of staff purchasing bicycles and accessories.

## Dedication to Our Communities

We are fortunate to have passionate and committed individuals making significant contributions to their community in order to benefit others. Over the years, our people in their own capacity and via the PSC Foundation have driven the support of familiar causes and vulnerable groups within our communities. PSC's support includes volunteering at community events, the donation of vital equipment and merchandise, as well as matching staff fundraising contributions. In FY24, PSC proudly partnered and supported community organisations and charitable causes across the globe including:

### Australia / New Zealand / Asia

- Australian Red Cross
- Dementia Australia & the Memory Walk and Jog for Dementia
- The Starlight Children's Foundation
- Royal Far West
- Westpac Ride to Give
- FightMND
- Cancer Council's Biggest Morning Tea
- R U OK Day
- Menslink
- STEptember

### United Kingdom / Ireland / Bermuda

- Blue Marine Foundation
- The Great Ormond Street Children's Hospital
- Talent Tap and upReach.
- British Heart Foundation Community Activities Project Ealing
- Save the Children
- National Museum of Bermuda
- Childrens Heart Surgery Fund
- Macmillans
- Alzheimer's Society
- Queen Elizabeth's Foundation

For the third year, our UK business has supported work experience charity programs, including Talent Tap and upReach. These organisations are dedicated to significantly improving the lives of young people facing limited social mobility in rural and coastal communities. By partnering with these charities, we have been able to offer students from underprivileged areas valuable work experience in our London offices. Additionally, in the UK, we have collaborated with Community Activities Project Ealing (CAPE) to provide young people in London with opportunities to pursue careers in the insurance broking industry. These individuals can face barriers such as poverty, poor mental health, social service intervention and institutional racism.

## Human Rights and Eradicating Modern Slavery

PSC's Modern Slavery Policy outlines the minimum standards expected of suppliers including:

- Legal wages.
- No forced labour.
- Adequate safety & hygiene.
- No bribery.
- No discrimination.
- No child labour.

PSC's Procurement Policy documents our Group-wide response to the threats of modern slavery practices across all subsidiary entity supply chains worldwide. The Policy documents the expectations we place on suppliers to comply with local and national laws and regulations on bribery, corruption, money laundering, prohibited business practices, human rights, fair employment practices, health and safety, discrimination, harassment and bullying. PSC's Procurement Policy also requires suppliers to agree to adhere to PSC's Code of Conduct and Whistleblower Policy when entering into new supplier agreements with PSC.

PSC continued to strengthen our modern slavery risk management in FY24 by partnering with a specialist supply chain risk assessment provider, iPRO, to expand upon our Group-wide supplier enhanced due diligence program. Through the use of iPRO's Modern Slavery Assessment Tool (MSAT), PSC has been able to gain enhanced insights into our supply chain by capturing significantly more data than previous reporting periods from a wider scope of suppliers. PSC's 2023 Group Modern Slavery Statement details the steps taken during the 12 months to June 30 2023 to seek to minimise the risk of modern slavery occurring in the Group's businesses and supply chains and contains a full breakdown of the supply chain insights gained through the iPRO MSAT. Our Statement can be viewed via the Attorney-General's Department website as well as the PSC Group website.

## Open and Transparent Workplace

PSC believes in the strong ethical values of integrity and business honesty and is committed to a culture of compliance, ethical behaviour and acting lawfully. PSC is committed to creating and maintaining an open and transparent working environment in which staff, directors and contractors are able to raise concerns regarding actual or suspected unethical, unlawful or undesirable conduct. Our policies provide strong protections for individuals who disclose wrongdoing to help uncover any misconduct that may not otherwise be detected, and understand and promote the importance of a 'speak up' culture.

# ESG STATEMENT (CONTINUED)

## Our Corporate Governance

The Board is responsible for the corporate governance of the Group. Outlined are policies and practices adopted by the Group. We are committed to high standards in accordance with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations unless stated otherwise. The Board is comprised of highly experienced and qualified members with the necessary skills and experience within the financial services industry. Refer to the Board member profiles published on pages 20 and 21.

## Principle 1 – Lay solid foundations for management and oversight

The Board's role includes guiding the Group's strategic direction, driving its performance and overseeing the activities of management and the operation of the Group. The respective roles and responsibilities of the Board and Executives are defined in the Board Charter, a copy of which is available on the Group's website at [www.pscinsurancegroup.com.au](http://www.pscinsurancegroup.com.au). There is a clear delineation between the Board's responsibility for the Group's strategy and activities, and the day-to-day management of operations conferred upon the Group's officers.

More specifically, the Board is responsible for:

### Strategy and financial performance

These include to:

- Develop, approve and monitor the Group's corporate strategy, investment and financial performance objectives.
- Determine the Group's dividend policy.
- Evaluate, approve and monitor all aspects of capital management, including material acquisitions, divestitures and other corporate transactions, including the issue of securities of the Group and undertaking of new debt facilities or issue of debt securities.
- Approve all financial reports and material reporting and external communications by the Group.
- Appoint the Chair of the Board and, where appropriate, any Deputy Chair or other Director.

### Executive and Board management

These include to:

- Appoint, monitor and manage the performance of the Group's Directors,
- Manage succession planning for the Group's Executive Directors and any other key management positions as identified from time to time.
- Ratify the appointment and, where appropriate, the removal of senior management of the Group and any subsidiaries.
- Review and approve the remuneration of individual Board members and Senior Executives, having regard to their performance.

### Audit and risk management

These include to:

- Appoint the external auditor and determine its remuneration and terms of appointment.
- Ensure effective independent audit, risk management and regulatory compliance programs are in place.
- Approve and monitor the Group's risk and audit framework and its Risk Management Policy.
- Monitor the Group's operations in relation to, and in compliance with, relevant regulatory and legal requirements.
- Approve and oversee the integrity of the accounting, financial and other corporate reporting systems and monitor the operation of these systems.

### Corporate governance and disclosure

These include to:

- Evaluate the overall effectiveness of the Board, its committees and its corporate governance practices and policies.
- Approve the public disclosure of all matters that the law and the ASX Listing Rules require to be publicly disclosed in a manner consistent with the Continuous Disclosure Policy.
- Approve the appointment of Directors to committees established by the Board and oversee the conduct of each committee.

The Company Secretary, Stephen Abbott, reports directly to the Chairman of the Board. The role of the Company Secretary is outlined in the Board Charter.

The responsibility for the operation of the Group is delegated by the Board to the Managing Director. The Board and senior management monitor the performance of the Group through monthly reporting of the operating performance of each business, with reference to Board approved budgets and prior corresponding periods. The Remuneration and Nominations Committee monitors the performance of Key Management Personnel. All Directors have a written agreement setting out the terms of their appointment.

## Principle 2 – Structure the Board to be effective and add value

The Board currently comprises four Non-Executive Directors and four Executive Directors. Of these eight Directors, four are independent Non-Executive Directors; Mr Brian Austin, Mr Paul Dwyer, Mr Melvyn Sims and Ms Jo Dawson. The Board are highly invested in the Group and believe this is in the best interests of all shareholders to drive the performance and add value.

Mr Brian Austin, Mr Paul Dwyer and Mr John Dwyer are all substantial shareholders in the Group. While Mr Austin's and Mr Dwyer's direct and indirect shareholding in the Group may be an indicator that they may not be an independent Director under ASX guidelines, the Board believes they continue to act independently of management and in the best interests of all shareholders and consequently the Board has deemed that they are independent. The experience and expertise relevant to the position of Director held by each Director at the date of this report is included in the Directors' Report.

The term in office held by each Director at the date of this report is as follows:

Name	Term in office
Paul Dwyer – Chairman, Independent Non-Executive Director	14 years
Brian Austin – Deputy Chairman, Independent Non-Executive Director	14 years
John Dwyer – Executive Director	14 years
Antony Robinson – Managing Director	9 years
Melvyn Sims – Independent Non-Executive Director	8 years
Tara Falk – Executive Director	5 years
James Kalbassi – Executive Director	3 years
Jo Dawson – Independent Non-Executive Director	3 years

Principal 2.4 and 2.5 of the ASX Corporate Governance Principles and Recommendations recommends that the Board comprise a majority of Directors who are independent. The Board is currently composed of 50% of Directors who are independent. The Board considers this to be appropriate.

The Board has established two committees to assist in its endeavours:

- Audit & Risk Management Committee.
- Remuneration & Nominations Committee.

The charter of each of these committees can be reviewed at [www.pscinsurancegroup.com.au](http://www.pscinsurancegroup.com.au).

In considering the skills required by members of the Board, consideration is given to the following:

- Insurance industry experience.
- Executive management experience.
- Financial acumen.
- Legal knowledge.
- UK business experience.
- Operational and acquisition experience.

The Board has considered these requirements and is satisfied with the current composition.

To enable performance of their duties, all Directors:

- Are provided with appropriate information in a timely manner and can request additional information at any time.
- Have access to the Company Secretary.
- Are able to seek independent professional advice at the company's expense.
- Are able to undertake professional development opportunities to further develop their knowledge and skill needed to perform their role as Director.
- Have undergone an induction process to enable them to be effective Directors and gain substantial knowledge of the company.



## ESG STATEMENT (CONTINUED)

### Principle 3 – Instil a culture of acting lawfully, ethically and responsibly

The Group is committed to operating honestly and ethically in all its business dealings and to embody this commitment has adopted a Code of Conduct, Anti-Corruption and Bribery, Whistleblower, and Securities Trading policies which apply to all Directors, officers, employees, contractors or consultants of the Group. Each of these has been prepared having regard to the ASX Corporate Governance Principles and Recommendations and is available on the Group's website at [www.pscinsurancegroup.com.au](http://www.pscinsurancegroup.com.au). The Group has adopted a Diversity Policy, a copy of which is available on the Group's website at [www.pscinsurancegroup.com.au](http://www.pscinsurancegroup.com.au). Where candidates for Board and Executive positions have commensurate experience and expertise, the Group will have a preference for appointments that enhance our diversity. Presently, the proportion of female employees across the Group is 56%.

### Principle 4 – Safeguard the integrity of corporate reports

The Group has established an Audit & Risk Management Committee to oversee the management of financial and internal risks. The Committee is chaired by Independent Non-Executive Director, Ms Jo Dawson, and is also comprised of Mr Paul Dwyer and Mr Antony Robinson as the other members of this committee. Principal 4.1 of the ASX Corporate Governance Principles and Recommendations recommends that the audit committee have at least three members all of whom are Non-Executive Directors. Two members of the Committee are Non-Executive Directors. Mr Robinson is considered the most appropriate third member given his expertise and experience across many businesses in the financial services sector.

The Audit & Risk Management Committee is governed by an Audit & Risk Management Committee Charter, a copy of which is available on the Group's website at [www.pscinsurancegroup.com.au](http://www.pscinsurancegroup.com.au). Key roles of the Committee include:

- Review of the half year and full year statutory financial statements.
- Consideration of the performance of the external audit, including independence, and the periodic rotation of that role.
- Review of risk management assessment and the Group's Risk Management Policy and internal financial controls.
- Meeting quarterly throughout the year.

Prior to the approval of the financial statements, the Board received a declaration from the Managing Director and Chief Financial Officer that, in their opinion, the financial records have been properly maintained, are in accordance with Australian Accounting Standards and give a true and fair view of the financial performance and financial position of the Group.

The Group's auditor, Ernst & Young, has indicated they will be attending the Annual General Meeting.

### Principle 5 – Make timely and balanced disclosure

The Group is committed to providing timely and balanced disclosure to the market in accordance with its Continuous Disclosure Policy, a copy of which is available on the Group's website at [www.pscinsurancegroup.com.au](http://www.pscinsurancegroup.com.au). The Continuous Disclosure Policy is designed to ensure compliance with ASX Listing Rules and the *Corporations Act 2001*. All disclosures are subject to Board ratification.

### Principle 6 – Respect the rights of Securityholders

The Group has adopted a Shareholder Communications Policy for Shareholders wishing to communicate with the Board, a copy of which is available on the Group's website at [www.pscinsurancegroup.com.au](http://www.pscinsurancegroup.com.au). The Group seeks to recognise numerous modes of communication, including electronic communication, to ensure that its communication with Shareholders is timely, frequent, clear and accessible. The Group provides investors with comprehensive and timely access to information about itself and its governance on its website at [www.pscinsurancegroup.com.au](http://www.pscinsurancegroup.com.au). All Shareholders are invited to attend the Group's general meetings, either in person or by representative. The Board regards the general meetings as an excellent forum in which to discuss issues relevant to the Group and accordingly encourages full participation by Shareholders. General meetings are structured to enable full participation by shareholders including the opportunity to ask questions of the Board and at annual general meetings, the Group's auditor.

## Principle 7 – Recognise and manage risk

In conjunction with the Group's other corporate governance policies, the Group has adopted a Risk Management Policy, which is designed to assist the Group to identify, evaluate and mitigate risks affecting the Group. The Audit & Risk Management Committee is responsible for reviewing whether the Group has any material exposure to any economic and commercial risks, and if so, to develop strategies to manage such risks, and present such strategies to the Board. The Audit & Risk Management Committee is supported by the Group Manager Governance and Compliance who has a direct line of report into this committee.

The Group has identified certain key risks that could materially impact its performance, and implemented measures to manage these risks. These include, however are not limited to:

- Regulatory risk – as a Group of regulated financial services businesses, changes in regulation or actions by regulators could impact the Group.
- Personnel risk – competent employees and management are very important to the ongoing success of the Group.
- Financial risk – sound risk management of the financial controls around client monies and financial reporting are very important.
- Underwriter risk – the Group's underwriting agency businesses require the ongoing support of their underwriters. If this support is withdrawn it could impact the Group.
- Technology and cyber security risk – the risk of infrastructure failure and the inability to meet business needs and prevent unauthorised access to the Group's systems.
- Partnering and Outsourcing – the risk of failing to effectively identify, onboard, and manage insurers and third parties.
- Personal and Confidential Information - any loss, unauthorised disclosure, or misuse of this data, including financial and commercially sensitive information, could significantly harm the Group.
- Impairment risk – the risk that investments are subject to a permanent decrease in value, resulting in an expense for the Group.

Risk management within the Group is further enhanced by a separate Compliance and Risk Management Committee that meets quarterly to assess operational compliance risks across the Group and is comprised of the Group's compliance managers, Company Secretary and chaired by the Group Manager Legal, Governance and Compliance. This committee provides a written report to each full Board Meeting via the Group Manager Legal, Governance and Compliance. The Group Manager Legal, Governance and Compliance attends each full Board Meeting. Compliance managers are responsible for monitoring and auditing insurance related operational functions to ensure continuing compliance with respective jurisdictional licensing requirements.

Regular internal communication between the Group's management and Board supplements the Group's Risk Management Policy. The Group at least annually evaluates the effectiveness of its risk management framework to ensure that its internal control systems and processes are monitored and updated on an ongoing basis. Under the Audit & Risk Management Committee Charter, the Audit & Risk Management Committee is responsible for providing an independent and objective assessment to the Board regarding the adequacy, effectiveness and efficiency of the Group's risk management and internal control process. A review of the entity's risk management framework is completed at least annually to ensure that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the Board.

A copy of the Group's Risk Management policy is available on the Group's website at [www.pscinsurancegroup.com.au](http://www.pscinsurancegroup.com.au).

## Principle 8 – Remunerate fairly and responsibly

The Group has a Remuneration & Nominations Committee to oversee the level and composition of remuneration of the Group's Directors and Executives. The Group's Remuneration & Nomination Committee is governed by a Remuneration & Nomination Committee Charter, a copy of which is available on the Group's website at [www.pscinsurancegroup.com.au](http://www.pscinsurancegroup.com.au).

The committee comprises two Directors:

- Brian Austin (Chairman)
- Paul Dwyer (Deputy Chairman)

Principal 8.1 of the ASX Corporate Governance Principles and Recommendations recommends that the Remuneration and Nominations Committee have at least three members all of whom are Non-Executive Directors. The Committee is comprised of two independent Non-Executive Directors. The Board considers this appropriate for the size and nature of the business.

# DIRECTORS' REPORT

The Directors present their report together with the financial report of the Group consisting of PSC Insurance Group Limited and the entities it controlled, for the financial year ended 30 June 2024 and auditor's report thereon. This financial report has been prepared in accordance with Australian Accounting Standards.

## Directors

The names of directors in office at any time during or since the end of the period are:

Paul Dwyer  
Brian Austin  
Antony Robinson  
John Dwyer  
Melvyn Sims  
Tara Falk  
James Kalbassi  
Jo Dawson

The Directors have been in office since the start of the year to the date of this report unless otherwise stated.

## Company Secretary

Mr Stephen Abbott holds the office of Company Secretary.

## Principal activities

The principal activity of the Group during the course of the financial year remained unchanged, namely operating a diverse range of insurance services businesses across Australia, New Zealand, United Kingdom and Asia, the results of which are disclosed in the attached financial statements. These services include risk financing, insurance, risk management and claims management solutions.

## Results

The consolidated profit after income tax and eliminating non-controlling interest attributable to the members of PSC Insurance Group Limited was \$57,161,000 (2023: \$55,757,000).

## Review of operations

A review of the operations of the Group during the financial year and the results of those operations are as follows:

Statutory revenue increased from \$314.5m to \$361.5m and statutory net profit after tax attributable to owners of PSC Insurance Group Limited increased from \$55.8m to \$57.2m. Underlying operating revenue increased 16% from \$297.5m to \$343.6m, underlying earnings before interest, tax, depreciation and amortisation (EBITDA) increased 15% from \$111.0m to \$127.1m and underlying net profit after tax before amortisation (NPATA), increased 11% from \$78.4m to \$87.0m.

The Group remains well capitalised with a sound balance sheet position.

## Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group during the financial year.

## After balance date events

Please refer to Note 38 subsequent events for full details.

There have been no other circumstances that have arisen since the end of the year which affect the state of affairs of the Group.

## Principal risks and uncertainties

Risks that could materially affect the Group or its ability to meet its strategic objectives are detailed below. These include some of the key risk categories used by the Group to manage risk and keep a risk management focus central to our culture and governance. This list is not exhaustive but covers the material risks of the Group.

Risk	Description	Managing the Risk
<b>Regulatory risk</b>	<p>The risk of not adhering to laws, regulations, industry standards and codes, internal policies and procedures, and principles of good governance relevant to the Group's businesses.</p> <p>The risk of loss due to changes in regulations and laws that could impact the industry in which the Group operates.</p>	<ul style="list-style-type: none"> <li>Identifying regulatory and business environment changes to proactively address emerging compliance obligations</li> <li>Monitoring compliance through a continuous internal review program</li> <li>Integrating key obligations into our operations</li> <li>Establishing robust reporting and certification processes</li> <li>Timely identification, reporting, and management of incidents and potential breaches</li> <li>Encouraging employees and contractors to raise concerns or issues via the Group Whistleblower Policy, ensuring confidentiality by allowing anonymous submissions</li> <li>Employing specialised and experienced resources and teams including Legal, Compliance and Finance to oversee and educate stakeholders on relevant regulatory requirements and to monitor potential changes</li> </ul>
<b>Personnel risk</b>	<p>The risk related to inefficient hiring, retaining, and engaging skilled/key personnel, or mishandling work health and safety. Such risks could affect the Group's assets, reputation, financial performance, and its capacity to operate effectively or achieve its strategic goals.</p>	<ul style="list-style-type: none"> <li>Succession and development planning</li> <li>Employee engagement surveys and feedback</li> <li>Workforce planning and monitoring skills gaps</li> <li>Setting KPIs and conducting performance reviews</li> <li>Providing employee training</li> <li>Implementing appropriate remuneration arrangements</li> <li>Offering an Employee Assistance Program</li> </ul>
<b>Financial risk</b>	<p>Key financial risks include:</p> <ul style="list-style-type: none"> <li>Mishandling client monies</li> <li>Insufficient capital and cash flow for growth and regulatory compliance</li> <li>Financial fraud</li> <li>Misstatements in financial and tax reporting.</li> </ul>	<ul style="list-style-type: none"> <li>Client Money Risk: Centralized broking ledgers, specialised insurance broking software, regular trust account reconciliations, dual payment authorization on bank accounts, and conducting client money audits (UK)</li> <li>Capital and Cashflow Management: Capital adequacy reporting to the Board, regular investor engagement, working with an increased number of lenders, regular banking covenant reporting and regular cash management meetings.</li> <li>Financial Fraud: Delegation of Authority Matrices, compliance reviews and audits, enforcement of the Group Whistleblower Policy, third-party oversight for fund disbursement, dual payment authorisation on bank accounts, payee bank account validation software, maintaining appropriate insurance coverage</li> <li>Financial Reporting: Monthly financial reports to the Executive Committee and Board, and conducting external financial audits</li> <li>Tax Risks: External oversight reviews, transaction advice from external advisors, preparation of position papers to mitigate penalties, and Board oversight and approval of actions within the Group risk appetite</li> </ul>
<b>Underwriter risk</b>	<p>The unexpected loss of underwriter capacity, such as an underwriter failing to renew a binder or withdrawing capacity for strategic reasons, could lead to a significant loss of income.</p>	<ul style="list-style-type: none"> <li>Binder agreements and adherence to key binder obligations</li> <li>Peer to peer reviews</li> <li>Binder compliance measures</li> <li>Business Continuity Planning</li> </ul>

## DIRECTORS' REPORT (CONTINUED)

Risk	Description	Managing the Risk
<b>Technology and cyber security risk</b>	<p>Risk related to infrastructure failure or unauthorised access to the Group's systems, which can disrupt business operations.</p> <p>Security breaches or cyber incidents could lead to the loss of sensitive information, causing reputational damage, client distrust and regulatory actions that compromise the confidentiality, integrity, or availability of the Group's IT assets.</p>	<ul style="list-style-type: none"> <li>• Conducting cyber awareness training and phishing simulation exercises</li> <li>• Vulnerability and patch management</li> <li>• Regular risk and threat assessments</li> <li>• Third party audits and penetration testing</li> <li>• Incident and disaster recovery exercises</li> <li>• Using the Essential 8 model, the Group conducts regular assessments and utilises external reviewers for improvement. Our technology teams focus on platform migration, development, and support. Business continuity and disaster recovery plans are tested annually to ensure resilience</li> </ul>
<b>Partnering and Outsourcing</b>	<p>The risk of failing to effectively manage insurers and third parties could lead to missed opportunities, financial losses, strategic obstacles, reputation damage, and increased concentration risk.</p>	<ul style="list-style-type: none"> <li>• Embedding and monitoring Service Level Agreements (SLAs) and Key Performance Indicators (KPIs) in contracts</li> <li>• Assigning Partner Development Manager roles</li> <li>• Implementing delegations of authority to define who can bind PSC into agreements.</li> </ul>
<b>Personal and Confidential Information</b>	<p>The Group's operations depend on the secure processing, transmission and storage of confidential and proprietary information.</p> <p>Any loss, unauthorised disclosure, or misuse of such information, including financial data and commercially sensitive or proprietary data, could materially and adversely affect the Group. This could lead to operational disruptions, reputational damage, and regulatory action.</p>	<ul style="list-style-type: none"> <li>• Implementing a data protection framework with policies, standards and procedures</li> <li>• Ensuring third party contracts include privacy and data loss provisions</li> <li>• Utilising incident management and response plans</li> <li>• Enforcing physical and system controls to secure information and restrict access to approved personnel</li> <li>• Conducting staff training on data and privacy requirements</li> <li>• Using a privacy due diligence checklist for M&amp;A transactions</li> </ul>
<b>Impairment risk</b>	<p>The risk that investments are subject to a permanent decrease in value, resulting in an expense for the Group.</p>	<ul style="list-style-type: none"> <li>• Experienced mergers and acquisitions/finance team that reviews the performance of our investments on an ongoing basis</li> <li>• Due diligence process to assess risk profiles, include contractual representations and warranties, and use of contingent consideration to reduce uncertainty</li> <li>• Formal impairment reviews are undertaken at least biannually, or more frequently if there are indications of impairment</li> </ul>



## Likely developments

The Group will continue to focus on creating, acquiring and enhancing its operations to create shareholder value to ensure our clients get the best possible service and value.

## Environmental regulation

The Group's operations are not subject to any significant environmental Commonwealth or State regulations or laws.

## Dividend paid, recommended and declared

Details of dividends paid, declared or recommended are as follows:

	2024	2023
	\$	\$
<b>(a) Dividends paid or declared by PSC Insurance Group Limited</b>		
Dividends paid partially franked	50,590,847	44,840,450
<b>(b) Dividends paid to non-controlling interests</b>		
Dividends paid partially franked	290,000	330,584
<b>(c) Dividend declared after the reporting period and not recognised</b>		
Since the end of the reporting period the directors have not recommended or declared a dividend (2023: 8.3 cents per share franked to 60 percent)	-	29,521,765
Since the end of the reporting period the directors have not recommended or declared dividends to non-controlling interests	-	-

## Shares under option

Unissued ordinary shares of PSC Insurance Group Limited under option at the date of this report are as follows:

Name of option holder	Date option granted	Number of unissued ordinary shares under option	Vesting date	Issue price of shares	Expiry date of the options
Antony Robinson	11 November 2022	2,000,000	10 November 2024	\$6.50 per share	31 March 2025

The fair value of the options was \$760,415. The vesting condition is that Mr Robinson remains a member of the KMP as at the vesting date.

## Shares issued on exercise of options

There was no shares issued on exercise of options during the year.

# DIRECTORS' REPORT (CONTINUED)

## Information on Directors and Company Secretary

The qualifications, experience and special responsibilities of each person who has been a director of PSC Insurance Group Limited since 1 July 2023 is provided below, together with details of the company secretary as at the year end.

Director	Expertise, experience and qualifications
<b>Paul Dwyer</b> <b>Non-Executive Chairman</b> Dip Fin Serv (Ins)  <i>Member of Audit and Risk Management Committee and Remuneration and Nomination Committee</i>	Paul Dwyer, Non-Executive Chairman, was appointed to the Board on 10 December 2010. Prior to founding PSC, Mr Dwyer held a senior executive position with OAMPS Insurance Brokers Limited and previous to that role was a Regional Underwriter with CGU. Mr Dwyer's focus is the strategic direction of the entity, exploring acquisition and organic growth opportunities and to manage and work with the executive and staff within the entity to continually improve business operations. Mr Dwyer is Chairman of ASX listed Credit Clear Ltd (ASX: CCR) and Non-Executive Director of Mirrabooka Investments Ltd (ASX: MIR).
<b>Brian Austin</b> <b>Non-Executive Director and Deputy Chairman</b>  <i>Member of Remuneration and Nomination Committee</i>	Brian Austin, Independent Non-Executive Deputy Chairman, was appointed to the Board on 10 December 2010. With over 40 year's industry experience, Mr Austin has held senior executive positions in the insurance industry, including Chief Executive Officer of OAMPS Insurance Brokers Limited. Over that time Mr Austin has been instrumental in setting the strategy of capital raising and acquisitions. The Executive positions Mr Austin has held has enabled him to develop a global network of key relationships that allow the future growth strategies of the entity to be pursued with much confidence. Mr Austin is Chairman of ASX listed AMA Group Ltd (ASX: AMA).
<b>Antony Robinson</b> <b>Managing Director</b> B Com (Melb), ASA, MBA (Melb)  <i>Member of Audit and Risk Management Committee</i>	Antony Robinson, Managing Director, was appointed to the Board on 13 July 2015. Mr. Robinson has significant experience in wealth management and insurance, including Managing Director of Centrepont Alliance Limited, IOOF Holdings Ltd, WealthPoint and OAMPS Insurance Brokers Limited. Mr. Robinson's appointment carries with it the responsibility to ensure that finances and decision-making are robust and the business is aligned to the growth strategy of the Board. Mr. Robinson is Chairman of ASX listed Pacific Current Group Ltd (ASX: PAC). Mr. Robinson is also a former Director of ASX listed Bendigo and Adelaide Bank Ltd (ASX: BEN), resigned November 2021.
<b>John Dwyer</b> <b>Executive Director</b> Dip Fin Serv (Ins)	John Dwyer, Executive Director, was appointed to the Board on 10 December 2010. Mr Dwyer has over 30 years' experience in the insurance industry, spending time with QBE as a Regional Underwriting Manager, commencing a joint venture with OAMPS Insurance Brokers Limited and eventually becoming Eastern Region Manager (NSW & ACT). As Director of Broking across the PSC Group, Mr Dwyer brings specialist business integration and practical operational skills pivotal to a growing business.
<b>Melvyn Sims</b> <b>Non-Executive Director</b> LLB (Hons) Nottm.	Mel Sims, Independent Director, was appointed to the Board on 8 August 2016. Mr Sims is a highly regarded London based corporate lawyer with extensive experience in the insurance industry gained during his 30 years as a partner in the international law firm DLA Piper and since July 2015 as a partner in the international law firm DWF Law PLC. Over the course of Mr Sims' career he has held senior management roles, including managing DLA Piper Offices and practice groups in the Middle East and advised businesses in commercial and transactional matters often with an international perspective and in diverse markets ranging from general retail, aviation, sport and leisure through to regulated financial services businesses. Mr Sims has extensive Board experience having served as a board member of the Towergate Insurance Group and latterly Global Risk Partners.
<b>Tara Falk</b> <b>Executive Director</b>	Tara Falk, Executive Director, was appointed to the Board on 8 October 2019. Ms Falk has over 30 years' experience in the insurance industry and is co-founder and co-CEO of Paragon International Insurance Brokers Ltd, which PSC acquired in 2019. Ms Falk has extensive experience in all operations of running a specialist Lloyd's Insurance Broker, working with leading insurers in Lloyd's, Europe, Bermuda and the United States. Ms Falk is involved with the placement of complex insurance programmes for many large professional service firms around the world and is also on the Board of the London & International Insurance Brokers' Association.
<b>James Kalbassi</b> <b>Executive Director</b>	James Kalbassi, Executive Director, was appointed to the Board on 15 June 2021. Mr Kalbassi has more than 30 years' experience in the insurance industry and as co-Founder and co-CEO of Paragon International Insurance Brokers Ltd, leading and building a specialist Lloyd's and International Insurance Broker. Mr Kalbassi's strategic and operational experience has helped to drive the company's success, representing some of the world's largest professional service firms and listed corporate clients. Mr Kalbassi has recently served as a Chairman of the UNIQA Partners Global Independent Broker network.

Director	Expertise, experience and qualifications
<b>Jo Dawson</b> <b>Non-Executive Director</b> B Com (Melb), CA, FAICD  <i>Member of Audit and Risk Management Committee</i>	Jo Dawson, Independent Non-Executive Director and Chair of the Audit and Risk Management Committee, was appointed to the Board on 15 June 2021. Ms Dawson has deep experience in highly regulated customer facing service businesses and a long history of corporate transactions. Her prior roles include senior positions at Deloitte and National Australia Bank, and Chair of EL&C Baillieu Ltd. Her current Non-Executive Directorships include Centuria Capital Group (ASX: CNI) and AMA Group Ltd (ASX: AMA). Ms Dawson is also a former Director of ASX listed Templeton Global Growth Fund Ltd (ASX: TGG), resigned 31 October 2021, delisted 1 November 2021.
Company Secretary	Expertise, experience and qualifications
<b>Stephen Abbott</b> BBus, CA, CTA	Stephen Abbott was appointed Company Secretary on 18 May 2015, having joined the PSC Insurance Group in March 2012. Mr Abbott has over 35 years experience in accounting and finance both within industry and commerce and professional services firms with over 15 years in insurance broking.

## Directors' meetings

The number of meetings of the Board of Directors and of each Board Committee held during the financial year and the numbers of meetings attended by each director were:

	Board of Directors		Audit & Risk Management Committee		Remuneration Committee	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Brian Austin	8	8	-	-	1	1
Paul Dwyer	8	8	4	2	1	1
Antony Robinson	8	8	4	4	-	-
John Dwyer	8	8	-	-	-	-
Melvyn Sims	8	7	-	-	-	-
Tara Falk	8	6	-	-	-	-
James Kalbassi	8	8	-	-	-	-
Jo Dawson	8	8	4	4	-	-

During the year a Board subcommittee was established:

- Independent Board Committee (IBC) – The IBC was established to consider acquisition proposals in respect of PSC, given the different consideration offered to certain directors of PSC (or entities they control) under the proposal presented by The Ardonagh Group. As of 21 August 2024, the IBC comprised of the Independent Directors of PSC, being Melvyn Sims and Jo Dawson.

In addition to the scheduled Board Meetings, the Board has informal discussions on a regular basis to consider relevant issues. It also discusses strategic, operational and risk matters with senior management on an ongoing basis.

# DIRECTORS' REPORT (CONTINUED)

## Director's interests in contracts

Directors' interests in contracts are disclosed in the Remuneration Report.

Directors' relevant interests in shares of PSC Insurance Group Limited or options over shares in the company are detailed below.

Directors' relevant interests in:	Ordinary shares of PSC Insurance Group Limited	Options over shares in PSC Insurance Group Limited
Brian Austin	32,277,966	-
Paul Dwyer	57,174,852	-
Antony Robinson	3,599,290	2,000,000
John Dwyer	34,571,351	-
Melvyn Sims	306,653	-
Tara Falk	8,786,200	-
James Kalbassi	7,662,587	-
Jo Dawson	10,000	-

## Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* in relation to the audit for the financial year is provided with this report.

## Non-Audit Services

Non-audit services are approved by resolution of the Audit and Risk Management Committee to the Board. Non-audit services provided by the auditors of the Group, Ernst & Young (Melbourne), network firms of Ernst & Young, and other non-related audit firms, are detailed below. The Directors are satisfied that the provision of the non-audit services during the year by the auditor is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001* for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by PSC Insurance Group Limited Ltd and have been reviewed and approved by the Audit and Risk Management to ensure they do not impact on the integrity and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for PSC Insurance Group Ltd or any of its related entities, acting as an advocate for PSC Insurance Group Ltd or any of its related entities, or jointly sharing risks and rewards in relation to the operations or activities of PSC Insurance Group Ltd or any of its related entities.

	2024	2023
	\$	\$
Amounts paid/payable to Ernst & Young (Melbourne) for non-audit services:		
Taxation Services	-	18,665
Due diligence and tax advice	895,268	159,800
	<b>895,268</b>	<b>178,465</b>
Amounts paid/payable to non-related auditors of group entities for non-audit services:		
Taxation Services	23,420	46,032
Agreed upon procedures	144,760	208,395
	<b>168,180</b>	<b>254,427</b>
<b>Total Amount Paid/Payable</b>	<b>1,063,448</b>	<b>432,892</b>

### Indemnification and insurance of directors, officers and auditors

During or since the end of the year, the Group has given indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums in order to indemnify the Directors of the Group.

Further disclosure required under section 300(9) of the *Corporations Act 2001* is prohibited under the terms of the contract.

No indemnities have been given or insurance premiums paid, during or since the end of the year, for any person who is or has been an auditor of the Group.

### Proceedings on behalf of the Group

No person has applied for leave of Court to bring proceedings on behalf of PSC Insurance Group Limited or any of its subsidiaries.

### Rounding Amounts

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the Directors' Report and in the financial statement have been rounded to the nearest one thousand dollars, unless otherwise indicated.





# DIRECTORS' REPORT (CONTINUED)

## REMUNERATION REPORT

### Letter from the Remuneration and Nomination Committee Chair

Dear Fellow Shareholders,

On behalf of the board, I am pleased to present the 2024 financial year remuneration report for the PSC Insurance Group Limited and Controlled Entities (PSC). The remuneration report provides information on the remuneration framework and arrangements for our Key Management Personnel (KMP). Remuneration outcomes are reported for the financial year ended 30 June 2024.

#### Management and Board Changes

There has been no changes to the KMP over the 2024 financial year.

#### PSC's Executive KMP Remuneration Philosophy

Our KMP executive remuneration provides for:

- Industry and market competitive base remuneration.
- Short term incentives not being classed as a default remuneration component for executive KMP, however they may be considered by the Board where specific commercial drivers of value are compelling in the Board's view.
- Long term equity grants to ensure long term shareholder alignment as owners.

The structure recognises that:

- PSC needs its remuneration to be differentiated for attraction and retention of high quality people.
- PSC is a high growth and entrepreneurial business focused on long term value creation. We want management to be focused on recognising and acting on opportunities to grow shareholder value.
- We value simplicity. This extends to remuneration so that a substantive part of executive's potential wealth is locked up in PSC shares. This only has value to the extent of share price appreciation, where the PSC produces dividends and the KMPs remain with the business.
- There is no limit to an "upside". We want to ensure management remain incentivised as the Group grows. Our remuneration does not artificially cap the gain in share price and dividends, or the growth in annual incentive from growth in profit in those businesses deemed to need a profit improvement.

As PSC grows and more fully realises its potential, we may evolve our remuneration framework towards annual incentives with defined short and long term measures and targets. However, at this stage we believe the best approach is to tailor remuneration such that executives are encouraged to think and behave like owners and, where appropriate, are required to have a specific focus on compelling value drivers.

Our remuneration report describes our approach in more detail. I summarise below the key elements.

#### Annual incentives

PSC KMP executives are not usually entitled to a short term incentive (STI) opportunity because, as an entrepreneurial organisation, PSC wants its KMP executives to act quickly and decisively when opportunities arise, to maximise long term value. We would rather KMP executives bide their time if material opportunities are not immediately present and to focus on long term outcomes.

Exceptions are made when we see great opportunity for significant value from operational and strategic improvements requiring attention and focus from KMP executives. For example, to harness ongoing value in our Paragon business, we offer each of Tara Falk and James Kalbassi an annual incentive equal to 7.5% of the improvement in EBITDA from an agreed base level.

**Long term incentive (LTI) awards**

There are three primary determinants of LTI awards

- i. If an executive's alignment with shareholders is considered insufficient or where it is appropriate to recognise the executive share in the growth they are helping to create in the value of the enterprise, a grant is made with longer term vesting. This approach is considered conservative, and not wasteful of shareholder equity and expense.
- ii. It is a preference to incentivise a KMP executive via equity opportunities over base cash remuneration.
- iii. If an executive has no deferred remuneration such that he or she may be more at risk of turnover, a grant is made with longer term vesting. This is more effective than high annual cash salary payments in terms of retention and shareholder alignment.

When a grant is made, PSC's LTI typically consists of loan funded shares. Loan funded shares require the executive to repay the loan. The executive can only realise a benefit if the share price increases, and dividends are paid. Together these two basic elements are the total shareholder return also realised by shareholders. Simply put, the performance requirement improves total shareholder returns. This is built-in to the reward, and not a separate external requirement for a payment.

All loan funded shares have employment related vesting periods of at least three years and some as long as six years. The loan funded shares to the applicable executive directors vest over up to six years from grant. To our knowledge, this vesting period is above and beyond those of the majority of other ASX300 companies, where 3-and 4-year periods are common. The executives are also required to remain employees during the initial term in order to realise any value, focusing them on long term shareholder value creation.

**FY24 Remuneration**

In the past year, no changes were made to the overall remuneration approach.

I trust that you will find the remuneration report informative and explain any further queries you may have. Any further questions are welcomed and encouraged at the Annual General Meeting.



**Brian Austin**

**Chairman**

Melbourne

Date: 23 August 2024

# DIRECTORS' REPORT (CONTINUED)

## REMUNERATION REPORT

### Remuneration Report (Audited)

The Directors present the Group's remuneration report (report) for the year ended 30 June 2024 which details the remuneration information for PSC Insurance Group Limited's Executive Directors, Non-Executive Directors and other key management personnel.

This remuneration report forms part of the Directors' Report and has been audited in accordance with the *Corporations Act 2001*.

#### A. Details of the Key Management Personnel

Directors	Period of Responsibility	Position
Paul Dwyer	Full Year	Chairman, Independent Non-Executive Director from 6 November 2023. Deputy Chairman, Independent Non-Executive Director until 6 November 2023.
Brian Austin	Full Year	Deputy Chairman, Independent Non-Executive Director from 6 November 2023. Chairman, Independent Non-Executive Director until 6 November 2023.
Antony Robinson	Full Year	Managing Director
John Dwyer	Full Year	Executive Director
Tara Falk	Full Year	Executive Director
James Kalbassi	Full Year	Executive Director
Melvyn Sims	Full Year	Independent Non-Executive Director
Jo Dawson	Full Year	Independent Non-Executive Director

Other Key Management Personnel	Period of Responsibility	Position
Joshua Reid	Full Year	Chief Financial Officer

#### B. Remuneration Policies

##### Remuneration and Nomination Committee

The Remuneration and Nomination Committee of the Board of Directors was established on 1 June 2015 and is responsible for making recommendations to the Board on the remuneration arrangements for all key management personnel. The current members of the Remuneration and Nomination Committee are Brian Austin and Paul Dwyer.

The Remuneration and Nomination Committee assesses the appropriateness of the nature and amount of executive remuneration on a periodic basis by reference to relevant employment markets with the overall objective of ensuring maximum shareholder benefit from the retention of high quality, high performing directors and executive team. In determining the level and composition of executive remuneration, the Remuneration and Nomination Committee may also engage external consultants to provide independent advice.

The primary responsibilities of the Remuneration and Nomination Committee is to review and recommend to the Board:

- Executive remuneration and incentive policies and practices;
- The Executive Director's total remuneration having regard to remuneration and incentive policies;
- The design and total proposed payments from any incentive plan and reviewing the performance hurdles for any equity based plan; and;
- The remuneration and related policies of Non-Executive Directors for serving on the board and any committee (both individually and in total). The total aggregate amount of remuneration of Non-Executive Directors is approved by holders of its ordinary securities.

##### Remuneration Strategy

The remuneration strategy of the Group is designed to attract, motivate and retain employees, Executives and Non-Executive Directors by identifying and rewarding high performers and recognising the contribution of Executives and employees to the continued growth and success of the Group.

To this end, the key objectives of the Group's reward framework are to:

- Align remuneration with shareholders' interests;
- Provide an attractive remuneration package benchmarked against the applicable market's region geared towards long term growth of PSC's equity;
- Permit a degree of flexibility in executive focus for the maximisation of value accretive opportunities;
- Permit the application of specific incentives when appropriate to focus on operational or financial factors where there is a significant opportunity to add value;
- Provide strong alignment between the individual and the Group's performance through an emphasis on equity in remuneration; and
- Comply with all relevant legal and regulatory provisions.

## Non-Executive Directors

The ASX Listing Rules specify that an entity must not increase the total aggregate amount of remuneration of Non-Executive Directors without the approval of holders of its ordinary securities.

The Board and the Remuneration Committee considers the level of remuneration required to attract and retain Directors with the necessary skills and experience for the Group's Board. This remuneration is reviewed with regard to market practice and Directors' duties and time commitments.

Remuneration for Non-Executive Directors is subject to the aggregate fee pool limit of A\$1,200,000 in any financial year which was approved by shareholders at the 2023 Annual General Meeting.

The Group has set the following maximum annual Non-Executive Directors' fees:

- Chairman: \$350,000 per annum inclusive of superannuation;
- Deputy Chairman \$350,000 per annum inclusive of superannuation;
- Non-Executive Directors (Australia based): \$122,100 per annum inclusive of superannuation; and
- Non-Executive Directors (United Kingdom based): £90,000 per annum.

Non-Executive Directors do not receive additional fees for serving on committees.

The Group determines the maximum amount for remuneration, including thresholds for share-based remuneration for Non-Executive Directors by resolution. The remuneration received by the Non-Executive Directors for the year ended 30 June 2024 is detailed in Table 4.

## Executive Remuneration Structure

The contracts for service between the Group and executives are on a continuing basis, the terms of which are not expected to change in the immediate future.

To continue the focus on long-term shareholder value creation and to align the interests of the executives with those of shareholders, no short-term incentives have been included as part of the remuneration structure for most PSC KMP executives. Tara Falk and James Kalbassi are an exception given their ties to Paragon. They continue to be eligible for a bonus as no material changes have been made to their remuneration arrangements since the acquisition of Paragon by the Company. This bonus is exclusive to the two executive directors and is tied to the growth of Paragon. Tara and James are eligible for 7.5% of any growth in EBITDA of the Paragon business from an agreed base.

Remuneration for KMP executives may consist of the following elements:

- Fixed remuneration (base salary and superannuation);
- A short term incentive (STI); and
- Long term incentive (LTI).

Other than fixed remuneration, the other elements are considered annually on a case by case basis taking into account levels of fixed remuneration, levels of and exposure to share ownership, the nature and extent that an individual may have added significant value, and if significant operational improvements of consequence to sustain value.

# DIRECTORS' REPORT (CONTINUED)

## REMUNERATION REPORT

### Fixed Remuneration

Fixed remuneration is reviewed annually by the Board / Remuneration and Nomination Committee. The process consists of a review of the Group and individual performance and relevant comparative remuneration from external and internal sources. Fixed remuneration includes superannuation contributions and other salary sacrificed benefits.

The fixed remuneration offered to executives is consistent with market rates.

### Variable Remuneration – annual incentive

The joint CEOs of our UK based Paragon business, Tara Falk and James Kalbassi, were eligible for an annual incentive.

The incentive is equal to 7.5% of the improvement in EBITDA of the Paragon business from an agreed base amount between financial years. The incentive will be paid no later than 90 days after 30 June 2024 once results have been finalised. The incentive payment will be payable for so long as the Contracts of Employment remain valid and not terminated and James and Tara remain joint CEO's of Paragon.

Joshua Reid was recognised with a short-term incentive in the financial year given his long term contribution to the Group.

### Variable Remuneration – long-term incentive

Loan funded shares require the executive to pay back the loan. Participants are required to remain employees over this initial term in order to realise any value.

There are three primary determinants of LTI awards

- i. If an executive's alignment with shareholders is considered insufficient or where it's appropriate to recognise the executive share in the growth they are helping to create in the value of the enterprise, a grant is made with longer term vesting. This approach is considered conservative, and not wasteful of shareholder equity and expense.
- ii. It is a preference to incentivise a KMP executive via LTI opportunities over base cash remuneration.
- iii. If an executive has no deferred remuneration such that he or she may be more at risk of turnover, a grant is made with longer term vesting. This is more effective than high annual cash payments in terms of retention and shareholder alignment.

No specific performance requirements apply for vesting other than performance must be sufficient to retain employment. This recognises that the plan meets multiple criteria, including shareholder ownership and alignment, as a supplement to conservative levels of fixed remuneration, and a focus on longer term growth and sustainability. This is built-in to the reward, and not a separate external requirement for a payment.

No KMP executives were offered loan funded shares in FY24.

The table provides a description of the current PSC LTI scheme.

**Table 1: Loan Funded Shares Description**

Feature	Approach
Purpose	To provide long term shareholder alignment through share ownership, share price appreciation and dividends.
Eligibility	Executive KMP, other senior level employees
Instruments issued	Loan funded shares. Shares of the Company issued to the recipient with a loan to purchase those shares at the acquisition price. The loan is interest free, with recourse limited to the value of the underlying shares.
Acquisition price	Market price on date of acquisition.
Performance conditions	There are no explicit performance hurdles for the loan shares to vest, given that the loan funded shares have an inbuilt performance hurdle and gateway in that total shareholder return must be positive to realise value.
Vesting period	Loan funded shares have an inbuilt performance hurdle and gateway in that total shareholder return must be positive to realise value. Initial vesting periods of 3 to 6 years, dependent on the grant. The vesting for the grants to Tara Falk and James Kalbassi are: 25% of shares vest on 3rd anniversary of grant 25% of shares vest on 4th anniversary of grant 25% of shares vest on 5th anniversary of grant 25% of shares vest on 6th anniversary of grant
Service condition	Executives must remain an employee of the company as of the respective vesting dates.
Treatment on termination	Shares have voting rights and accrue dividend benefits, consistent with other shareholders.
Treatment on termination	If employment with the Company is terminated before the initial vesting date for any reason, all unvested loan funded shares will lapse immediately unless otherwise determined by the Board.

## Executive KMP remuneration

The table below shows executive KMP remuneration packages and current LTI.

**Table 2: Executive KMP Remuneration**

Name	Position	Fixed remuneration	Annual incentive	Current LTI
Antony Robinson	MD	\$600,000	-	2,000,000 Options
John Dwyer	ED	\$350,000	-	-
Tara Falk	ED, co CEO Paragon	\$558,970 (GBP291,000)	7.5% of the improvement in Paragon EBITDA from agreed base	1,500,000 Loan Funded Shares
James Kalbassi	ED, co CEO Paragon	\$558,970 (GBP291,000)	7.5% of the improvement in Paragon EBITDA from agreed base	1,500,000 Loan Funded Shares
Joshua Reid	CFO	\$495,000	-	1,570,299 Loan Funded Shares

## REMUNERATION REPORT

### Executive KMP Employment Agreements

The Group has entered into Agreements with all Executives, including the Managing Director. The Group may terminate the Executive Director's Employment Agreements by providing at least six month's written notice or providing payment in lieu of the notice period (based on the fixed component of the Executive's remuneration).

The Group may terminate the contract at any time without notice if serious misconduct has occurred. Termination payments are calculated based upon total fixed remuneration at the date of termination. No payment is made for termination due to gross misconduct.

The table below provides the contract details for termination over the normal course of business.

**Table 3: Service agreements**

Position	Contract Type	Notice Period for Company	Notice Period for Employee	Termination Payment
Executive Director	Employment agreement	Minimum of 6 months	Minimum of 6 months	Statutory benefit
Executive	Employment agreement	6 months	6 months	Statutory benefit

### C. Details of Remuneration of Key Management Personnel

#### (a) Non-executive directors' and executive KMP's statutory remuneration:

Table 4 sets out the remuneration of the Non-Executive Directors for PSC Insurance Group.

Table 5 sets out the remuneration of Executive KMP for PSC Insurance Group.

Both tables are for the 2024 and 2023 Financial Year in Australian Dollars and have been prepared in accordance with the requirements of Section 300A of the *Corporations Act 2001* and associated accounting standards.

**Table 4: Non-executive directors' statutory remuneration**

Non-Executive Directors		Short-term benefits		Post-employment benefits	Total
		Fees	Non-Monetary Benefits	Superannuation	
Brian Austin <sup>1</sup>	2024	350,000	-	-	350,000
	2023	350,000	-	-	350,000
Paul Dwyer <sup>2</sup>	2024	266,000	-	-	266,000
	2023	110,000	-	-	110,000
Melvyn Sims	2024	172,877	-	-	172,877
	2023	160,800	-	-	160,800
Jo Dawson	2024	110,000	-	12,100	122,100
	2023	110,000	-	11,550	121,550
<b>Total</b>	<b>2024</b>	<b>898,877</b>	<b>-</b>	<b>12,100</b>	<b>910,977</b>
Total	2023	730,800	-	11,550	742,350



**Table 5: Executive directors' and KMP statutory remuneration**

Executive Directors		Short-term benefits			Post-employment benefits	Long-term benefits		Total	Performance related
		Cash Salary <sup>4</sup>	Short-term cash bonus	Other <sup>5</sup>	Superannuation	Long Service Leave <sup>6</sup>	Share Based Payment <sup>7</sup>		
Antony Robinson	2024	578,000	-	-	22,000	11,298	506,943	1,118,241	0%
	2023	578,000	-	-	22,000	14,220	253,472	867,692	0%
John Dwyer <sup>3</sup>	2024	350,000	-	-	-	-	-	350,000	0%
	2023	350,000	-	-	-	-	-	350,000	0%
Tara Falk	2024	558,970	203,390	108,974	-	-	732,257	1,603,591	13%
	2023	519,921	150,627	-	-	-	287,431	957,979	16%
James Kalbassi	2024	558,970	203,390	108,974	-	-	732,257	1,603,591	13%
	2023	519,921	150,627	-	-	-	287,431	957,979	16%
<b>Total</b>	<b>2024</b>	<b>2,045,940</b>	<b>406,780</b>	<b>217,948</b>	<b>22,000</b>	<b>11,298</b>	<b>1,971,457</b>	<b>4,675,423</b>	<b>9%</b>
Total	2023	1,967,842	301,254	-	22,000	14,220	828,334	3,133,650	10%

<b>Other KMP</b>									
Joshua Reid	2024	482,105	120,000	-	27,500	16,377	102,327	748,309	16%
	2023	437,553	-	-	27,500	14,612	60,525	540,190	0%
<b>Total</b>	<b>2024</b>	<b>482,105</b>	<b>120,000</b>	<b>-</b>	<b>27,500</b>	<b>16,377</b>	<b>102,327</b>	<b>748,309</b>	<b>16%</b>
Total	2023	437,553	-	-	27,500	14,612	60,525	540,190	0%

1 Brian Austin provides his services via Melimar Estate Pty Ltd.

2 Paul Dwyer provides his services via Crathre Pty Ltd.

3 John Dwyer provides his services via Glendale Dwyer Pty Ltd (ATF Dwyer Family Trust).

4 Cash salary includes amounts paid in cash and annual leave accruals which are determined in accordance with AASB 119 Employee Benefits.

5 A cash payment was made to compensate these Directors for the adverse tax consequences of holding LTIP shares in the UK.

6 Long service leave accruals are determined in accordance with AASB 119 Employee Benefits.

7 Represents the value of vested and unvested equity expensed during the period including reversal for forfeited equity incentives in accordance with AASB 2 Share-based Payment, related to grants made to the executive, as outlined in Section E. Vesting of the majority of securities remains subject to service conditions as outlined in section. The amortisation of all unvested loan funded share costs has been accelerated to expire at the new expected vesting date as required under accounting standards as a result of the Group's consideration of the proposed scheme of arrangement with The Ardonagh Group. The remaining options cost that has not yet been amortised has been recognised as an expense in the current period.

#### **D. Relationship between remuneration and Group performance**

All KMP executives own shares, facilitated in most instances by grants of loan funded shares or options. Hence net wealth varies directly with share price movements and dividends received.

Tara Falk and James Kalbassi received cash annual incentives based on profit improvement in the Paragon business (refer to Table 5).

# DIRECTORS' REPORT (CONTINUED)

## REMUNERATION REPORT

### (a) Historical performance of the Group

The following table summarises the Group's performance and key performance indicators:

**Table 6: Key performance indicators**

	2024	2023	2022	2021	2020
Opening Share Price	5.50	4.14	3.53	2.54	2.59
Closing Share Price	6.05	5.50	4.14	3.53	2.54
Change in Share Price	0.55	1.36	0.61	0.99	(0.05)
Dividend per Share	0.14	0.135	0.12	0.11	0.09
Total Return	0.69	1.50	0.73	1.10	0.04
Total Return %	13%	36%	21%	43%	2%
Dividends - Cash (\$'000)	50,591	44,840	35,869	28,314	23,196

### E. Key management personnel's share-based compensation

#### (a) Details of compensation Options

The tables below present the options currently on foot and exercised during the 2024 financial year.

**Table 7: Options detail**

Name	Grant Date	Expiry Date	Exercise Price \$	Balance at 1/7/23	Granted	Vested & exercised	Lapsed/ forfeited	Balance at 30/6/24	% Exercised
Antony Robinson	11/11/22	31/03/25	6.50	2,000,000	-	-	-	2,000,000	0%

The fair value of the options was \$760,415. The vesting date is 10 November, 2024. The vesting condition is that Mr Robinson remains a member of the KMP as at the vesting date.

#### (b) Details of Loan Funded Shares

The table below presents loan funded shares currently on foot.

**Table 8: Loan funded shares detail**

Name	Grant Date	Expiry Date	Balance at 1/7/23	Granted	Vested & exercised	Lapsed/ forfeited	Balance at 30/6/24	Vested & exercised
Joshua Reid	15/12/2015	30/06/2025	1,000,000	-	-	-	1,000,000	0%
Joshua Reid	28/09/2018	30/09/2024	170,299	-	-	-	170,299	0%
Joshua Reid	06/01/2021	30/06/2025	400,000	-	-	-	400,000	0%
Tara Falk	18/02/2022	Up to 6 years	1,500,000	-	-	-	1,500,000	0%
James Kalbassi	18/02/2022	Up to 6 years	1,500,000	-	-	-	1,500,000	0%

**(c) Number of shares held by key management personnel (consolidated)**

The relevant interest of each key management personnel in the share capital of the Group at 30 June 2024 is as follows:

**Table 9**

	Balance 1/07/23	Net (sale) / purchase of shares	Exercise of options	LTIP allocation	Balance 30/06/24
<b>Directors</b>					
Brian Austin	32,277,966	-	-	-	32,277,966
Paul Dwyer	57,174,852	-	-	-	57,174,852
Antony Robinson	3,599,290	-	-	-	3,599,290
John Dwyer	34,571,351	-	-	-	34,571,351
Melvyn Sims	306,653	-	-	-	306,653
Tara Falk*	8,786,200	-	-	-	8,786,200
James Kalbassi*	7,662,587	-	-	-	7,662,587
Jo Dawson	10,000	-	-	-	10,000
<b>Other Key Management Personnel</b>					
Joshua Reid*	1,570,299	-	-	-	1,570,299
	<b>145,959,198</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>145,959,198</b>

\* The total includes loan funded shares detailed in Table 8.

**F. Loans to and from key management personnel****(a) Aggregate of loans made**

Other than Loan Funded Shares, disclosed elsewhere, there have been no loans made, guaranteed or secured, directly or indirectly, by the group and any of its subsidiaries, in the financial year to a particular key management person, close members of the family of the key management person and entities related to them.

**(b) Aggregate of loans received**

There have been no loans received, guaranteed or secured, directly or indirectly, by the group and any of its subsidiaries, in the financial year to a particular key management person, close members of the family of the key management person and entities related to them.

# DIRECTORS' REPORT (CONTINUED)

## REMUNERATION REPORT

### G. Other transactions with Key Management Personnel

Fuse Recruitment Pty Ltd (Recruitment) is a related party as John Dwyer and Paul Dwyer or their closely related entities are shareholders. Territory Property Holdings Pty Ltd (Occupancy) is a related party as Brian Austin and Paul Dwyer are Directors and shareholders. DWF Law LLP (Legal service fees) is a related party as Mel Sims is a Partner at the Company.

Fees Paid or Payable to associates (ex GST) on normal commercial terms during the year ended 30 June 2024 are as follows:

Service received	2024 \$	2023 \$
Recruitment fees	539,097	450,850
Occupancy	110,914	68,592
Legal fees	610,077	390,670

All the above services received from identified related parties of key management personnel were in the normal course of business, on terms and conditions no more favourable than those that it is reasonable to expect the party would have adopted if dealing at arms-length with an unrelated person. The outstanding balance of the above services is \$9,101 (2023: \$17,675).

The Group provided insurance services to related parties of a Director totalling \$115,358 (2023: \$14,436). The services supplied were in the normal course of business and on normal commercial terms and conditions. The fees outstanding for these services at balance date are \$nil (2023 \$nil).

No other transactions occurred between key management personnel of the entity, their personally related entities or other related parties.

### H. Use of remuneration consultants

No remuneration consultants were engaged during the course of the 2024 financial year.

Signed in accordance with a resolution of the directors

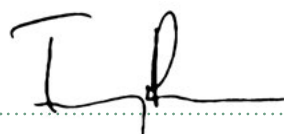


**Paul Dwyer**

**Chairman**

Melbourne

Date: 23 August 2024



**Antony Robinson**

**Managing Director**

Melbourne

Date: 23 August 2024

# AUDITORS INDEPENDENCE DECLARATION



**Building a better  
working world**

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## **Auditor's Independence Declaration to the Directors of PSC Insurance Group Limited**

As lead auditor for the audit of the financial report of PSC Insurance Group Limited for the financial year ended 30 June 2024, 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.

This declaration is in respect of PSC Insurance Group Limited and the entities it controlled during the financial year.

A stylized, handwritten signature in black ink, appearing to read 'Ernst &amp; Young'.

Ernst & Young

A handwritten signature in black ink, appearing to be 'T M Dring'.

T M Dring  
Partner  
23 August 2024

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For The Year Ended 30 June 2024

	Notes	30-Jun 2024 \$'000	30-Jun 2023 \$'000
<b>Revenue and other income</b>			
Fee and commission income	3	329,004	289,574
Other revenue	3	2,037	926
Interest income	3	12,220	5,071
Share of equity accounted results	3	(442)	(251)
Gain on financial instruments	3	17,310	16,987
Investment income	3	1,375	2,196
	3	<b>361,504</b>	<b>314,503</b>
<b>Expenses</b>			
Administration and other expenses		(49,151)	(49,172)
Depreciation expense - property, plant and equipment	4	(2,332)	(2,071)
Depreciation expense - right-of-use assets	4	(6,734)	(5,624)
Amortisation expense	4	(20,502)	(14,718)
Employee benefits expense	4	(165,825)	(138,659)
Finance costs	4	(11,984)	(8,983)
Finance costs - lease liabilities	4	(1,201)	(1,163)
Expected credit losses	4	(651)	(48)
Employee contractors		(3,393)	(3,296)
Information technology costs		(7,866)	(6,183)
Professional fees		(5,051)	(4,877)
		<b>(274,690)</b>	<b>(234,794)</b>
<b>Profit before income tax expense</b>		<b>86,814</b>	<b>79,709</b>
Income tax expense	5	(29,041)	(23,306)
<b>Net profit from continuing operations</b>		<b>57,773</b>	<b>56,403</b>
<b>Other comprehensive income</b>			
<i>Items that may not be reclassified subsequently to profit or loss</i>			
Revaluation of property, plant and equipment		149	-
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations		(1,920)	21,135
<b>Other comprehensive income for the year</b>		<b>(1,771)</b>	<b>21,135</b>
<b>Total comprehensive income</b>		<b>56,002</b>	<b>77,538</b>
<b>Profit is attributable to:</b>			
• Owners of PSC Insurance Group Limited		57,161	55,757
• Non-controlling interests		612	646
		<b>57,773</b>	<b>56,403</b>
Total comprehensive income is attributable to:			
• Owners of PSC Insurance Group Limited		55,390	76,892
• Non-controlling interests		612	646
		<b>56,002</b>	<b>77,538</b>
Earnings per share for profit attributable to the equity holders of the parent entity:			
• Basic earnings per share	31	15.8 cents	15.8 cents
• Diluted earnings per share	31	15.7 cents	15.7 cents

The above statement should be read in conjunction with the accompanying notes.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As At 30 June 2024

	Notes	30-Jun 2024 \$'000	30-Jun 2023 \$'000
<b>Current assets</b>			
Cash and cash equivalents	7	71,160	71,370
Financial assets - trust cash	8	327,092	274,791
Receivables	9	7,985	11,547
Contract assets - broking	10	84,220	71,300
Financial assets - derivatives	11	202	1,049
Other assets	12	9,464	9,987
<b>Total current assets</b>		<b>500,123</b>	<b>440,044</b>
<b>Non-current assets</b>			
Receivables	9	1,326	707
Financial assets - investments in shares and unit trusts	13	78,777	60,359
Equity accounted investments	14	24,532	24,025
Property, plant and equipment	15	18,578	16,861
Intangible assets	16	543,605	519,892
Right of use assets	17	20,719	18,525
Financial assets - derivatives	11	-	52
<b>Total non-current assets</b>		<b>687,537</b>	<b>640,421</b>
<b>Total assets</b>		<b>1,187,660</b>	<b>1,080,465</b>
<b>Current liabilities</b>			
Payables	18	356,317	299,362
Provisions	20	7,449	6,413
Current tax liabilities	5	9,405	6,510
Lease liabilities	21	6,510	6,191
Contract liabilities - deferred revenue	22	12,184	12,291
Amounts payable to vendors	23	14,926	13,471
<b>Total current liabilities</b>		<b>406,791</b>	<b>344,238</b>
<b>Non-current liabilities</b>			
Payables	18	1,039	789
Borrowings	19	213,220	213,693
Provisions	20	806	691
Deferred tax liabilities	5	44,768	40,667
Lease Liabilities	21	17,310	15,850
Contract liabilities - deferred revenue	22	422	412
Amounts payable to vendors	23	7,635	8,396
<b>Total non-current liabilities</b>		<b>285,200</b>	<b>280,498</b>
<b>Total liabilities</b>		<b>691,991</b>	<b>624,736</b>
<b>Net assets</b>		<b>495,669</b>	<b>455,729</b>
<b>Equity</b>			
Share capital	24	453,095	425,981
Reserves	25	(19,526)	(25,392)
Retained earnings	25	59,644	53,074
<b>Equity attributable to owners of PSC Insurance Group Limited</b>		<b>493,213</b>	<b>453,663</b>
Non-controlling interests	27	2,456	2,066
<b>Total equity</b>		<b>495,669</b>	<b>455,729</b>

The above statement should be read in conjunction with the accompanying notes.



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Year Ended 30 June 2024

	Share capital \$'000	Reserves \$'000	Retained Earnings \$'000	Non-controlling Interest \$'000	Total Equity \$'000
<b>Balance as at 1 July 2022</b>	<b>411,661</b>	<b>(46,890)</b>	<b>42,157</b>	<b>1,837</b>	<b>408,765</b>
Profit for the year	-	-	55,757	646	56,403
Exchange differences on translation of foreign operations, net of tax	-	21,135	-	-	21,135
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>21,135</b>	<b>55,757</b>	<b>646</b>	<b>77,538</b>
<b>Transactions with owners in their capacity as owners:</b>					
Share issuing costs	(53)	-	-	-	(53)
Shares in lieu of cash for acquisition of subsidiary	12,799	-	-	-	12,799
Dividend reinvestment	1,574	-	-	-	1,574
Non-controlling interest arising from business combination	-	-	-	1,075	1,075
Changes to non-controlling interests relating to increases in controlled entities	-	(2,067)	-	(906)	(2,973)
Employee share issues	-	2,814	-	-	2,814
Put options over non-controlling interests	-	(384)	-	(255)	(639)
Dividends paid	-	-	(44,840)	(331)	(45,171)
<b>Total transactions with owners</b>	<b>14,320</b>	<b>363</b>	<b>(44,840)</b>	<b>(417)</b>	<b>(30,574)</b>
<b>Balance as at 30 June 2023</b>	<b>425,981</b>	<b>(25,392)</b>	<b>53,074</b>	<b>2,066</b>	<b>455,729</b>

	Share capital \$'000	Reserves \$'000	Retained Earnings \$'000	Non-controlling Interest \$'000	Total Equity \$'000
<b>Balance as at 1 July 2023</b>	<b>425,981</b>	<b>(25,392)</b>	<b>53,074</b>	<b>2,066</b>	<b>455,729</b>
Profit for the year	-	-	57,161	612	57,773
Revaluation of property, plant and equipment, net of tax	-	149	-	-	149
Exchange differences on translation of foreign operations, net of tax	-	(1,920)	-	-	(1,920)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>(1,771)</b>	<b>57,161</b>	<b>612</b>	<b>56,002</b>
<b>Transactions with owners in their capacity as owners:</b>					
Share issuing costs	(49)	-	-	-	(49)
Shares in lieu of cash for acquisition of subsidiary	22,906	-	-	-	22,906
Shares in lieu of cash for client list purchase	150	-	-	-	150
Dividend reinvestment	509	-	-	-	509
Treasury shares acquired	(1,745)	-	-	-	(1,745)
Treasury shares sold	2,413	-	-	-	2,413
Employee share issues	-	9,705	-	-	9,705
Proceeds from loan funded shares	2,930	-	-	-	2,930
Put options over non-controlling interests	-	(2,068)	-	68	(2,000)
Dividends paid	-	-	(50,591)	(290)	(50,881)
<b>Total transactions with owners</b>	<b>27,114</b>	<b>7,637</b>	<b>(50,591)</b>	<b>(222)</b>	<b>(16,062)</b>
<b>Balance as at 30 June 2024</b>	<b>453,095</b>	<b>(19,526)</b>	<b>59,644</b>	<b>2,456</b>	<b>495,669</b>

The above statement should be read in conjunction with the accompanying notes.

# CONSOLIDATED STATEMENT OF CASH FLOWS

For The Year Ended 30 June 2024

	Notes	30-Jun 2024 \$'000	30-Jun 2023 \$'000
<b>Cash flow from operating activities</b>			
Receipts from customers		335,979	297,103
Payments to suppliers and employees		(227,313)	(193,388)
Trust distributions / dividends received		2,051	2,811
Interest received		11,514	5,031
Interest paid		(11,675)	(8,043)
Income tax paid		(25,219)	(20,783)
<b>Net cash provided by operating activities</b>	28 (b)	<b>85,337</b>	<b>82,731</b>
<b>Cash flow from investing activities</b>			
Payments for deferred consideration/business acquisitions		(29,620)	(69,041)
Payment for property, plant and equipment		(3,611)	(1,291)
Proceeds from sale of financial assets		2,507	142
Payment for financial assets		(6,043)	(21)
Payment for other investments		(427)	(235)
Payment for associate investments		(3,882)	(16,335)
Proceeds from sale of associate investments		5,148	-
Net proceeds / (payments) from derivatives		1,037	(715)
<b>Net cash flow used in investing activities</b>		<b>(34,891)</b>	<b>(87,496)</b>
<b>Cash flow from financing activities</b>			
Proceeds from borrowings		-	20,000
Share issuing costs		(49)	(54)
Proceeds from converted loan funded shares		2,930	-
Proceeds from sale of treasury shares		2,413	-
Payment of lease liabilities		(7,719)	(6,394)
Dividends paid		(50,372)	(43,597)
Repayments of related parties loans and receivables		(110)	(1,531)
Proceeds from related parties loans and receivables		1,746	585
<b>Net cash used by financing activities</b>		<b>(51,161)</b>	<b>(30,991)</b>
<b>Reconciliation of cash</b>			
Cash at beginning of the year		71,370	106,110
Net decrease in cash held		(715)	(35,756)
Effect of exchange rate fluctuation on cash held		505	1,016
<b>Cash at end of the year</b>	28 (a)	<b>71,160</b>	<b>71,370</b>

The above statement should be read in conjunction with the accompanying notes.

# NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2024

## NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies adopted by the Group in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

### (a) Basis of preparation of the financial report

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

The financial report covers PSC Insurance Group Limited and controlled entities as a Group. PSC Insurance Group Limited is a company limited by shares, incorporated and domiciled in Australia.

The address of PSC Insurance Group Limited's registered office and principal place of business is 96 Wellington Parade, East Melbourne, Victoria, 3002.

PSC Insurance Group Limited is a for-profit entity for the purpose of preparing the financial statements.

#### *Compliance with IFRS*

The consolidated financial statements of the Group comply with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

#### *Current versus non-current classification*

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period

Deferred tax balances are classified as non-current.

#### *Historical cost convention*

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets as described in the accounting policies.

#### *Fair value measurement*

For financial reporting purposes, 'fair value' is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants (under current market conditions) at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

When estimating the fair value of an asset or liability, the Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Inputs to valuation techniques used to measure fair value are categorised into three levels according to the extent to which the inputs are observable:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

*Significant accounting estimates*

The preparation of the financial report requires the use of certain estimates and judgements in applying the Group's accounting policies. Those estimates and judgements significant to the financial report are disclosed in Note 2 to the consolidated financial statements.

**(b) New standards, interpretations and amendments adopted by the Group**

There have been no new accounting policies adopted since the year ended 30 June 2023 which have had a material effect in the preparation of the consolidated financial statements of the Group.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. Several amendments and interpretations apply for the first time, but these do not have an impact on the consolidated financial statements of the Group.

**(c) Going concern**

The financial report has been prepared on a going concern basis.

**(d) Principles of consolidation**

The consolidated financial statements are those of the Group, comprising the financial statements of the parent entity and of all entities which the parent entity controls. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies, which may exist.

All inter-company balances and transactions, including any unrealised profits or losses have been eliminated on consolidation. Subsidiaries are consolidated from the date on which control is established and are de-recognised from the date that control ceases.

Equity interests in a subsidiary not attributable directly or indirectly to the Group are presented as Non-controlling interests. Non-controlling interests are initially recognised either at fair value or at the Non-controlling interests' proportionate share of the acquired entity's net identifiable assets. This decision is made on an acquisition-by-acquisition basis.

Non-controlling interests in the results of subsidiaries are shown separately in the consolidated Statement of Profit or Loss and other Comprehensive Income and consolidated Statement of Financial Position respectively.

Details of the Group's controlling and Non-controlling interests are detailed in Note 27.

**(e) Revenue**

The Group derives revenue from the provision of insurance services. Revenue is recognised as, or when, services are transferred to the customer, excluding any amounts that are highly probable of significant reversal, and is measured at an amount that reflects the consideration to which the Group expects to be entitled in exchange for the services. The Group's revenue does not have a significant financing component so the transaction (invoice) price is considered to have no difference between the promised consideration and the cash selling price.

*Provision of insurance services*

Commission, brokerage and fees are recognised when the Group has satisfied its performance obligations, which occurs at the point in time that control of the services are transferred to the customer. This generally coincides with Invoice date on the basis that: (a) the Group acts primarily as an agent of the customer when acting in the capacity as a broker, and as an agent of the insurer while acting in the capacity as an agent; (b) the Group's performance obligations are distinct from those of the insurer; and (c) the Group's performance obligations are predominantly completed prior to the inception of the insurance policy, the invoice date is the relevant date to recognise the revenue.

The performance obligation relating to commission, brokerage and fee income relates to the provision of insurance broking services. Broking services include, through close relationship management, identification and assessment of insurable risks and risk appetite of customers and sourcing relevant insurance products from insurers and underwriters which meets the needs, and price point of the customer. For agencies services are provided to brokers (the customer), through assessment of risk profile and pricing of policies requested by brokers. Revenue is constrained to reflect potential lapses and cancellations based on past experiences and future expectations.

Where there is a future performance obligation to provide claims handling services, a portion of revenue relating to these services is deferred and recognised over time as the performance obligation is satisfied.

# NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2024

## *Interest income*

Interest income is recognised in accordance with the effective interest method.

## *Investment income*

Dividend income is recognised when the right to receive a dividend has been established. Dividends received from associates and joint ventures are accounted for in accordance with the equity method.

## *Other revenue and Other fees*

Other revenue and Other fees are recognised when the right to receive payment is established. This includes, but is not limited to professional services fees, for services provided, from strategic partners such as insurers, premium funders and underwriting agencies.

## *Share of Equity Accounted result*

Interests in associates and joint ventures are accounted for using the equity method. They are initially recognised at cost. Subsequent to initial recognition, the Group's share of the profit or loss of associates and the joint ventures is included in the Group's consolidated statement of profit or loss and other comprehensive income.

## *Gain / (loss) on financial instruments*

Financial assets and liabilities at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

Profit on sale of financial assets is determined as the difference between the carrying amount of the asset at the time of disposal and the proceeds of disposal, net of disposal costs. This is recognised as an item of revenue in the year in which the significant risks and rewards of ownership transfer to the buyer.

All revenue is stated net of the amount of goods and services tax (GST).

## *Receivables from contracts with customers*

A receivable from a contract with a customer represents the Group's unconditional right to consideration arising from the transfer of services to the customer (i.e., only the passage of time is required before payment of the consideration is due). Subsequent to initial recognition, receivables from contracts with customers are measured at amortised cost and are tested for impairment.

## *Contract liabilities*

A contract liability represents the Group's obligation to transfer services to the customer for which the Group has received consideration (or an amount of consideration is due) from the customer. Amounts recorded as contract liabilities are subsequently recognised as revenue when the Group transfers the contracted services to the customer.

## **(f) Cash and cash equivalents**

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank, in hand and short-term deposits with an original maturity of three months or less. For the purposes of the consolidated Statement of Cash Flows, cash and cash equivalents as defined above are shown net of outstanding bank overdrafts.

Cash held on trust is held for insurance premiums received from policyholders which will ultimately be paid to underwriters, is separately disclosed in the Statement of Financial Position as "Financial Assets – trust cash". Cash held on trust cannot be used to meet business obligations/ operating expenses other than payments to underwriters and/or refunds to policyholders.

## **(g) Property, plant and equipment**

Each class of property, plant and equipment is measured at cost or fair value less, where applicable, any accumulated depreciation and any accumulated impairment losses.

### *Plant and equipment*

Plant and equipment is measured at cost, less accumulated depreciation and any accumulated impairment losses.

### *Property*

Land and buildings are measured using the revaluation mode, being the fair value at the date of the revaluation, less any subsequent accumulated depreciation and any accumulated impairment losses. At each reporting date the carrying amount of each asset is reviewed to ensure that it does not differ materially from the asset's fair value at reporting date. Where necessary, the asset is revalued to reflect its fair value.

Increases in the carrying amounts arising on revaluation of land and buildings are recognised in other comprehensive income and accumulated in equity under the heading of revaluation surplus. To the extent that the increase reverses a decrease of the same asset previously recognised in profit or loss, the increase is recognised in profit or loss. Decreases that offset previous increases of the same asset are recognised in other comprehensive income under the heading of revaluation surplus; all other decreases are charged to profit or loss.

#### *Depreciation*

Land is not depreciated. The depreciable amounts of all property, plant and equipment are depreciated over their estimated useful lives commencing from the time the asset is held ready for use.

Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The useful lives for each class of assets are:

	Depreciation Rate	Depreciation Basis
Leasehold improvements at cost	2.5% - 30%	Straight line and diminishing Value
Buildings	2.5%	Straight line
Office equipment at cost	2%-67%	Straight line and diminishing value
Computer equipment at cost	10% - 67%	Straight line and diminishing value
Motor Vehicles at cost	12.50%	Straight line

#### **(h) Leases Liabilities**

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset. The determination of the lease term and the incremental borrowing rate requires the use of judgement.

#### **(i) Right-of-use assets**

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment. The lease term determined by the Group comprises non-cancellable period of leases and periods covered by options to extend the lease, if the Group is reasonably certain to exercise that option.

#### **(j) Business combinations**

A business combination is a transaction or other event in which an acquirer obtains control of one or more businesses and results in the consolidation of the assets and liabilities acquired. Business combinations are accounted for by applying the acquisition method.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For The Year Ended 30 June 2024

The consideration transferred is the sum of the acquisition date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquired. Deferred consideration payable is measured at its acquisition date fair value. Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. At each reporting date subsequent to the acquisition, contingent consideration payable is measured at its fair value with any changes in the fair value recognised in profit or loss unless the contingent consideration is classified as equity, in which case the contingent consideration is carried at its acquisition date fair value.

Goodwill is recognised initially at the excess over the aggregate of the consideration transferred, the fair value of the Non-controlling interest, and the acquisition date fair value of the acquirer's previously held equity interest (in case of step acquisition), less the fair value of the identifiable assets acquired and liabilities assumed.

If the net fair value of the acquirer's interest in the identifiable assets acquired and liabilities assumed is greater than the aggregate of the consideration transferred, the fair value of the Non-controlling interest, and the acquisition date fair value of the acquirer's previously held equity interest (in case of step acquisition), the gain is immediately recognised in the profit or loss.

Acquisition related costs are expensed as incurred.

## **(k) Intangibles**

### *Goodwill*

Goodwill represents the future economic benefits arising from other assets acquired in a business combination that are not individually identifiable or separately recognised. Refer to Note 1(j) for a description of how goodwill arising from a business combination is initially measured.

Goodwill on consolidation represents the excess of the cost of an acquisition over the fair value of the Group's share of net identifiable assets of the acquired entities at the date of acquisition.

Goodwill is not amortised but is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is carried at cost less accumulated impairment losses.

### *Identifiable intangible assets*

Identifiable intangible assets acquired separately from a business combination are initially measured at fair value.

The cost of an intangible asset acquired in a business combination is its fair value as at acquisition date. The useful lives of these intangible assets are assessed on acquisition.

Following initial recognition, intangible assets are adjusted for any accumulated amortisation and impairment losses.

Intangible assets with finite lives are amortised over the useful lives, currently estimated to be up to 10 years. Useful lives are reviewed annually.

## **(l) Impairment of non-financial assets**

Goodwill, intangible assets not yet ready for use and intangible assets with indefinite useful lives are not subject to amortisation and are therefore tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

For impairment assessment purposes, assets are generally grouped at the lowest levels for which there are largely independent cash flows ('cash generating units'). Accordingly, most assets are tested for impairment at the cash-generating unit level. Because it does not generate cash flows independently of other assets or groups of assets, goodwill is allocated to the cash generating unit or units that are expected to benefit from the synergies arising from the business combination that gave rise to the goodwill.

Assets other than goodwill, intangible assets not yet ready for use and intangible assets with indefinite useful lives are assessed for impairment whenever events or circumstances arise that indicate the asset may be impaired.

An impairment loss is recognised when the carrying amount of an asset or cash generating unit exceeds the asset's or cash generating unit's recoverable amount. The recoverable amount of an asset or cash generating unit is defined as the higher of its fair value less costs to sell and value in use. Refer to Note 2 for a description of how management determines value in use.

Impairment losses in respect of individual assets are recognised immediately in profit or loss unless the asset is carried at a revalued amount such as property, plant and equipment, in which case the impairment loss is treated as a revaluation decrease in accordance with the applicable Standard. Impairment losses in respect of cash generating units are allocated first against the carrying amount of any goodwill attributed to the cash generating unit with any remaining impairment loss allocated on a pro rata basis to the other assets comprising the relevant cash generating unit.



**(m) Income tax**

Current income tax expense is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities.

*Deferred tax balances*

Deferred tax assets and liabilities are recognised for temporary differences at the applicable tax rates when the assets are expected to be recovered or liabilities are settled. Deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity. Deferred tax assets and liabilities are shown on a net basis in the statement of financial position.

*Tax consolidation*

The parent entity and its 100% Australian controlled entities formed an income tax consolidated group under the tax consolidation legislation on 8 December 2015. This replaced the three pre-existing tax consolidated groups on that date.

For details of members of the respective tax consolidated groups and other changes to those groups please refer to Note 27.

The parent entity in each tax consolidated group is responsible for recognising the current tax liabilities and deferred tax assets arising in respect of tax losses for the tax consolidated group. The tax consolidated groups have also entered into a tax funding agreement with their members whereby each company in the group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated group.

Each tax consolidated group also has a tax sharing agreement in place to limit the liability of subsidiaries in the tax consolidated group arising under the joint and several liability requirements of the tax consolidation system in the event of default by the parent entity to meet its payment obligations.

**(n) Payables on broking, reinsurance and underwriting agency operations**

These amounts represent insurance premium payable to the insurance companies for broking, reinsurance and underwriting agency operations on invoiced amounts to customers and liabilities for goods and services provided to the Group prior to the end of the financial period and which are unpaid. The amounts are unsecured and are usually paid within 30 to 90 days of recognition.

**(o) Provisions**

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

**(p) Employee benefits***(i) Short-term employee benefit obligations*

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits (other than termination benefits) expected to be settled wholly before twelve months after the end of the annual reporting period are measured at the (undiscounted) amounts based on remuneration rates which are expected to be paid when the liability is settled. The expected cost of short-term employee benefits in the form of compensated absences such as annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables in the Consolidated Statement of Financial Position.

*(ii) Other Long-term employee benefit obligation*

The provision for employee benefits in respect of long service leave and annual leave which, are not expected to be settled within twelve months of the reporting date, are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee turnover, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that have maturity dates that approximate the terms of the obligations. Any re-measurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the change occurs.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For The Year Ended 30 June 2024

Employee benefit obligations are presented as current liabilities in the Consolidated Statement of Financial Position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

## (iii) Retirement benefit obligations

The Group makes contributions to the employee's defined contribution superannuation plans of choice in respect of employee services rendered during the year. These superannuation contributions are recognised as an expense in the same period when the employee services are received. The Group's obligation with respect to employee's defined contributions entitlements is limited to its obligation for any unpaid superannuation guarantee contributions at the end of the reporting period. All obligations for unpaid superannuation guarantee contributions are measured at the (undiscounted) amounts expected to be paid when the obligation is settled and are presented as current liabilities in the Consolidated Statement of Financial Position.

## (iv) Share-based payments

The Group operates share-based payment employee share and option schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is measured at the market bid price at grant date. In respect of share-based payments that are dependent on the satisfaction of performance conditions, the number of shares and options expected to vest is reviewed and adjusted at each reporting date. The amount recognised for services received as consideration for these equity instruments granted is adjusted to reflect the best estimate of the number of equity instruments that eventually vest.

## (v) Bonus plan

The Group recognises a provision when a bonus is payable in accordance with the employee's contract of employment, and the amount can be reliably measured.

## (vi) Termination benefits

Termination benefits may be payable when employment of an employee or group of employees is terminated or when the entity provides termination benefits as a result of an offer made and accepted in order to encourage voluntary redundancy.

The Group recognises a provision for termination benefits when the entity can no longer withdraw the offer of those benefits, or if earlier, when the termination benefits are included in a formal restructuring plan that has been announced to those affected by it.

## (q) Borrowing costs

Borrowing costs can include interest expense calculated using the effective interest method, finance charges in respect of finance leases, and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs are expensed as incurred.

## (r) Financial instruments

### Classification

Financial assets recognised by the Group are subsequently measured in their entirety at either amortised cost or fair value, subject to their classification and whether the Group irrevocably designates the financial asset on initial recognition at fair value through other comprehensive income.

Financial assets not irrevocably designated on initial recognition at fair value through other comprehensive income are classified at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of both:

- a. the Group's business model for managing the financial assets; and
- b. the contractual cash flow characteristics of the financial asset.

*Initial recognition and measurement*

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the Group commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value adjusted for transaction costs, except where the instrument is classified as fair value through profit or loss, in which case transaction costs are immediately recognised as expenses in profit or loss.

*Trade and other receivables*

Receivables from broking, reinsurance and underwriting agency operations are initially recognised based on the invoiced amount to customers and are generally due for settlement within 14 to 60 days. These amounts are recognised net of provisions made for lapses or cancellations of insurance policies or other matters that may lead to cancellation.

Receivables from reinsurance broking are initially recognised based on contract value. Following fulfilment of the contract, amounts are then invoiced to customers.

Consistent with both the Group's business model for managing the financial assets and the contractual cash flow characteristics of the assets, trade and other receivables are subsequently measured at amortised cost.

*Held for trading equity instruments*

Held for trading equity instruments comprise those ordinary shares and options in listed entities that have been acquired by the Group principally for the purpose of sale in the near term. Held for trading investments are classified (and measured) at fair value through profit or loss. Fair values of listed entities are based on closing bid prices at the reporting date.

A financial asset meets the criteria for held for trading if:

- a. it has been acquired principally for the purpose of sale in the near term;
- b. on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- c. it is a derivative other than a designated and effective hedging instrument.

*Other shares and units held*

Other shares and units held comprise of equity investments in non-listed entities. Other shares and units held are classified (and measured) at fair value through profit or loss. For investments where there is no quoted market price, fair value is determined by reference to expected future cash flows and valuations of the underlying net asset base of the investment.

*Treasury Shares*

Own equity instruments that are acquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in equity.

*Loans and receivables*

Loans and receivables are debt instruments, and are classified (and measured) at amortised cost using the effective interest rate method on the basis that:

- a. they are held within a business model whose objective is achieved by the Group holding the financial asset to collect contractual cash flows; and
- b. the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

*Impairment of financial assets*

The following financial assets are tested for impairment at each financial year end:

- a. debt instruments measured at amortised cost;
- b. receivables from contracts with customers and contract assets.

The Group provides for allowances for credit losses for both receivables from contracts with customers and contract assets. Under the AASB 9, the Group determines the allowance for credit losses for receivables from contracts with customers and contract assets on the basis of the lifetime expected credit losses of the instrument. Lifetime expected credit losses represent the expected credit losses that are expected to result from default events over the expected life of the financial asset.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For The Year Ended 30 June 2024

For all other financial assets subject to impairment testing, when there has been a significant increase in credit risk since the initial recognition of the financial asset, the allowance for credit losses is recognised on the basis of the lifetime expected credit losses. When there has not been an increase in credit risk since initial recognition, the allowance for credit losses is recognised on the basis of 12-month expected credit losses. '12-month expected credit losses' is the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The Group considers a range of information when assessing whether the credit risk has increased significantly since initial recognition. This includes such factors as the identification of significant changes in external market indicators of credit risk, significant adverse changes in the financial performance or financial position of the counterparty, significant changes in the value of collateral, and past due information.

Where there is a trade receivables balance, assessment is given to establish whether credit risk against this balance is mitigated in full as a result of the allowance for expected revenue losses on policy lapses and cancellations.

The gross carrying amount of a financial asset is written off when the counterparty is in severe financial difficulty and the Group has no realistic expectation of recovery of the financial asset.

## *Financial liabilities*

Financial liabilities include trade payables, other creditors, loans from third parties and loans or other amounts due to director-related entities.

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

## *Offsetting of financial instruments*

Financial assets and financial liabilities are offset and the net amount is reported in the Groups' consolidated statement of financial position if there is an enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

## **(s) Investments in associates**

An associate is an entity over which the Group is able to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

The Group's interests in associates are brought to account using the equity method after initially being recognised at cost. Under the equity method, the profits and losses of the associate are recognised in Group's profit or loss and the Group's share of the associate's other comprehensive income items are recognised in the Group's other comprehensive income. Details relating to associates are set out in Note 14.

Unrealised gains and losses on transactions between the Group and an associate are eliminated to the extent of the Group's share in an associate.

## **(t) Interests in joint ventures**

### *Joint venture entities*

The Group's interest in joint venture entities are brought to account using the equity method after initially being recognised at cost. Under the equity method, the profits or losses of the joint venture entity is recognised in profit or loss and the share of other comprehensive income items is recognised in other comprehensive income. Details relating to the joint venture entity are set out in Note 14.

## **(u) Foreign currency translations and balances**

### **Functional and presentation currency**

The financial statements of each entity within the Group are measured using the currency of the primary economic environment in which that entity operates (the functional currency). The consolidated financial statements are presented in Australian dollars which is the Group's functional and presentation currency.

### **Transactions and Balances**

Transactions in foreign currencies of entities within the Group are translated into functional currency at the rate of exchange ruling at the date of the transaction.

Foreign currency monetary items that are outstanding at the reporting date (other than monetary items arising under foreign currency contracts where the exchange rate for that monetary item is fixed in the contract) are translated using the spot rate at the end of the financial year.

All resulting exchange differences arising on settlement or re-statement are recognised as revenues and expenses for the financial year.

#### **Foreign subsidiaries**

Subsidiaries that have a functional currency different from the presentation currency of the Group are translated as follows:

- a. Assets and liabilities are translated at the closing rate on reporting date.
- b. Items of revenue and expense translated at average rate.
- c. All resulting exchange differences are recognised in other comprehensive income.

#### **(v) Segment reporting**

##### **Determination and presentation of operating segments**

The Group determines and presents operating segments based on information that is internally provided to the Group's chief operating decision maker.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's components. All operating segment results are regularly reviewed by the Group's chief financial decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Refer to Note 37 for details on how management determine the operating segments.

Segment results that are reported to the Group's chief operating decision maker include items directly attributable to a segment, as well as these that can be allocated on a reasonable basis.

#### **(w) Goods and services tax (GST)**

Revenues, expenses and purchased assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Consolidated Statement of Financial Position are shown inclusive of GST.

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

#### **(x) Comparatives and Rounding of amounts**

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures. The parent entity and the Group have applied the relief available under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and accordingly, the amounts in the consolidated financial statements and in the directors' report have been rounded to the nearest thousand dollars, or in certain cases, to the nearest dollar (where indicated).

#### **(y) Accounting standards issued but not yet effective at 30 June 2024**

The Group does not expect the impact of the new and amended standards issued, but not yet effective, up to the date of issuance of the Group's financial statements to have a material impact on the financial statements. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For The Year Ended 30 June 2024

## NOTE 2: SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Certain accounting estimates include assumptions concerning the future, which, by definition, will seldom represent actual results. Estimates and assumptions based on future events have a significant inherent risk, and where future events are not as anticipated there could be a material impact on the carrying amounts of the assets and liabilities discussed below:

### (a) Business combinations and goodwill

When a business combination occurs, the fair values of the identifiable assets and liabilities assumed, including intangible assets, are recognised. The determination of the fair values of acquired assets and liabilities is based, to a considerable extent, on management's judgement. If the purchase consideration exceeds the fair value of the net assets acquired then the difference is recognised as goodwill. If the purchase price consideration is lower than the fair value of the assets acquired then a gain is recognised in the income statement. Allocation of the purchase price between finite life assets and indefinite life assets such as goodwill affects the results of the Group as finite lived intangible assets are amortised, whereas indefinite life intangible assets, including goodwill, are not amortised.

### (b) Impairment of goodwill

Goodwill is allocated to cash generating units (CGU's) according to applicable business operations. The recoverable amount of a CGU is based on value in use calculations or fair value assessments. Fair value calculations are based on estimates of sustainable revenue for each CGU multiplied by a revenue multiple appropriate for similar businesses, less costs to sell. Value in use calculations are based on projected cash flows approved by management covering a period of 5 years. Management's determination of cash flow projections are based on past performance and its expectation for the future. The present value of future cash flows has been calculated using an average revenue growth rate of 2.5% (2023: 2.5%) and expense growth rate of 2.5% (2023: 2.5%) for cash flows in year two to five and a terminal value growth rate of 2%-2.5% (2023: 2%-2.5%). A post-tax discount rate of 10%-11% (2023: 10%-11%) to determine value-in-use has been used. The post-tax discount rate used is dependent on specific attributes of the segments and determined by the Board.

### (c) Income Tax

Deferred tax assets and liabilities are based on the assumption that no adverse change will occur in the income tax legislation and the anticipation that the Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law. Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that future taxable profits will be available to utilise those temporary differences.

### (d) Deferred consideration

The Group has made a best estimate of consideration payable for the acquisitions where there is a variable purchase price (generally a multiple of revenue). Should the final revenue vary from estimates, the Group will be required to vary the consideration payable and recognise the difference as an expense or income.

### (e) Intangible assets

The carrying value of intangible assets with finite lives are assessed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated on the same basis as goodwill above. An impairment loss is recognised if the carrying value of the intangible assets exceed their recoverable amount.

### (f) Employee benefits

The determination of employee benefit provisions required is dependent on a number of forward estimate assumptions including expected wage increases, length of employee service and bond rates.

### (g) Share-based payment transactions

The Group measures the cost of equity-settled transactions with the employees by reference to the fair value of the options at the date at which they are granted. The fair value of options has been valued taking into account the vesting period, expected dividend payout and the share price at the date the options were granted.

### (h) Other shares and units held

The Group measures the fair value for other shares and units held where there is no quoted market price, by reference to expected future cash flows and valuations of the underlying net asset base of the investment. The inputs into the valuations are based on the best information available about assumptions that market participants would use when pricing the assets.

**NOTE 3: REVENUE AND OTHER INCOME**

	2024	2023
	\$'000	\$'000
<b>Fee and commission income</b>		
Commission income	241,723	215,107
Fee income	67,635	57,817
Other fees	19,646	16,650
	<b>329,004</b>	<b>289,574</b>
<b>Other revenue</b>	<b>2,037</b>	<b>926</b>
<b>Interest income</b>	<b>12,220</b>	<b>5,071</b>
<b>Share of equity accounted results</b>	<b>(442)</b>	<b>(251)</b>
<b>Gain on financial instruments</b>		
Gain on non-derivative fair value adjustments	14,885	14,968
(Loss) / gain on derivatives	(905)	1,951
Gain on sale of associate investments	3,330	68
	<b>17,310</b>	<b>16,987</b>
<b>Investment Income</b>		
Dividend income and trust distributions	1,375	2,196
	<b>361,504</b>	<b>314,503</b>

Amounts that relate to performance obligations that have not been satisfied (or partially satisfied) by the Group are included in Note 22 as a contract liability. The current contract liability balance at 30 June 2023 has been recognised in fee and commission income during the year ended 30 June 2024.

The Group has disaggregated revenue recognised from contracts with customers (Fee and commission income) into categories that depict how the uncertainty of revenue and cash flows are affected by economic factors. Disaggregated revenue information has also been included in Note 37 Segment Information.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For The Year Ended 30 June 2024

## NOTE 4: OPERATING PROFIT

	2024 \$'000	2023 \$'000
Profit before income tax has been determined after:		
Finance costs	11,984	8,983
Finance costs - lease liabilities	1,201	1,163
<b>Total finance costs</b>	<b>13,185</b>	<b>10,146</b>
<b>Depreciation:</b>		
• Leasehold Improvements	612	530
• Building	193	183
• Motor Vehicles	6	5
• Office Equipment	325	288
• Computer Equipment	1,196	1,065
	<b>2,332</b>	<b>2,071</b>
• Right of use assets	6,734	5,624
<b>Total depreciation</b>	<b>9,066</b>	<b>7,695</b>
<b>Amortisation of non-current assets</b>		
• Identifiable intangibles	20,502	14,718
<b>Total depreciation and amortisation expense</b>	<b>29,568</b>	<b>22,413</b>
Rental expense	813	1,018
Foreign currency exchange (gains) / losses	(878)	788
<b>Employee benefits</b>		
• Superannuation	9,915	8,111
• Other Employee benefits	155,910	130,548
<b>Total employee benefits</b>	<b>165,825</b>	<b>138,659</b>
<b>Administration and other expenses includes:</b>		
Acquisition legal and professional fees	3,642	1,880
Employment costs	1,757	243
Unrealised (gain) / loss on foreign exchange	(601)	5,863
Realised (gain) / loss on foreign exchange	(878)	788
Net loss on deferred consideration	6,009	8,921
Share-based payment expense	9,705	2,814
Other	2,307	1,593
<b>Expected credit losses:</b>	<b>651</b>	<b>48</b>
<b>(Gain) / Loss on financial instruments includes:</b>		
Gain on non-derivative fair value adjustments	(14,885)	(14,968)
(Loss) / gain on derivatives	905	(1,951)
Disposal of associate investments	(3,330)	(68)
<b>Total</b>	<b>5,282</b>	<b>5,163</b>



## NOTE 5: INCOME TAX

### (a) Components of tax expense

	2024	2023
	\$'000	\$'000
Current tax	27,994	20,271
Deferred tax	935	2,381
Under provision in prior years	112	654
	<b>29,041</b>	<b>23,306</b>

### (b) Prima facie tax payable

	2024	2023
	\$'000	\$'000
The prima facie tax payable on profit before income tax is reconciled to the income tax expense as follows:		
Prima facie income tax payable on profit before income tax at 30.0% (2023: 30.0%)	26,044	23,913
Add tax effect of:		
• Other non-allowable items	264	-
• Gross up of franking credits	82	20
• Non assessable gain / non deductible loss on business acquisition rise and fall	1,551	1,913
• Amortisation	435	185
• Share based payments	2,912	844
• Inter-entity dividends	135	219
• Net capital losses	263	-
• Capital allowances	386	-
• Net trust distributions	177	-
• Income tax losses not recognised	-	31
• Net equity accounted results	64	197
• Under provision for income tax in prior years	112	654
	<b>6,381</b>	<b>4,063</b>
Less tax effect of:		
• Overseas tax rate differential	2,248	3,002
• Utilisation of tax losses not recognised	944	-
• Net trust distributions	-	538
• Other non-assessable items	192	1,130
	<b>3,384</b>	<b>4,670</b>
<b>Income tax expense attributable to profit</b>	<b>29,041</b>	<b>23,306</b>

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For The Year Ended 30 June 2024

## NOTE 5: INCOME TAX (Continued)

### (c) Current tax

	2024	2023
	\$'000	\$'000
Current tax relates to the following:		
• Opening balance	6,510	6,316
• Income tax	27,994	20,271
• Tax payments	(25,219)	(20,783)
• Under provisions	112	654
• Exchange translation difference	8	52
<b>Current tax liabilities</b>	<b>9,405</b>	<b>6,510</b>

### (d) Deferred tax

	2024	2023
	\$'000	\$'000
Deferred tax relates to the following:		
• Tax losses carried forward	(569)	(112)
• Employee benefits	(2,467)	(2,116)
• Income provisions	(1,666)	(1,486)
• Other	25	(738)
• Accrued expenses	(712)	(226)
• Expenses deductible over time	(1,118)	-
• Fair value adjustments	10,178	6,349
• Customer lists	29,947	30,109
• Accrued income	10,702	8,657
• Right of use asset	(220)	(241)
• Unrealised foreign exchange gain	(38)	(205)
• Capital allowances	706	676
<b>Net deferred tax liabilities</b>	<b>44,768</b>	<b>40,667</b>

**NOTE 6: DIVIDENDS****(a) Dividends paid or declared**

	2024	2023
	\$'000	\$'000
Dividends paid at 14.0 cents per share by PSC Insurance Group franked to 60 percent (2023: 12.7 cents per share franked to 60 percent).	50,591	44,840
Dividends paid to non-controlling interests	290	331
	<b>50,881</b>	<b>45,171</b>

**(b) Dividends declared after the reporting period and not recognised**

	2024	2023
	\$'000	\$'000
Since the end of the reporting period the directors have not recommended or declared a dividend (2023: 8.3 cents per share franked to 60 percent).	-	29,522
	<b>-</b>	<b>29,522</b>

**(c) Franking account**

	2024	2023
	\$'000	\$'000
Balance of franking account on a tax paid basis at financial year-end adjusted for franking credits arising from payment of provision for income tax and dividends recognised as receivables, franking debits arising from payment of proposed dividends and any credits that may be prevented from distribution in subsequent years.	2,376	1,817

**NOTE 7: CASH AND CASH EQUIVALENTS**

	2024	2023
	\$'000	\$'000
Cash on hand	37	31
Cash at bank	41,960	34,495
Cash on deposit	29,163	36,844
	<b>71,160</b>	<b>71,370</b>

**NOTE 8: FINANCIAL ASSETS - TRUST CASH**

	2024	2023
	\$'000	\$'000
Cash held on trust	327,092	274,791
	<b>327,092</b>	<b>274,791</b>

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For The Year Ended 30 June 2024

## NOTE 9: RECEIVABLES

	2024 \$'000	2023 \$'000
<b>Current</b>		
Other receivables	7,774	11,406
Related parties loans and receivables	211	141
	<b>7,985</b>	<b>11,547</b>
<b>Non - Current</b>		
Other receivables	384	-
Related parties loans and receivables	942	707
	<b>1,326</b>	<b>707</b>

Other receivables include amounts due from insurers for commercial services fees and sundry receivables.

	2024 \$'000	2023 \$'000
<b>(a) Ageing of Receivables</b>		
• 0-30 Days	7,544	5,200
• 30-60 Days	41	32
• 60-90 Days	-	214
• Over 90 Days	189	5,960
	<b>7,774</b>	<b>11,406</b>

## NOTE 10: CONTRACT ASSETS - BROKING

	2024 \$'000	2023 \$'000
<b>Current</b>		
Contract assets	84,220	71,300
	<b>84,220</b>	<b>71,300</b>

Contract assets represent the Group's commission on the amounts due from policyholders in respect of insurances arranged by controlled entities. Should policyholders not pay, the insurance policy is cancelled by the insurer and a credit given against the amount due. The Group's credit risk exposure in relation to these amounts is limited to commissions and fees charged. Contract assets are recognised after taking into account an allowance for expected losses (on policy lapses and cancellations) based on past experiences and future expectations.

**NOTE 11: FINANCIAL ASSETS - DERIVATIVES**

	2024	2023
	\$'000	\$'000
<b>Current</b>		
<i>Derivatives not designated as hedging instruments</i>		
Foreign exchange forward contracts	202	1,049
<b>Non - Current</b>		
<i>Derivatives not designated as hedging instruments</i>		
Foreign exchange forward contracts	-	52
<b>Total derivatives</b>	<b>202</b>	<b>1,101</b>

**NOTE 12: OTHER ASSETS**

	2024	2023
	\$'000	\$'000
<b>Current</b>		
Prepayments	8,242	7,563
Bonds and deposits	1,222	2,424
<b>Total other assets</b>	<b>9,464</b>	<b>9,987</b>

**NOTE 13: FINANCIAL ASSETS - INVESTMENTS IN SHARES AND UNIT TRUSTS**

	2024	2023
	\$'000	\$'000
<b>Non - Current</b>		
<i>Financial assets</i>		
Other shares and units held	2,444	5,821
Shares in listed corporations	76,333	54,538
<b>Total financial assets</b>	<b>78,777</b>	<b>60,359</b>

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For The Year Ended 30 June 2024

## NOTE 14: EQUITY ACCOUNTED INVESTMENTS

	2024	2023
	\$'000	\$'000
<b>Non - Current</b>		
Equity accounted associates	<b>24,532</b>	<b>24,025</b>

### (a) Associates and joint ventures

Investments in associates and joint ventures are accounted for using the equity method in the Group and carried at cost in the parent entity.

Interests are held in the following associated companies:

Associated Companies	Principal place of business	Ownership Interest	
		2024	2023
<b>Associates</b>			
Bay Building Group Pty Ltd	Australia	40.00%	40.00%
BCS Broking Pty Ltd	Australia	50.00%	50.00%
Eldin Risk Partners Limited	United Kingdom	40.00%	40.00%
Just Motorsport Limited	United Kingdom	35.03%	35.03%
Just Business Cover Ltd (UK)*	United Kingdom	100.00%	42.50%
PSC Bloodstock Services Pty Ltd **	Australia	0.00%	50.00%
PSC Insurennet JV Pty Ltd	Australia	50.00%	50.00%
PSC Property Lync Insurance Brokers Pty Ltd **	Australia	0.00%	50.00%
RP-Baulkham Hills Pty Ltd	Australia	50.00%	50.00%
RP-Bundoora Pty Ltd	Australia	50.00%	50.00%
RP-Cannington Pty Ltd **	Australia	0.00%	50.00%
RP-Carlton Pty Ltd	Australia	50.00%	50.00%
RP-Doncaster Pty Ltd	Australia	50.00%	0.00%
RP-Exchange Insurance Pty Ltd	Australia	20.00%	20.00%
RP-Fremantle Pty Ltd **	Australia	0.00%	50.00%
RP Hoppers Crossing Pty Ltd	Australia	50.00%	50.00%
RP-My Insurance Kit Pty Ltd	Australia	20.00%	20.00%
RP-Ipswich Pty Ltd **	Australia	0.00%	50.00%
RP-Melbourne Pty Ltd	Australia	50.00%	50.00%
RP-Nerang Pty Ltd	Australia	50.00%	50.00%
RP Professional Risk Pty Ltd	Australia	50.00%	50.00%
RP-Quayside Pty Ltd	Australia	50.00%	50.00%
RP Randwick Pty Ltd	Australia	50.00%	50.00%
RP-South Perth Pty Ltd **	Australia	0.00%	50.00%
RP-Tullamarine Pty Ltd	Australia	50.00%	50.00%

\* This Company is no longer accounted for as an associate now that the Group owns 100%.

\*\* This Company was sold during the year.

**(b) Investment in Associates**

The Group has a 40% interest in Bay Building Group Pty Ltd (BBG), which is an insurance building group that offers fully integrated repair solutions encompassing both building and restoration services. With operations across all of Australia they provide services to some of Australia's leading insurance companies. BBG is a private entity that is not listed on any public exchange. The Group's interest in BBG is accounted for using the equity method in the consolidated financial statements.

The following table illustrates the summarised unaudited management financial information of the Group's investment in BBG:

	2024	2023
	\$'000	\$'000
Current assets	21,011	28,459
Non - Current assets	8,669	6,463
Current liabilities	(17,304)	(21,960)
Non - Current liabilities	(5,751)	(5,320)
<b>Equity</b>	<b>6,625</b>	<b>7,642</b>
Group's share in equity - 40%	2,650	3,057
Goodwill	8,701	8,635
<b>Group's carrying amount of investment</b>	<b>11,351</b>	<b>11,692</b>
<b>Total comprehensive income for the period (continuing operations)</b>	<b>(45)</b>	<b>(818)</b>
<b>Group's share of profit for the period</b>	<b>(18)</b>	<b>(327)</b>

The Group has a 40% interest in Eldin Risk Partners Limited (Eldin), which is a specialist insurance services platform to private equity and investment firms. Eldin is a private entity that is not listed on any public exchange. The Group's interest in Eldin is accounted for using the equity method in the consolidated financial statements.

The following table illustrates the summarised unaudited management financial information of the Group's investment in Eldin:

	2024	2023
	\$'000	\$'000
Current assets	4,613	2,439
Non - Current assets	371	203
Current liabilities	(17)	-
Non - Current liabilities	(44)	-
<b>Equity</b>	<b>4,925</b>	<b>2,642</b>
Group's share in equity - 40%	1,970	1,057
Goodwill	4,445	2,231
<b>Group's carrying amount of investment</b>	<b>6,415</b>	<b>3,288</b>
<b>Total comprehensive income for the period (continuing operations)</b>	<b>(274)</b>	<b>(813)</b>
<b>Group's share of profit for the period</b>	<b>(110)</b>	<b>(325)</b>

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For The Year Ended 30 June 2024

## NOTE 15: PROPERTY, PLANT AND EQUIPMENT

	2024	2023
	\$'000	\$'000
<b>Leasehold improvements</b>		
Leasehold improvements at cost	7,116	6,259
Accumulated depreciation	(4,812)	(4,634)
	<b>2,304</b>	<b>1,625</b>
<b>Land and Buildings</b>		
Land and buildings	12,400	12,035
Accumulated depreciation	(193)	(365)
	<b>12,207</b>	<b>11,670</b>
<b>Artwork</b>		
Artwork	136	137
Accumulated depreciation	-	-
	<b>136</b>	<b>137</b>
<b>Plant and equipment</b>		
Motor vehicles at cost	63	63
Accumulated depreciation	(38)	(32)
	<b>25</b>	<b>31</b>
Office equipment at cost	5,928	6,762
Accumulated depreciation	(4,307)	(5,099)
	<b>1,621</b>	<b>1,663</b>
Computer equipment at cost	10,503	9,475
Accumulated depreciation	(8,218)	(7,740)
	<b>2,285</b>	<b>1,735</b>
<b>Total plant and equipment</b>	<b>3,931</b>	<b>3,429</b>
<b>Total property, plant and equipment</b>	<b>18,578</b>	<b>16,861</b>



**(a) Reconciliations**

	2024	2023
	\$'000	\$'000
<b>Leasehold improvements</b>		
Carrying amount at beginning of year	1,625	1,884
Additions	1,291	206
Additions through acquisition of entities/operations	-	9
Depreciation expense	(612)	(530)
Net foreign currency movements arising from foreign operation	-	56
<b>Carrying amount end of year</b>	<b>2,304</b>	<b>1,625</b>
<b>Land and buildings (b)</b>		
Carrying amount at beginning of year	11,670	11,849
Additions	-	4
Reclassification	505	-
Revaluation (b)	225	-
Depreciation expense	(193)	(183)
<b>Carrying amount end of year</b>	<b>12,207</b>	<b>11,670</b>
<b>Artwork</b>		
Carrying amount at beginning of year	137	127
Net foreign currency movements arising from foreign operation	(1)	10
<b>Carrying amount end of year</b>	<b>136</b>	<b>137</b>
<b>Plant and equipment</b>		
<b>Motor vehicles</b>		
Carrying amount at beginning of year	31	11
Additions	-	25
Depreciation expense	(6)	(5)
<b>Carrying amount end of year</b>	<b>25</b>	<b>31</b>
<b>Office equipment</b>		
Carrying amount at beginning of year	1,663	1,570
Additions	783	320
Reclassification	(505)	-
Additions through acquisition of entities/operations (Note 29)	8	29
Depreciation expense	(325)	(288)
Net foreign currency movements arising from foreign operation	(3)	32
<b>Carrying amount end of year</b>	<b>1,621</b>	<b>1,663</b>
<b>Computer equipment</b>		
Carrying amount at beginning of year	1,735	1,913
Additions	1,540	772
Additions through acquisition of entities/operations (Note 29)	214	12
Depreciation expense	(1,196)	(1,065)
Net foreign currency movements arising from foreign operation	(8)	103
<b>Carrying amount end of year</b>	<b>2,285</b>	<b>1,735</b>
<b>Total plant and equipment</b>	<b>3,931</b>	<b>3,429</b>
<b>Total property, plant and equipment</b>	<b>18,578</b>	<b>16,861</b>

**(b) Valuation of land and buildings**

The fair values of land and buildings have been based on independent valuations. Such valuations are performed on a fair value basis, being the amounts for which the assets could be exchanged between market participants in an arm's length transaction at the valuation date. This is deemed to be a Level 2 fair valuation per the fair value hierarchy disclosed in Note 1.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For The Year Ended 30 June 2024

## NOTE 16: INTANGIBLE ASSETS

	2024 \$'000	2023 \$'000
Goodwill at cost	424,402	399,533
Identifiable intangible assets at cost	187,802	169,242
Accumulated amortisation and impairment	(68,599)	(48,883)
	<b>119,203</b>	<b>120,359</b>
<b>Total intangible assets</b>	<b>543,605</b>	<b>519,892</b>

### (a) Reconciliations

Reconciliation of the carrying amounts of intangible assets at the beginning and end of the current financial year.

	2024 \$'000	2023 \$'000
<i>Goodwill at cost</i>		
Opening balance	399,533	357,136
Additions through disclosed business combinations (a)	23,282	25,403
Acquired additions through disclosed business combinations (b)	2,224	-
Other additions	756	-
Net foreign currency movement arising from foreign operations	(1,393)	16,994
<b>Closing balance</b>	<b>424,402</b>	<b>399,533</b>
<i>Identifiable Intangible assets at cost</i>		
Opening balance	120,359	100,159
Additions through business combination (a)	9,263	18,216
Acquired through business combination	-	292
Other additions	10,366	12,339
Amortisation expense	(20,502)	(14,718)
Net foreign currency movement arising from foreign operations	(283)	4,071
<b>Closing balance</b>	<b>119,203</b>	<b>120,359</b>
<b>Total intangible assets</b>	<b>543,605</b>	<b>519,892</b>

a. Additional goodwill and identifiable intangible assets relate to the business acquisitions in Note 29.

b. Acquired intangible assets relate to the business acquisition of Ensurance Limited in Note 29.

The Group performs, on an annual basis, impairment testing for goodwill and any identifiable intangible assets (customer relationships and brand names) which have impairment indicators. There was no impairment for the year ended 30 June 2024 (2023: no impairment provision).

In performing impairment testing, each subsidiary acquired or portfolio of businesses acquired is considered a separate cash generating unit (CGU) or grouped into one CGU where operations are linked.

The methodologies used in the impairment testing are:

- Value in use - a discounted cash flow model, based on a five year projection commencing with the year one approved budget of the tested CGUs plus a terminal value; and
- Fair value - based on the Group's estimates of sustainable revenue for each CGU multiplied by a revenue multiple appropriate for similar businesses less costs to sell.

## NOTE 16: INTANGIBLE ASSETS (continued)

The Group performed its annual impairment test in June 2024 and June 2023. The Group considers the relationship between its market capitalisation and its book value, among other factors, when reviewing for indicators of impairment. As at 30 June 2024, the market capitalisation of the Group was far in excess of the book value of its equity, indicating there was no evidence of goodwill impairment of the assets of the operating segments. Notwithstanding, the Goodwill of each CGU was tested for impairment.

### Distribution CGU

The recoverable amount of the distribution CGU of \$569.5m as at 30 June 2024 has been determined based on a value in use calculation using cash flow projections from financial forecasts approved by senior management, and extrapolated forward covering a five-year period. Total goodwill allocated to this CGU is \$149.8m. The post-tax discount rate applied to cash flow projections is 10% (2023: 10%) and the terminal value cash flows beyond the five-year period valued with a 2.5% (2023: 2.5%) terminal growth rate. Year 1-5 growth rates for revenue and expenses are a prudent assessment of the average growth rate for the Insurance Broking industry. As a result of the analysis, the recoverable amount exceeded the carrying amount of the CGU and management did not identify impairment.

### Agency CGU

The recoverable amount of the agency CGU of \$108.2m as at 30 June 2024 has been determined based on a value in use calculation using cash flow projections from financial forecasts approved by senior management, and extrapolated forward covering a five-year period. Total goodwill allocated to this CGU is \$25.2m. The post-tax discount rate applied to cash flow projections is 10% (2023: 10%) and the terminal value cash flows beyond the five-year period valued with a 2.5% (2023: 2.5%) terminal growth rate. Year 1-5 growth rates for revenue and expenses are a prudent assessment of the average growth rate for the Insurance Broking industry. As a result of the analysis, the recoverable amount exceeded the carrying amount of the CGU and management did not identify impairment.

### United Kingdom (UK) CGU

The recoverable amount of the UK CGU of \$491.3m as at 30 June 2024 has been determined based on a value in use calculation using cash flow projections from financial forecasts approved by senior management, and extrapolated forward covering a five-year period. Total goodwill allocated to this CGU is \$249.4m. The post-tax discount rate applied to cash flow projections is 11% (2023: 11%) and the terminal value cash flows beyond the five-year period valued with a 2% (2023: 2%) terminal growth rate. Year 1-5 growth rates for revenue and expenses are a prudent assessment of the average growth rate for the Insurance Broking industry. As a result of the analysis, the recoverable amount exceeded the carrying amount of the CGU and management did not identify impairment.

### Key assumptions used in value in use calculations and sensitivity to changes in assumptions

EBITDA margins – EBITDA margins (after allocation of central costs) are based on average values achieved in twelve months preceding the beginning of the forecast period. These are increased over the budget period for anticipated efficiency improvements, in line with the respective revenue and expense growth drivers.

Discount rates – Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the capital asset pricing model. The cost of debt is based on a margin over a longer term risk free rate and is not necessarily representative of the Group's actual cost of debt.

Sensitivity analysis has been conducted and no reasonable change in the key assumptions of the value in use calculations would result in impairment. The discount rate used is dependent on specific attributes of the transactions and determined by the Board.

The following table sets out the key assumptions for the value in use model:

	2024 %	2023 %
Revenue growth	2.5% pa for first 5 years	2.5% pa for first 5 years
Cost growth	2.5% pa for first 5 years	2.5% pa for first 5 years
Terminal growth rate (EBITDA)	2% to 2.5%	2% to 2.5%
Discount rate (pre tax)	11% to 16%	11% to 16%
Discount rate (post tax)	10% to 11%	10% to 11%

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For The Year Ended 30 June 2024

## NOTE 17: RIGHT OF USE ASSETS

	2024	2023
	\$'000	\$'000
<b>Non - Current</b>		
Right of use assets	20,719	18,525
	<b>20,719</b>	<b>18,525</b>

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

	2024	2023
	\$'000	\$'000
Opening balance 1 July	18,525	19,818
Additions	8,928	4,331
Depreciation expense	(6,734)	(5,624)
<b>Closing balance at 30 June</b>	<b>20,719</b>	<b>18,525</b>

The following are the amounts recognised in profit or loss:

	2024	2023
	\$'000	\$'000
Depreciation expense of right-of-use assets	(6,734)	(5,624)
Interest expense on lease liabilities	(1,201)	(1,163)
Expense relating to short-term leases or low-value assets (included in Administration and other expenses)	(813)	(1,018)
<b>Total amount recognised in profit or loss</b>	<b>(8,748)</b>	<b>(7,805)</b>

The Group had total cash outflows for leases of \$7.7m in 2024 (2023: \$6.4m). The future cash outflows relating to leases that have not yet commenced are disclosed in Note 30.

## NOTE 18: PAYABLES

	2024	2023
	\$'000	\$'000
<b>Current</b>		
<i>Unsecured liabilities</i>		
Trade creditors	4,337	2,875
Payables from broking, reinsurance and underwriting agency operations	327,102	275,014
Sundry creditors and accruals	24,878	21,473
	<b>356,317</b>	<b>299,362</b>
<b>Non - Current</b>		
Related party payables	1,039	789
<b>Total payables</b>	<b>357,356</b>	<b>300,151</b>

## NOTE 19: BORROWINGS

	2024	2023
	\$'000	\$'000
<b>Non - Current</b>		
<i>Secured liabilities</i>		
Bank loans	213,220	213,693
<b>Total borrowings</b>	<b>213,220</b>	<b>213,693</b>

### (a) Terms and conditions and assets pledging as security relating to the above financial instruments

The Group has two primary funding facilities:

1. PSC Insurance Group Limited – Syndicated Facility Agreement
  - Limit \$190,000,000 (multi-currency) plus a further \$6,290,000 revolving overdraft / bank guarantee facility
2. PSC UK Pty Limited - Note Purchase Agreement
  - Limit £41,250,000 (\$78,184,230)

The Group also has a property funding facility to 96 Wellington Parade Pty Limited, totalling \$7,624,000. The key terms and conditions are as follows:

#### Syndicated Facility Agreement (SFA)

The syndication is led by Commonwealth Bank, with Macquarie Bank, HSBC and Citibank participants in the syndicate.

Security was granted in favour of a security trustee, including a registered first ranking security over assets of the Group across Australia, UK and New Zealand.

The SFA contains a number of representations, warranties and undertakings (including financial covenants and reporting obligations) from the parent entity and each guarantor that are customary for a facility of this nature, including covenants ensuring the parent entity maintains a debt to EBITDA ratio below agreed levels and a debt service cover ratio above agreed levels. These covenants have been met during the year.

The SFA is interest only with a maturity date of November 2026. The interest rate is a variable interest rate based on BBSY or SONIA (£) plus a margin.

#### Note Purchase Agreement (NPA)

The NPA with Pricoa is a multi-currency facility to support the Group's growth.

Security was granted in favour of a security trustee, including a registered first ranking security over assets of the Group across Australia, UK and New Zealand and ranking equally with the SFA.

The NPA contains a number of representations, warranties and undertakings (including financial covenants and reporting obligations) from the parent entity and each guarantor, which largely mirror the SFA. The financial covenants cover include debt to EBITDA being below agreed levels and a debt service cover ratio being above agreed levels. These covenants have been met during the year.

The first Note of £41.25m under the NPA was issued in November 2021. The NPA provides an agreed framework for additional note issuance by the Group (up to a total limit of US\$125m), subject to Pricoa approval and majority consent from the SFA lenders at the time of subsequent Note issuance.

The Note presently issued is interest only, with 6 monthly coupon payments, with a maturity date of November 2028. The interest rate is a fixed interest rate based on the 7-year GILT (UK Government Debt) at the time of issuance plus a margin.

#### Commonwealth Bank of Australia (Property Loan)

The facility provided to fund the property at 96 Wellington Parade, East Melbourne, which the parent entity and its subsidiaries occupy. The facility is secured by a first registered mortgage over the property and supporting guarantees from the parent entity and various subsidiaries.

The loan is interest only with a maturity date of December 2028. The interest rate is a variable interest rate based on BBSY plus a margin.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For The Year Ended 30 June 2024

## NOTE 20: PROVISIONS

	2024 \$'000	2023 \$'000
<b>Current</b>		
Employee benefits	7,449	6,413
<b>Non - Current</b>		
Employee benefits	806	691
<b>Total employee benefits liability</b>	<b>8,255</b>	<b>7,104</b>

## NOTE 21: LEASE LIABILITIES

	2024 \$'000	2023 \$'000
<b>Current</b>		
Lease liabilities	6,510	6,191
<b>Non - Current</b>		
Lease liabilities	17,310	15,850
<b>Total lease liabilities</b>	<b>23,820</b>	<b>22,041</b>

## NOTE 22: CONTRACT LIABILITIES - DEFERRED REVENUE

	2024 \$'000	2023 \$'000
<b>Current</b>		
Contract liabilities	12,184	12,291
<b>Non - Current</b>		
Contract liabilities	422	412
<b>Total contract liabilities</b>	<b>12,606</b>	<b>12,703</b>

Contract liabilities represent the Group's obligation to transfer services to the customer for which the Group has received consideration (or an amount of consideration is due) from the customer. Amounts recorded as contract liabilities are subsequently recognised as revenue when the Group transfers the contracted services to the customer. A contract liability arises in relation to claims handling income when consideration is received from the customer in advance of the claims handling service being performed.

## NOTE 23: AMOUNTS PAYABLE TO VENDORS

	2024 \$'000	2023 \$'000
<b>Current</b>		
Amounts payable to vendors	14,926	13,471
<b>Non - Current</b>		
Amounts payable to vendors	7,635	8,396
<b>Total amounts payable to vendors</b>	<b>22,561</b>	<b>21,867</b>

Amounts payable to vendors represents deferred and contingent consideration expected to be made to vendors for acquisitions. The contingent consideration payable is calculated based on a multiple of revenue or other metrics as defined in the various sale and purchase agreements.

## NOTE 24: SHARE CAPITAL

### (a) Issued and paid-up capital

	2024 \$'000	2023 \$'000
364,404,674 Ordinary shares fully paid (2023: 355,683,921)	453,095	425,981

Fully paid ordinary shares carry one vote per share and have the right to dividends.

### (b) Movements in shares on issue

	Parent Entity No of shares	\$'000
<b>2024</b>		
Beginning of financial year	355,683,921	425,981
Share issuing costs	-	(49)
Shares in lieu of cash for acquisition of subsidiary	5,242,149	22,906
Dividend reinvestment	106,361	509
Loan funded shares	3,341,200	2,930
Shares in lieu of client list purchase	31,043	150
Treasury shares acquired	-	(1,745)
Treasury shares sold	-	2,413
<b>End of financial year</b>	<b>364,404,674</b>	<b>453,095</b>
<b>2023</b>		
Beginning of financial year	348,955,012	411,661
Share issuing costs	-	(53)
Shares in lieu of cash for acquisition of subsidiary	2,772,461	12,799
Dividend reinvestment	327,052	1,574
Loan funded shares	832,671	-
Converted options	2,796,725	-
<b>End of financial year</b>	<b>355,683,921</b>	<b>425,981</b>

### (c) Rights of each type of share

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At shareholders meetings each ordinary share gives entitlement to one vote when a poll is called.

### (d) Capital Management

When managing capital, management's objective is to ensure the Group continues to maintain optimal returns to shareholders. This is achieved through the monitoring of historical and forecast performance and cash flows.

During 2024, management paid dividends of:

- Dividends paid by PSC Insurance Group Limited \$50,590,847 (2023: \$44,840,450)
- Dividends paid to non-controlling interests \$290,000 (2023: \$330,584)

Management manages capital by proactively assessing future funding needs and determining the best funding measures, principally through retained earnings and debt facilities. When considering prudent gearing levels, the Group considers its gross net debt levels against the forecast levels of EBITDA and free cash flow. The Group also considers the gearing ratio being net debt / total capital. Net debt is calculated as total borrowings as shown in the balance sheet less cash and cash equivalents (excluding cash held in trust) and total capital includes net debt and book equity.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For The Year Ended 30 June 2024

## NOTE 25: RESERVES AND RETAINED EARNINGS

	2024	2023
	\$'000	\$'000
Share-based payment reserve	17,104	7,399
Foreign currency translation reserve	9,380	11,300
Revaluation surplus	1,592	1,443
Put option reserve over non-controlling interest	(2,452)	(384)
Non-controlling interest reserve	(45,150)	(45,150)
<b>Reserves</b>	<b>(19,526)</b>	<b>(25,392)</b>
<b>Retained Earnings</b>	<b>59,644</b>	<b>53,074</b>

### (a) Share-based payment reserve

#### (i) Nature and purpose of reserve

The share-based payment reserve comprises the fair value of options and performance share rights recognised as an expense. Upon exercise of options or performance share rights, any proceeds received are credited to share capital. The share-based payment reserve remains as a separate component of equity.

#### (ii) Movements in reserve

	2024	2023
	\$'000	\$'000
Opening balance	7,399	4,585
Fair value of options and performance share rights recognised as an expense during the year	9,705	2,814
<b>Closing balance</b>	<b>17,104</b>	<b>7,399</b>

### (b) Foreign currency translation reserve

#### (i) Nature and purpose of reserve

The foreign currency translation reserve is used to record the unrealised exchange differences arising on translation of a foreign entity and is not distributable.

	2024	2023
	\$'000	\$'000
Opening balance	11,300	(9,835)
Exchange differences on translation of foreign operations	(1,920)	21,135
<b>Closing balance</b>	<b>9,380</b>	<b>11,300</b>

### (c) Revaluation surplus

#### (i) Nature and purpose of reserve

Land and buildings held by the Group are regularly revalued by an independent valuer. The net of tax adjustment from the carrying amount to the revalued amount has been accounted for in the revaluation surplus.

#### (ii) Movements in reserve

	2024	2023
	\$'000	\$'000
Opening balance	1,443	1,443
Revaluation of property, plant and equipment	149	-
<b>Closing balance</b>	<b>1,592</b>	<b>1,443</b>



**(d) Non-controlling interest reserve****(i) Nature and purpose of reserve**

The non-controlling interest reserve represents the difference between the fair value of shares issued to buyout non-controlling interests and the carrying value of non-controlling interest that get de-recognised at that date.

**(ii) Movements in reserves**

	2024 \$'000	2023 \$'000
Opening Balance	(45,150)	(43,083)
Non-controlling interest arising from business combinations	-	(2,067)
<b>Closing balance</b>	<b>(45,150)</b>	<b>(45,150)</b>

**(e) Retained Earnings**

	2024 \$'000	2023 \$'000
Opening balance	53,074	42,157
Net profit	57,161	55,757
Dividends provided for or paid	(50,591)	(44,840)
<b>Closing balance</b>	<b>59,644</b>	<b>53,074</b>

**NOTE 26: SHARE BASED PAYMENTS**

The Group has adopted the long term incentive plan (LTIP) to assist in the reward, retention and motivation of certain employees and Directors of the Group. The Group may grant shares, loan funded shares, options and/or performance rights (awards) to eligible participants under its LTIP.

**Share options**

Under the Group's LTIP, share options of PSC Insurance Group Limited have been granted to certain Directors. The fair value of the share options is estimated at the grant date using a Black Scholes option pricing model taking into account the terms and conditions on which the share options were granted.

The movement in the number of options and the weighted average exercise price during the year are:

	2024	2023
Opening balance 1 July	2,000,000	8,000,000
Exercised during the year	-	(8,000,000)
Granted during the year	-	2,000,000
<b>Outstanding at 30 June</b>	<b>2,000,000</b>	<b>2,000,000</b>
Exercisable at 30 June	-	-

Unissued ordinary shares of PSC Insurance Group Limited under option at 30 June 2024 are:

Name of option holder	Date option granted	Number of unissued ordinary shares under option	Issue price of shares	Vesting date	Expiry date of the options
Antony Robinson	11 November 2022	2,000,000	\$6.50 per share	10 November 2024	31 March 2025

The fair value of the options was \$760,415. The vesting condition is that Mr Robinson remains a member of the KMP as at the vesting date.

Expected volatility of 31.85%, dividend yield of 2.62%, risk free interest rate of 3.20% and a spot price of \$4.85 were used in the calculation of options issued.

The exercise prices for options outstanding at the end of the year was \$6.50 (2023: \$6.50).

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For The Year Ended 30 June 2024

## NOTE 26: SHARE BASED PAYMENTS (continued)

The expense recognised during the year for options was as follows:

	2024	2023
	\$'000	\$'000
Expense arising from share options	507	253
<b>Total expense arising from share options</b>	<b>507</b>	<b>253</b>

If the Scheme is implemented, these options will be cancelled. The remaining amount that has not yet been amortised has been recognised as an expense in the current period, as required under accounting standards as a result of the Group's consideration of the proposed scheme of arrangement with The Ardonagh Group.

### Loan Funded Shares

Under the Group's LTIP, loan funded shares have been granted to certain employees of the Group. The shares were issued immediately. The fair value of the loan funded shares is estimated at the grant date using a Black Scholes option pricing model taking into account the terms and conditions on which the loan funded shares were issued.

The expense recognised during the year for loan funded shares was as follows:

	2024	2023
	\$'000	\$'000
Expense arising from equity-settled share-based payment transactions	9,198	2,814
<b>Total expense arising from loan funded share-based transactions</b>	<b>9,198</b>	<b>2,814</b>

The amortisation of all unvested loan funded share costs has been accelerated to expire at the new expected vesting date as required under accounting standards as a result of the Group's consideration of the proposed scheme of arrangement with The Ardonagh Group.

The movement in the number of loan funded shares during the year was as follows:

	2024	2023
Opening balance	17,167,678	16,335,007
Issued during the year (a)	3,656,700	998,171
Forfeited during the year (b)	(315,500)	(165,500)
Loans repaid during the year (c)	(847,305)	-
<b>Closing balance</b>	<b>19,661,573</b>	<b>17,167,678</b>

### (a) Issued during the year

- 719,500 fully paid shares were issued on 4 September 2023 at a share price of \$4.76, expiring in 3 years.
- 1,265,500 fully paid shares were issued on 8 September 2023 at a share price of \$4.76, expiring in 3 years.
- 1,671,700 fully paid shares were issued on 8 September 2023 at a share price of \$4.76, expiring 25% at each of the years 3, 4, 5 and 6 anniversaries

Expected volatility of 36.23%, dividend yield of 2.78% and a risk free interest rate of 3.80% were used in the calculations of shares issued.

### (b) Forfeited during the year

- 65,500 loan funded shares were forfeited on 4 September 2023.
- 250,000 loan funded shares were forfeited on 13 March 2024.

### (c) Loans repaid during the year

- 847,305 loan funded shares were repaid in full on 13 March 2024.

## NOTE 27: INTERESTS IN SUBSIDIARIES

### (a) Subsidiaries

Subsidiaries of the group	Country of incorporation	Ownership interest held by group	
		2024	2023
96 Wellington Parade Pty Ltd	Australia	100.00%	100.00%
AB Risk Solutions Ltd	United Kingdom	100.00%	100.00%
Abaco Insurance Brokers Limited	United Kingdom	100.00%	100.00%
Absolute Insurance Brokers Limited	United Kingdom	100.00%	100.00%
ACN 095 612 276 Pty Ltd ****	Australia	0.00%	100.00%
ACN 615 515 369 Pty Ltd	Australia	100.00%	100.00%
Alsford Page & Gems (Holdings) Limited	United Kingdom	100.00%	100.00%
Alsford Page & Gems Ltd	United Kingdom	100.00%	100.00%
AWIB Pty Ltd	Australia	100.00%	100.00%
Bonwick International Limited	Hong Kong	100.00%	100.00%
Breeze Underwriting (Aust) Pty Ltd	Australia	100.00%	100.00%
Breeze Underwriting Limited	United Kingdom	100.00%	100.00%
Breeze Underwriting Pty Ltd	Australia	100.00%	100.00%
Capital Insurance Brokers Pty Limited	Australia	100.00%	100.00%
Carroll & Partners Limited	United Kingdom	100.00%	100.00%
Carroll Harvey Insurance Brokers Limited	United Kingdom	100.00%	100.00%
Carroll Insurance Brokers Limited	United Kingdom	100.00%	100.00%
Carroll Insurance Group Limited	United Kingdom	100.00%	100.00%
Carroll London Markets Holdings Limited	United Kingdom	100.00%	100.00%
Carroll London Markets Limited	United Kingdom	100.00%	100.00%
Certus Life Australia Pty Ltd	Australia	100.00%	100.00%
Certus Life Melbourne Pty Ltd	Australia	100.00%	100.00%
Charter Gilman Insurance Agencies Limited	Hong Kong	100.00%	100.00%
Charter Gilman Insurance Brokers Ltd	Hong Kong	100.00%	100.00%
Charter Gilman Insurance Consultants Limited ***	Hong Kong	0.00%	100.00%
Charter Gilman Insurance Services Limited ***	Hong Kong	0.00%	100.00%
Charter Union Insurance Brokers Ltd	Hong Kong	100.00%	100.00%
Chase Accident & Health Pty Ltd*	Australia	100.00%	0.00%
Chase Credit Risk Pty Ltd (formerly RP Broadbeach Pty Ltd)	Australia	70.00%	100.00%
Chase Global UK Ltd	United Kingdom	100.00%	100.00%
Chase Plant & Equipment Pty Ltd*	Australia	70.00%	0.00%
Chase Professional Risks Pty Ltd (formerly Ensurance Australia Limited) **	Australia	100.00%	0.00%
Chase Surety Pty Ltd	Australia	100.00%	100.00%
Chase UK Holdings Ltd	United Kingdom	100.00%	100.00%
Chase Underwriting Holdings Pty Ltd (formerly Agency Holding Corporation Pty Ltd)	Australia	100.00%	100.00%
Chase Underwriting Solutions Pty Ltd (formerly Chase Underwriting Pty Ltd)	Australia	100.00%	100.00%
Connect Life Pty Ltd	Australia	100.00%	100.00%
Easy Broking Online Limited	United Kingdom	100.00%	100.00%
Eden Software Pty Ltd	Australia	75.00%	75.00%
Ensurance Capital Pty Ltd**	Australia	100.00%	0.00%
Ensurance IT Pty Ltd**	Australia	100.00%	0.00%
Ensurance Pty Ltd**	Australia	100.00%	0.00%
Ensurance UK Limited	United Kingdom	100.00%	100.00%

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For The Year Ended 30 June 2024

## NOTE 27: INTERESTS IN SUBSIDIARIES (continued)

Subsidiaries of the group	Country of incorporation	Ownership interest held by group	
		2024	2023
Fenchurch Insurance Risk Management Ltd	United Kingdom	100.00%	100.00%
Globe Insurance Consultants Ltd ***	Hong Kong	0.00%	100.00%
Globe Limited ***	Hong Kong	0.00%	100.00%
Insurance Holdings Ltd	United Kingdom	100.00%	100.00%
JHR Corporate Risk Services Pty Ltd	Australia	100.00%	100.00%
Jolimont Underwriting Pty Ltd	Australia	100.00%	100.00%
Just Business Cover Ltd (UK)	United Kingdom	100.00%	42.50%
McKenna Hampton Insurance Brokers Pty Ltd	Australia	100.00%	100.00%
Medisure Indemnity Australia Pty Ltd	Australia	100.00%	100.00%
Paragon Brokers (Bermuda) Ltd	Bermuda	100.00%	100.00%
Paragon International Holdings Limited	United Kingdom	100.00%	100.00%
Paragon International Insurance Brokers Limited	United Kingdom	100.00%	100.00%
Professional Services Corporation Pty Ltd	Australia	100.00%	100.00%
PSC AMGI WSC Pty Ltd	Australia	82.69%	82.69%
PSC BBG Investment Pty Ltd	Australia	100.00%	100.00%
PSC Coast Wide Newcastle Pty Ltd	Australia	100.00%	100.00%
PSC Coastwide Insurance Services Pty Ltd	Australia	100.00%	100.00%
PSC Connect Life NZ Ltd	New Zealand	100.00%	100.00%
PSC Connect NZ Ltd	New Zealand	100.00%	100.00%
PSC Connect Pty Ltd	Australia	100.00%	100.00%
PSC Direct Pty Ltd	Australia	100.00%	100.00%
PSC Holdings (Aust) Pty Ltd	Australia	100.00%	100.00%
PSC Holdings Retail Limited	United Kingdom	100.00%	100.00%
PSC Insurance Brokers Adelaide Pty Ltd	Australia	100.00%	100.00%
PSC Insurance Brokers (Aust) Pty Ltd	Australia	100.00%	100.00%
PSC Insurance Brokers (Brisbane) Pty Ltd	Australia	100.00%	100.00%
PSC Insurance Brokers (Darwin) Pty Ltd	Australia	100.00%	100.00%
PSC Insurance Brokers Gold Coast Pty Ltd	Australia	100.00%	100.00%
PSC Insurance Brokers (Melbourne) Pty Ltd	Australia	100.00%	100.00%
PSC Insurance Brokers Perth Pty Ltd	Australia	100.00%	100.00%
PSC Insurance Brokers (Sunshine Coast) Pty Ltd	Australia	100.00%	100.00%
PSC Insurance Brokers Tasmania Pty Ltd	Australia	60.00%	60.00%
PSC Insurance Brokers (Victoria) Pty Ltd	Australia	100.00%	100.00%
PSC Insurance Brokers (Wagga) Pty Ltd	Australia	100.00%	100.00%
PSC Insurance Brokers (Western) Pty Ltd	Australia	70.00%	70.00%
PSC Insurance Brokers Pty Ltd	Australia	100.00%	100.00%
PSC Insurance Brokers NZ Ltd	New Zealand	100.00%	100.00%
PSC Insurance (Europe) Ltd	Ireland	100.00%	100.00%
PSC Insurance Holdings (HK) Limited	Hong Kong	100.00%	100.00%
PSC Insurance Services Pty Ltd	Australia	100.00%	100.00%
PSC International Holdings Pty Ltd	Australia	100.00%	100.00%
PSC JLG Investment Pty Ltd	Australia	100.00%	100.00%
PSC Life Pty Ltd	Australia	100.00%	100.00%
PSC McKenna Hampton Insurance Brokers Pty Ltd	Australia	100.00%	100.00%

Subsidiaries of the group	Country of incorporation	Ownership interest held by group	
		2024	2023
PSC Medical & General Insurance Brokers Pty Ltd	Australia	100.00%	100.00%
PSC Montage General Insurance Ltd	New Zealand	100.00%	100.00%
PSC Network Holdings Pty Ltd	Australia	100.00%	100.00%
PSC National Franchise Insurance Brokers Pty Ltd	Australia	100.00%	100.00%
PSC NFIB Markets Pty Ltd	Australia	100.00%	100.00%
PSC Nominees Pty Ltd	Australia	100.00%	100.00%
PSC NZ Holdings Ltd	New Zealand	100.00%	100.00%
PSC Paragon Insurance Brokers Pty Ltd	Australia	70.00%	70.00%
PSC Rainbow Holdings Limited (UK)	United Kingdom	100.00%	100.00%
PSC Reliance Pty Ltd	Australia	100.00%	100.00%
PSC Safex Pty Ltd	Australia	70.00%	70.00%
PSC Services (Viet nam) Limited Liability Company**	Vietnam	100.00%	0.00%
PSC Trade Credit Risk Pty Ltd	Australia	90.00%	90.00%
PSC UK Group Holdings Pty Ltd	Australia	100.00%	100.00%
PSC UK Holdings Limited	United Kingdom	100.00%	100.00%
PSC UK Insurance Brokers Limited	United Kingdom	100.00%	100.00%
PSC UK Pty Ltd	Australia	100.00%	100.00%
PSC Workers Compensation Holdings Pty Ltd	Australia	100.00%	100.00%
PSC Workers Compensation Services Pty Ltd	Australia	100.00%	100.00%
Reliance Workplace Solutions Pty Ltd	Australia	100.00%	100.00%
RP-Canning Vale Pty Ltd	Australia	100.00%	100.00%
RP-Doncaster Pty Ltd (formerly Carvan Pty Ltd)	Australia	100.00%	100.00%
RP-Hoxton Park Pty Ltd	Australia	100.00%	100.00%
RP-Newcastle Pty Ltd	Australia	100.00%	100.00%
RP-Penrith Pty Ltd	Australia	100.00%	100.00%
RP-Randwick Pty Ltd	Australia	100.00%	100.00%
The PSC Foundation Pty Ltd	Australia	100.00%	100.00%
Trans Pacific Insurance Brokers Limited	Hong Kong	100.00%	100.00%
Trust Insurance Services Limited	United Kingdom	100.00%	100.00%
Turner Rawlinson & Company Limited	United Kingdom	100.00%	100.00%
UK Facilities Limited	United Kingdom	100.00%	100.00%
Upper Hillwood Holdings Limited	United Kingdom	100.00%	100.00%
Worldwide Insurance Brokers & Advisors Limited**	Ireland	100.00%	0.00%

\* Entity entered Group during the 2024 financial year

\*\* Entity acquired during the 2024 financial year

\*\*\* Entity deregistered during the 2024 financial year

\*\*\*\* Entity sold during the 2024 financial year

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For The Year Ended 30 June 2024

## NOTE 27: INTERESTS IN SUBSIDIARIES (continued)

### (b) Reconciliation of the Non-controlling interest

	2024 \$'000	2023 \$'000
Accumulated NCI at the beginning of the year	2,066	1,837
Profit or loss allocated to NCI during the year	612	646
Put option reserve revaluation	68	(255)
Increase in non-controlling interest	-	169
Dividends paid to NCI	(290)	(331)
<b>Accumulated NCI at the end of the year</b>	<b>2,456</b>	<b>2,066</b>

## NOTE 28: CASH FLOW INFORMATION

### (a) Reconciliation of cash

Cash at the end of the financial year as shown in the consolidated statement of cash flows is reconciled to the related items in the consolidated statement of financial position as follows:

	2024 \$'000	2023 \$'000
Cash on hand	37	31
Cash at bank	41,960	34,495
Cash on deposit	29,163	36,844
	<b>71,160</b>	<b>71,370</b>

### (b) Reconciliation of net profit after tax to net cash flows from operations

	2024 \$'000	2023 \$'000
Profit from ordinary activities after income tax	57,773	56,403
<b>Add/(Less) items classified as investing/financing activities</b>		
Loss on deferred consideration	6,009	8,921
Gain on sale of associate investments	(3,330)	(68)
<b>Adjustments and non - cash items</b>		
<i>Non-cash items</i>		
Depreciation and amortisation	29,568	22,413
Expected credit loss	226	460
Foreign currency translation (gains) / losses	(601)	5,863
Fair value adjustment of shares	(15,431)	(14,996)
Share-based payment expense	9,705	2,814
Equity accounted result	442	251
Derivative losses / (gains)	905	(1,951)
Other	-	(37)
<b>Net cash flows from operations before change in assets and liabilities</b>	<b>85,266</b>	<b>80,073</b>

	2024	2023
	\$'000	\$'000
<b>Change in assets and liabilities</b>		
Decrease/(increase) in receivables	3,794	(2,373)
(Increase) in contract / other assets	(13,072)	(6,837)
Increase in payables	3,686	591
Increase in provisions	880	724
(Decrease)/Increase in other liabilities	(97)	4,690
Increase/(decrease) in income taxes payable	2,857	(180)
Increase in deferred tax balances	2,023	6,043
<b>Net cash flow from operating activities</b>	<b>85,337</b>	<b>82,731</b>

### (c) Acquisitions

During the year the consolidated group made a number of acquisitions. The fair value of assets acquired and liabilities assumed were as follows:

	2024	2023
	\$'000	\$'000
Cash and cash equivalents	5,063	2,981
Financial assets - trust cash	3,381	18,272
Other financial assets	1	-
Contract assets - broking	656	2,950
Property, plant and equipment	221	50
Identifiable Intangibles	9,263	18,216
Acquired intangibles	2,224	292
Receivables	464	10
Other assets	1,890	284
Right of use assets	57	162
Lease liabilities	(57)	(176)
Payables	(4,571)	(20,064)
Income tax payable	32	(377)
Provisions	(263)	(337)
Net deferred tax balances	(2,171)	(5,898)
<b>Net Identifiable assets acquired</b>	<b>16,190</b>	<b>16,365</b>
<b>Net assets exceeding consideration paid</b>	<b>(5,773)</b>	<b>7,300</b>
Consideration paid in cash	(10,417)	(23,665)
Cash acquired	5,063	2,981
<b>Net cash dispensed</b>	<b>(5,354)</b>	<b>(20,684)</b>

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For The Year Ended 30 June 2024

## NOTE 28: CASH FLOW INFORMATION (continued)

### (d) Loan facilities

	2024	2023
	\$'000	\$'000
Loan facilities	282,098	282,515
Amount utilised	213,220	213,693
<b>Unused loan facility</b>	<b>68,878</b>	<b>68,822</b>

### (e) Reconciliation of liabilities arising from financing activities

	2024	2023
Borrowings	\$'000	\$'000
Balance at the beginning of the year	213,693	186,979
Drawdowns	-	20,000
Foreign currency movements	(473)	6,714
<b>Balance at the end of the year</b>	<b>213,220</b>	<b>213,693</b>

	2024	2023
Leases Liabilities	\$'000	\$'000
Balance at the beginning of the year	22,041	23,301
Additions	8,232	3,508
Payments made	(7,719)	(6,394)
Finance costs	1,201	1,163
Foreign currency movements	65	463
<b>Balance at the end of the year</b>	<b>23,820</b>	<b>22,041</b>



## NOTE 29: BUSINESS COMBINATIONS

	2024 \$'000	2023 \$'000
Consideration	10,417	23,665
Equity consideration	22,896	5,769
Contingent consideration	6,159	11,220
<b>Total purchase consideration</b>	<b>39,472</b>	<b>40,654</b>
<b>Total non-controlling interest</b>	<b>-</b>	<b>1,114</b>

### Acquisitions for the year ended 30 June 2024

In accordance with Group strategy, a series of acquisitions were completed during the year. These included the following acquisition vehicles:

- Company and its subsidiary entity/(ies)
- Client list, employee benefits and other business assets

#### (a) Consideration paid/payable

2024	Giles Gower Insurance Associates Limited \$'000	Ensurance Limited \$'000	Worldwide Insurance Brokers and Advisors Limited \$'000	Total Group \$'000
Cash consideration paid	4,475	3,366	2,576	10,417
Equity Consideration	429	21,834	633	22,896
Contingent consideration	4,686	-	1,473	6,159
<b>Total purchase consideration</b>	<b>9,590</b>	<b>25,200</b>	<b>4,682</b>	<b>39,472</b>
Ownership share	100%	100%	100%	
Acquisition vehicle	(ii)	(i)	(i)	
Date of acquisition	01/11/2023	17/11/2023	12/12/2023	

#### (b) Identifiable assets and liabilities acquired

2024	Giles Gower Insurance Associates Limited \$'000	Ensurance Limited \$'000	Worldwide Insurance Brokers and Advisors Limited \$'000	Total Group \$'000
• Cash and Cash equivalents	-	4,925	138	5,063
• Other financial assets - trust cash	-	3,236	145	3,381
• Other financial assets	-	1	-	1
• Contract assets	-	562	94	656
• Property, plant and equipment	-	221	-	221
• Identifiable intangibles (client lists and brand names)	4,819	2,912	1,532	9,263
• Acquired intangibles	-	2,224	-	2,224
• Trade and other receivables	-	464	-	464
• Other assets	-	1,862	28	1,890
• Right of use assets	-	57	-	57
• Lease Liabilities	-	(57)	-	(57)
• Net deferred tax balances	(1,205)	(774)	(192)	(2,171)
• Trade and other payables	-	(4,295)	(276)	(4,571)
• Income tax payable	-	-	32	32
• Provisions	-	(263)	-	(263)
	<b>3,614</b>	<b>11,075</b>	<b>1,501</b>	<b>16,190</b>

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For The Year Ended 30 June 2024

	Giles Gower Insurance Associates Limited	Ensurance Limited	Worldwide Insurance Brokers and Advisors Limited	Total Group
2024	\$'000	\$'000	\$'000	\$'000
Total consideration paid / payable	9,590	25,200	4,682	39,472
Total net identifiable assets acquired	3,614	11,075	1,501	16,190
<b>Goodwill on acquisition (Excess over consideration paid/ payable)</b>	<b>5,976</b>	<b>14,125</b>	<b>3,181</b>	<b>23,282</b>

## (d) Financial performance since acquisition date

	Giles Gower Insurance Associates Limited	Ensurance Limited	Worldwide Insurance Brokers and Advisors Limited	Total Group
2024	\$'000	\$'000	\$'000	\$'000
Revenue	2,298	2,218	924	5,440
EBITDA	1,322	521	440	2,283
Profit after tax	992	365	385	1,742
<i>Financial performance if held for 12 months</i>				
Revenue	3,123	4,947	1,585	9,655
EBITDA	1,259	1,700	666	3,625
Profit after tax	944	1,190	583	2,717
Goodwill on acquisition	5,976	14,125	3,181	23,282
Identifiable intangibles	4,819	2,912	1,532	9,263
	<b>10,795</b>	<b>17,037</b>	<b>4,713</b>	<b>32,545</b>

The value of goodwill represents the future benefit arising from the future earnings and synergies expected from the acquisitions. No goodwill is expected to be deductible for tax purposes.

Contingent consideration is estimated based on agreed multiples of EBITDA, revenue or fees and commission in accordance with the sale and purchase agreements. The \$6.2m deferred contingent consideration shown above is variable and not capped. Refer to Note 23 for contingent liability amounts recognised for business combination in the current and prior periods.

## (e) Acquisition related costs

The Group incurred transaction costs of \$0.62m (2023: \$0.41m) in respect of the above business acquisitions. Transaction costs included legal fees, stamp duty, due diligence and other direct costs incurred in relation to these acquisitions. These costs are included within Administration and other expenses in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

## NOTE 30: COMMITMENTS

### (a) Lease expenditure commitments

#### (i) Nature of leases

Leases comprise lease for premises from which the Group operates and several novated leases of motor vehicles that form part of the salary packages of employees.

#### (ii) Minimum lease payments

	2024	2023
	\$'000	\$'000
Not later than one year	8,442	7,449
Later than one year and not later than five years	24,259	14,114
Greater than five years	2,387	2,848
<b>Aggregate lease expenditure contracted for at reporting date</b>	<b>35,088</b>	<b>24,411</b>

#### (b) Contingent liabilities

The company has considered all known matters of litigation and has assessed the nature, likelihood and potential financial impact, including recovery from third parties, including insurers. Based on this assessment no current claims are expected to have a material effect on the business or financial results of the Group. For all litigation exposures where loss is probable and can be reliably estimated, an appropriate provision is made. Based on this assessment, no provisions have been raised for any current legal matters.

## NOTE 31: EARNINGS PER SHARE

	2024	2023
	\$'000	\$'000
Reconciliation of earnings used in calculating earnings per share:		
Profit from continuing operations attributable to owners of PSC Insurance Group Limited	57,161	55,757
Profit used in calculating basic earnings per share	57,161	55,757
Profit used in calculating diluted earnings per share	57,161	55,757
Earnings used in calculating diluted earnings per share	57,161	55,757

	2024	2023
	No of Shares	No of Shares
Weighted average number of ordinary shares used in calculating basic earnings per share	361,808,754	353,221,431
Effect of dilutive securities:		
Share options	2,000,000	1,274,725
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	363,808,754	354,496,156

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For The Year Ended 30 June 2024

## NOTE 32: FINANCIAL RISK MANAGEMENT

The Group is exposed to a variety of financial risks comprising:

- Market price risk
- Currency risk
- Interest rate risk
- Credit risk
- Liquidity risk

The Board of Directors has overall responsibility for identifying and managing operational and financial risks. The Group holds the following financial instruments:

	2024 \$'000	2023 \$'000
<b>Financial assets</b>		
<i>Amortised cost:</i>		
Cash and cash equivalents	71,160	71,370
Bonds and deposits	1,222	2,424
Financial assets - trust cash	327,092	274,791
Other receivables	7,774	11,406
Related parties loans and receivables	1,153	848
<i>Fair value through profit or loss:</i>		
Derivatives	202	1,101
Financial assets - investments in shares and unit trusts	78,777	60,359
	<b>487,380</b>	<b>422,299</b>
<b>Financial liabilities</b>		
<i>Amortised cost:</i>		
Trade creditors	4,337	2,875
Payables from broking, reinsurance and underwriting agency operations	327,102	275,014
Sundry creditors and accruals	24,878	21,473
Related party payables	1,039	789
Lease liabilities	23,820	22,041
Borrowings	213,220	213,693
<i>Fair value through profit or loss:</i>		
Amounts payable to vendors - contingent consideration	22,561	21,867
	<b>616,957</b>	<b>557,752</b>

### (a) Market price risk

Market price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk).

#### Sensitivity

The Group holds three market securities, held at fair value.

Price sensitivity at 30 June 2024 at +/- 10% represents exposure of \$7,633,000 (2023: \$5,454,000).

**(b) Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group has significant exposure to GBP.

*Sensitivity*

If foreign exchange rates were to increase/decrease by 10% from rates used to determine fair values of all financial instruments as at the reporting date, assuming all other variables that might impact on fair value remain constant, then the impact on profit after tax for the year and equity is as follows:

	2024	2023
	\$'000	\$'000
+ / - 10%		
Impact on profit after tax	2,764	2,721
Impact on equity	4,485	4,286

**(c) Fair value of Financial Instruments**

For financial instruments and contingent liabilities that are measured at fair value, the following table gives information about how their fair values are determined, including the valuation technique and inputs used.

Financial instrument	Fair value hierarchy	Valuation technique	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Financial assets - Shares in listed corporations	Level 1	The fair value is calculated based on closing bid prices at the reporting date.	None	n/a
Financial assets - Other shares and units held	Level 3	The fair value is determined by reference to expected future cash flows and valuations of the underlying net asset base of the investment.	Forecast earnings and valuations of the underlying assets.	The fair value would increase/(decrease) if: - The forecast assumptions were higher/(lower)
Financial assets / liabilities - Derivatives (forward exchange contracts)	Level 2	The fair value is calculated based on contracted exchange rates and current forward rates as determined by the issuer of the contract.	None	The fair value would increase/(decrease) if: - The forecast foreign exchange rates were higher/(lower)
Amounts payable to vendors - contingent consideration	Level 3	The fair value is calculated based on an agreed multiple of EBITDA or fees and commissions. The discount used for long term deferred consideration is 6%.	Forecast EBITDA or fees and commissions	The fair value would increase/(decrease) if: - The forecast EBITDA or fees and commissions were higher/(lower)

There has been no transfers between levels during the year.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For The Year Ended 30 June 2024

## NOTE 32: FINANCIAL RISK MANAGEMENT (continued)

### Reconciliation of recurring level 3 fair value movements

	2024	2023
Other shares and units held	\$'000	\$'000
Opening Balance	5,821	5,228
Additional holdings	50	21
Acquired additions through business combinations	1	-
Fair value adjustments - unrealised	(3,428)	572
<b>Closing balance</b>	<b>2,444</b>	<b>5,821</b>

The Group measures the fair value for other shares and units held where there is no quoted market price, by reference to expected future cash flows and valuations of the underlying net asset base of the investment. The inputs into the valuations are based on the best information available about assumptions that market participants would use when pricing the assets.

	2024	2023
Contingent consideration	\$'000	\$'000
Opening balance	21,867	41,229
Additions from acquisitions	6,159	11,220
Other additions	5,602	4,137
Deferred cash payments	(16,971)	(40,883)
Deferred share issues	-	(4,680)
Revaluations	6,009	8,921
Net foreign currency movement arising from foreign operations	(105)	1,923
<b>Closing balance</b>	<b>22,561</b>	<b>21,867</b>

**(d) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates.

The exposure to interest rate risks in relation to future cash flows and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

Financial Instruments	Interest-bearing \$'000	Non-interest bearing \$'000	Total carrying amount \$'000	Weighted average effective interest rate %
<b>2024</b>				
<b>(i) Financial assets (variable)</b>				
Cash	71,160	-	71,160	3.07%
Bonds and deposits	-	1,222	1,222	
Cash held on trust	327,092	-	327,092	3.07%
Other receivables	-	7,774	7,774	
Derivatives	-	202	202	
Loans to related entities	1,153	-	1,153	2.63%
Financial assets - investments in shares and unit trusts	-	78,777	78,777	
<b>Total financial assets</b>	<b>399,405</b>	<b>87,975</b>	<b>487,380</b>	
<b>(ii) Financial liabilities (variable)</b>				
Trade creditors	-	4,337	4,337	
Payables from broking, reinsurance and underwriting agency operations	-	327,102	327,102	
Sundry creditors and accruals	-	24,878	24,878	
Related party payables	-	1,039	1,039	
Lease Liabilities	23,820	-	23,820	
Borrowings	213,220	-	213,220	5.62%
Amounts payable to vendors - contingent consideration	7,635	14,926	22,561	
<b>Total financial liabilities</b>	<b>244,675</b>	<b>372,282</b>	<b>616,957</b>	
<b>2023</b>				
<b>(i) Financial assets (variable)</b>				
Cash	71,370	-	71,370	1.46%
Bonds and deposits	-	2,424	2,424	
Cash held on trust	274,791	-	274,791	1.46%
Other receivables	-	11,406	11,406	
Derivatives	-	1,101	1,101	
Loans to related entities	848	-	848	2.63%
Financial assets - investments in shares and unit trusts	-	60,359	60,359	
<b>Total financial assets</b>	<b>347,009</b>	<b>75,290</b>	<b>422,299</b>	

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For The Year Ended 30 June 2024

## NOTE 32: FINANCIAL RISK MANAGEMENT (continued)

Financial Instruments	Interest-bearing \$'000	Non-interest bearing \$'000	Total carrying amount \$'000	Weighted average effective interest rate %
<b>(ii) Financial liabilities (variable)</b>				
Trade creditors	-	2,875	2,875	
Payables from broking, reinsurance and underwriting agency operations	-	275,014	275,014	
Sundry creditors and accruals	-	21,473	21,473	
Related party payables	-	789	789	
Lease Liabilities	22,041	-	22,041	
Borrowings	213,693	-	213,693	4.20%
Amounts payable to vendors - contingent consideration	8,396	13,471	21,867	
<b>Total financial liabilities</b>	<b>244,130</b>	<b>313,622</b>	<b>557,752</b>	

No other financial assets or financial liabilities are expected to be exposed to interest rate risk.

### Sensitivity

If interest rates were to increase/decrease by 250 basis points from rates used to determine fair values as at the reporting date, assuming all other variables that might impact on fair value remain constant, then the impact on profit for the year and equity is as follows:

	Increase/decrease in basis points	(Increased) / decreased impact on profit after tax and equity
<b>2024</b>	+250	(2,708)
	-250	2,708
<b>2023</b>	+250	(1,800)
	-250	1,800

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

### (e) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Group obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Group does not hold any collateral.

Credit risk of the Group mainly arises from cash and cash equivalents, trade and other receivables, loan to shareholders and loan to a joint venture. Although there is a concentration of cash and cash equivalents held with a major bank, credit risk is not considered significant.

The Group's exposure to credit risk is concentrated in the financial services industry with parties which are considered to be of sufficiently high credit quality to minimise credit risk losses. Receivables include amounts due from policyholders in respect of insurances arranged by controlled entities. Insurance brokers and underwriting agencies have credit terms of 90 days from policy inception to pay funds received from policyholders to insurers. Should policyholders not pay, the insurance policy is cancelled by the insurer and a credit given against the amount due. The Group's credit risk exposure in relation to these receivables is limited to commissions and fees charged. Commission revenue is recognised after taking into account an allowance for expected revenue losses on policy lapses and cancellations, based on past experiences.



**(f) Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Group's risk management includes maintaining sufficient cash and the availability of funding via an adequate amount of credit facilities as disclosed in note 19.

**(g) Fair value compared with carrying amounts**

The fair value of financial assets and financial liabilities approximates their carrying amounts as disclosed in the consolidated statement of financial position and notes to the consolidated financial statements.

**(h) Maturity analysis**

The tables below represent the undiscounted contractual settlement terms for financial instruments and management's expectation for settlement of undiscounted maturities.

	< 6 Months \$'000	6-12 Months \$'000	1-5 years \$'000	Carrying amount \$'000
<b>2024</b>				
Cash and cash equivalents	71,160	-	-	71,160
Financial assets - trust cash	327,092	-	-	327,092
Receivables	7,774	-	-	7,774
Financial assets - investments in shares and unit trusts	-	-	78,777	78,777
Derivatives	101	101	-	202
Payables	(153,737)	(173,365)	-	(327,102)
Borrowings	-	-	(213,220)	(213,220)
Lease Liabilities	(3,255)	(3,255)	(17,310)	(23,820)
Amounts payable to vendors	(4,881)	(10,045)	(7,635)	(22,561)
<b>Net maturities</b>	<b>244,254</b>	<b>(186,564)</b>	<b>(159,388)</b>	<b>(101,698)</b>

	< 6 Months \$'000	6-12 Months \$'000	1-5 years \$'000	Carrying amount \$'000
<b>2023</b>				
Cash and cash equivalents	71,370	-	-	71,370
Financial assets - trust cash	274,791	-	-	274,791
Receivables	11,406	-	-	11,406
Financial assets - investments in shares and unit trusts	-	-	60,359	60,359
Derivatives	524	525	52	1,101
Payables	(129,256)	(145,758)	-	(275,014)
Borrowings	-	-	(213,693)	(213,693)
Lease Liabilities	(3,096)	(3,096)	(15,849)	(22,041)
Amounts payable to vendors	(7,198)	(6,273)	(8,396)	(21,867)
<b>Net maturities</b>	<b>218,541</b>	<b>(154,602)</b>	<b>(177,527)</b>	<b>(113,588)</b>

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For The Year Ended 30 June 2024

## NOTE 33: DIRECTORS' AND EXECUTIVES' COMPENSATION

Key management personnel during the year are the Directors and Chief Financial Officer.

The names of directors who have held office during the year are:

Name	Appointment Date
Paul Dwyer	10 December 2010
Brian Austin	10 December 2010
John Dwyer	10 December 2010
Antony Robinson	13 July 2015
Melvyn Sims	8 August 2016
Tara Falk	8 October 2019
James Kalbassi	15 June 2021
Jo Dawson	15 June 2021

Other key management personnel during the year are:

Name	Appointment Date
Joshua Reid (Chief Financial Officer)	15 December 2015

	2024	2023
	\$	\$
<i>Compensation by category</i>		
Short-term employment benefits	4,171,650	3,437,449
Post-employment benefits	61,600	61,050
Other long-term employment benefits	27,675	28,832
Long-term incentive plans	2,073,784	888,859
	<b>6,334,709</b>	<b>4,416,190</b>

## NOTE 34: RELATED PARTY DISCLOSURES

### (a) Ownership interests in related parties

Details of interests in controlled entities are set out in Note 27.

### (b) Related party transactions

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

#### (i) Transactions with subsidiaries

All transactions that have occurred among the subsidiaries within the Group have been eliminated for consolidation purposes.

#### (ii) Transactions with entities with director related entities

Fuse Recruitment Pty Ltd (Recruitment) is a related party as John Dwyer and Paul Dwyer or their closely related entities are shareholders.

Territory Property Holdings Pty Ltd (Occupancy) is a related party as Brian Austin and Paul Dwyer are Directors and shareholders. DWF Law LLP (Legal service fees) is a related party as Mel Sims is a Partner at the Company.

Related party	Service received	2024	2023
		\$	\$
Fees Paid or Payable to associates (ex GST):			
Fuse Recruitment Pty Ltd	Recruitment Fees	539,097	450,850
Territory Property Holdings Pty Ltd	Occupancy	110,914	68,592
DWF Law LLP	Legal fees	610,077	390,670

All the above services received from identified related parties of key management personnel were in the normal course of business, on terms and conditions no more favourable than those that it is reasonable to expect the party would have adopted if dealing at arms-length with an unrelated person. The outstanding balance of the above services is \$9,101 (2023: \$17,675).

The Group provided insurance services to related parties of a Director totalling \$115,358 (2023: \$14,436). The services supplied were in the normal course of business and on normal commercial terms and conditions. The fees outstanding for these services at balance date are \$nil (2023 \$nil).

Remuneration paid to certain Directors for services provided are paid to their respective companies, as disclosed in the Remuneration Report.

#### (iii) Transactions with joint ventures in which the Group is a venturer

There were no transactions with joint ventures in this financial year.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For The Year Ended 30 June 2024

## NOTE 35: AUDITOR'S REMUNERATION

### (a) Amounts paid and payable to Ernst & Young (Australia):

#### (i) Fees to Ernst & Young (Australia)

	2024	2023
	\$	\$
Fees for auditing the statutory financial report of the parent covering the group and auditing the statutory financial reports of any controlled entities	587,100	570,000
Fees for assurance services that are required by legislation to be provided by the auditor	154,500	150,000
Fees for other assurance and agreed-upon-procedures services under other legislation or contractual arrangements where there is discretion as to whether the service is provided by the auditor or another firm		
Fees for other services		
• Tax compliance	-	18,665
• Due diligence & tax advice	895,268	159,800
<b>Total fees to Ernst &amp; Young (Australia)</b>	<b>1,636,868</b>	<b>898,465</b>

#### (ii) Fees to other overseas member firms of Ernst & Young

	2024	2023
	\$	\$
Fees for auditing the financial report of any controlled entities	906,400	880,000
Fees for other services		
• Tax compliance	-	-
• Agreed upon procedures	-	-
<b>Total fees to other overseas member firms of Ernst &amp; Young</b>	<b>906,400</b>	<b>880,000</b>
<b>Total auditor's remuneration</b>	<b>2,543,268</b>	<b>1,778,465</b>

## NOTE 36: PARENT ENTITY INFORMATION

### (a) Summarised statement of financial position

	2024	2023
	\$'000	\$'000
<b>Assets</b>		
Current assets	507,646	494,777
Non-current assets	101,261	76,818
<b>Total assets</b>	<b>608,907</b>	<b>571,595</b>
<b>Liabilities</b>		
Current liabilities	3,819	3,490
Non-current liabilities	127,485	127,483
<b>Total liabilities</b>	<b>131,304</b>	<b>130,973</b>
<b>Net assets</b>	<b>477,603</b>	<b>440,622</b>
<b>Equity</b>		
Share capital	458,893	431,779
Reserves	16,843	7,227
Retained earnings	1,867	1,616
<b>Total equity</b>	<b>477,603</b>	<b>440,622</b>

### (b) Summarised statement of comprehensive income

	2024	2023
	\$'000	\$'000
Profit for the year	50,842	45,374
<b>Total comprehensive income for the year</b>	<b>50,842</b>	<b>45,374</b>

### (c) Parent entity guarantees

There are no Parent entity guarantees currently in place.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For The Year Ended 30 June 2024

## NOTE 37: SEGMENT INFORMATION

### (a) Description of segments

The Group has four reportable segments as described below:

- **Distribution:** Insurance Broking, including PSC Network Insurance Partners, life broking and PSC Workers Compensation Services
- **Agency:** Underwriting agencies, including Chase Construction, Chase Professional Risks, Chase Complex Risk, Travel and Medical Indemnity Australia.
- **United Kingdom:** Businesses including Paragon International Insurance Brokers, Paragon Bermuda, Carrolls, Breeze Underwriting (UK), Chase Underwriting (UK), Ensurance (UK), PSC UK Insurance Brokers, PSC Europe and the Asia businesses.
- **Group:** Group income and investments from non-operating assets and any net group costs not recovered from operating segments.

All these operating segments have been identified based on internal reports reviewed by the Group's chief operating decision maker in order to allocate resources to the segments and assess their performance.

### (b) Segment information

The Group's chief operating decision maker uses segment revenue, segment result, segment assets and segment liabilities to assess each operating segment's financial performance and position. Amounts reported for each operating segment are the same amount recorded in the internal reports to the chief operating decision maker.

Segment information is measured in the same way as the financial statements. They include items directly attributable to the segment and those that can reasonably be allocated to the segment based on the operations of the segment. Inter-segment revenue is determined on an arm's length basis.

Segment information is reconciled to financial statements and underlying profit disclosure notes if provided elsewhere where these amounts differ.

2024	Distribution \$'000	Agency \$'000	United Kingdom \$'000	Group \$'000	Total \$'000
<b>Segment revenue</b>					
Commission income	73,106	21,958	146,659	-	241,723
Fee income	56,061	2,776	8,798	-	67,635
Other fees	12,470	1,189	5,667	320	19,646
Other revenue	435	-	1,600	2	2,037
Interest income	5,594	649	4,628	1,349	12,220
Share of equity accounted results	-	-	69	(511)	(442)
Gain / (loss) on financial instruments	1,819	(30)	(905)	16,426	17,310
Investment income	-	-	-	1,375	1,375
<b>Total segment revenue</b>	<b>149,485</b>	<b>26,542</b>	<b>166,516</b>	<b>18,961</b>	<b>361,504</b>
<b>Segment revenue from external source</b>	<b>149,485</b>	<b>26,542</b>	<b>166,516</b>	<b>18,961</b>	<b>361,504</b>
<b>Segment result</b>					
Total segment result	37,546	6,890	27,344	(14,007)	57,773
<b>Segment result from external source</b>	<b>37,546</b>	<b>6,890</b>	<b>27,344</b>	<b>(14,007)</b>	<b>57,773</b>
<i>Items included within the segment result:</i>					
Depreciation expense - property, plant and equipment	(836)	(209)	(877)	(410)	(2,332)
Depreciation expense - right-of-use assets	(2,747)	(368)	(3,619)	-	(6,734)
Amortisation expense	(8,815)	(152)	(11,507)	(28)	(20,502)
Interest expense	(151)	-	-	(11,833)	(11,984)
Interest expense - lease liabilities	(290)	(71)	(840)	-	(1,201)
Income tax expense	(15,723)	(5,001)	(7,666)	(651)	(29,041)
<b>Total segment assets</b>	<b>244,723</b>	<b>50,087</b>	<b>271,596</b>	<b>621,254</b>	<b>1,187,660</b>
<b>Total segment liabilities</b>	<b>209,185</b>	<b>39,545</b>	<b>228,440</b>	<b>214,821</b>	<b>691,991</b>

2023	Distribution \$'000	Agency \$'000	United Kingdom \$'000	Group \$'000	Total \$'000
<b>Segment revenue</b>					
Commission income	65,344	20,076	129,687	-	215,107
Fee income	48,651	2,276	6,890	-	57,817
Other fees	11,078	1,121	4,451	-	16,650
Other revenue	137	-	789	-	926
Interest income	2,941	263	363	1,504	5,071
Share of equity accounted results	-	-	103	(354)	(251)
Gain on financial instruments	-	-	2,019	14,968	16,987
Investment income	-	-	-	2,196	2,196
<b>Total segment revenue</b>	<b>128,151</b>	<b>23,736</b>	<b>144,302</b>	<b>18,314</b>	<b>314,503</b>
<b>Segment revenue from external source</b>	<b>128,151</b>	<b>23,736</b>	<b>144,302</b>	<b>18,314</b>	<b>314,503</b>
<i>Segment result</i>					
Total segment result	29,942	9,121	26,063	(8,723)	56,403
<b>Segment result from external source</b>	<b>29,942</b>	<b>9,121</b>	<b>26,063</b>	<b>(8,723)</b>	<b>56,403</b>
<i>Items included within the segment result:</i>					
Depreciation expense - property, plant and equipment	(775)	(172)	(687)	(437)	(2,071)
Depreciation expense - right-of-use assets	(2,513)	(347)	(2,764)	-	(5,624)
Amortisation expense	(7,264)	(205)	(7,219)	(30)	(14,718)
Interest expense	(165)	-	(28)	(8,790)	(8,983)
Interest expense - lease liabilities	(304)	(86)	(773)	-	(1,163)
Income tax expense	(12,245)	(3,510)	(7,060)	(491)	(23,306)
<b>Total segment assets</b>	<b>226,615</b>	<b>29,703</b>	<b>228,045</b>	<b>596,102</b>	<b>1,080,465</b>
<b>Total segment liabilities</b>	<b>207,179</b>	<b>23,350</b>	<b>187,846</b>	<b>206,361</b>	<b>624,736</b>

## NOTE 38: SUBSEQUENT EVENTS

Circumstances which have arisen since the end of the financial year that affect the state of affairs of the Group are detailed as follows:

### (a) Acquisitions

Cox Mahon Limited: On 2nd August 2024, the Group completed an agreement to acquire 100% of shares in the capital of Cox Mahon Ltd (a UK based insurance broking business) for a total consideration of approximately \$25.1m (£12.8m) payable 65% on completion.

### (b) Scheme of Arrangement

The Group entered a Scheme Implementation Deed on 8 May 2024 with Rosedale Bidco Pty Ltd, a special purpose acquisition vehicle incorporated by The Ardonagh Group in connection with the Scheme. The Scheme Booklet was released to ASX on 22 August 2024 and provides further details regarding the Scheme.

## NOTE 39: ENTITY DETAILS

The registered office and principal place of business of the Group is:

PSC Insurance Group Limited

96 Wellington Parade, East Melbourne, Victoria, 3002

## DIRECTORS' DECLARATION

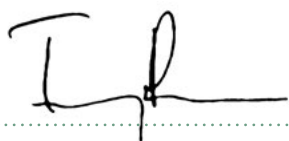
The Directors declare that the financial statements, notes set out on pages 36 to 91, and the consolidated entity disclosure on page 99 to 101 are in accordance with the *Corporations Act 2001*, including:

- a. Comply with Australian Accounting Standards and the Corporations Regulations 2001, and other mandatory professional reporting requirements;
- b. As stated in Note 1(a) the consolidated financial statements also comply with International Financial Reporting Standards;
- c. Give a true and fair view of the financial position of the Group as at 30 June 2024 and of its performance for the year ended on that date, and;
- d. That the consolidated entity statement is a true and correct representation of the financial position of the Group as at 30 June 2024.

In the directors' opinion there are reasonable grounds to believe that PSC Insurance Group Limited will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made by the Chief Financial Officer to the Directors in accordance with section 295A and subsection 295(1) of the *Corporations Act 2001* for the financial year ended 30 June 2024.

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

A handwritten signature in black ink, appearing to read 'T. Robinson', is written over a horizontal dotted line.

**Antony Robinson**  
**Director**

Melbourne  
Date: 23 August 2024



# INDEPENDENT AUDITOR'S REPORT



Ernst & Young  
8 Exhibition Street  
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## Independent Auditor's Report to the Members of PSC Insurance Group Limited

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of PSC Insurance Group Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of profit and loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

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

- a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2024 and of its consolidated 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 Group 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.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

# INDEPENDENT AUDITOR'S REPORT (CONTINUED)



We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

## Impairment Assessment of Goodwill and Other Intangibles

### Why significant

As at 30 June 2024, the Group has recognised \$543.6 million of goodwill and other intangibles, which collectively represent 46% of its total assets. These assets are the result of acquisitions undertaken.

In assessing the valuation of goodwill and other intangibles, the Group performs an annual impairment assessment, or more frequently, if impairment indicators are present.

The Group has used a discounted cash flow model to estimate the recoverable amount of the assets. The impairment assessment involves significant estimates and assumptions including:

- ▶ determination of Cash Generating Units (CGUs)
- ▶ forecast cash flows, including assumptions on revenue and expense growth
- ▶ terminal growth rates
- ▶ discount rates

These assumptions are subject to estimation uncertainty, with potential changes in assumptions leading to changes in the recoverable value of the assets.

The Group has disclosed in Note 1(l) and Note 16 to the financial statements the methodology and significant assumptions used in the impairment assessment of goodwill and the results of the impairment assessment.

Accordingly, we considered this to be a key audit matter.

### How our audit addressed the key audit matter

Our audit procedures included the following:

- ▶ Tested the mathematical accuracy of the impairment model;
- ▶ Assessed whether the forecast cash flows were consistent with the most recent Board approved cash flow forecasts;
- ▶ Involved our valuation specialists to assist in assessing the appropriateness of key assumptions utilised in the model, including discount and terminal growth rates;
- ▶ Assessed the appropriateness of the implied EBIT multiples with reference to comparable companies;
- ▶ We performed our own sensitivity analyses around key assumptions;
- ▶ Assessed the historical forecasting accuracy of the prior year by performing a comparison to actual results; and
- ▶ Assessed the Group's determination of the CGUs to which goodwill is allocated and assessed the adequacy of the disclosures included in the Notes to the financial statements.



## Business Combinations

### Why significant

The Group undertook a number of business combinations through the year.

The accounting for business combinations is complex and requires significant judgment in determining:

- ▶ the value of identifiable intangible assets
- ▶ fair value of other net assets acquired
- ▶ goodwill acquired
- ▶ total consideration payable, including estimating components of deferred consideration.

The Group has disclosed the accounting policy relating to business combinations in Note 1(j) and the significance of the acquisitions in Note 30 to the financial statements.

Accordingly, we considered this to be a key audit matter.

### How our audit addressed the key audit matter

Our audit procedures included the following:

- ▶ Assessed the purchase price accounting with reference to the signed sale and purchase agreements relating to each business acquisition;
- ▶ Involved our internal valuation and business modelling specialists to assess the methodology and appropriateness of key assumptions used to calculate the fair value of identifiable intangible assets, i.e., brand name and customer lists;
- ▶ Tested the mechanical accuracy of management's models; and
- ▶ Tested the calculation of the total consideration payable as at acquisition date.

We also assessed the adequacy of the disclosures associated with business combinations included in the Notes to the financial statements.

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

The directors are responsible for the other information. The other information comprises the information included in the Company's 2024 Annual Report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

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.

# INDEPENDENT AUDITOR'S REPORT (CONTINUED)



## Responsibilities of the Directors for the Financial Report

The directors of the Group are responsible for the preparation of:

- a. The financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and;
- b. The consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and

for such internal control as the directors determine is necessary to enable the preparation of:

- i. The financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- ii. The consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group'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 Group 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 Group's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.



- ▶ Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on the Audit of the Remuneration Report

### Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 24 to 34 of the directors' report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of PSC Insurance Group Limited for the year ended 30 June 2024, complies with section 300A of the *Corporations Act 2001*.



### Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

A handwritten signature in black ink, appearing to read 'Ernst &amp; Young'.

Ernst & Young

A handwritten signature in black ink, appearing to read 'T M Dring'.

T M Dring  
Partner  
23 August 2024

# CONSOLIDATED ENTITY DISCLOSURE STATEMENT

As At 30 June 2024

Entity name	Entity type	Body corporate country of incorporation	Body corporate % of share capital held	Country of tax residence
96 Wellington Parade Pty Ltd	Body Corporate	Australia	100.00%	Australia
AB Risk Solutions Ltd	Body Corporate	United Kingdom	100.00%	United Kingdom
Abaco Insurance Brokers Limited	Body Corporate	United Kingdom	100.00%	United Kingdom
Absolute Insurance Brokers Limited	Body Corporate	United Kingdom	100.00%	United Kingdom
ACN 615 515 369 Pty Ltd	Body Corporate	Australia	100.00%	Australia
Alsford Page & Gems (Holdings) Limited	Body Corporate	United Kingdom	100.00%	United Kingdom
Alsford Page & Gems Ltd	Body Corporate	United Kingdom	100.00%	United Kingdom
AWIB Pty Ltd	Body Corporate	Australia	100.00%	Australia
Bonwick International Limited	Body Corporate	Hong Kong	100.00%	Hong Kong
Breeze Underwriting (Aust) Pty Ltd	Body Corporate	Australia	100.00%	Australia
Breeze Underwriting Limited	Body Corporate	United Kingdom	100.00%	United Kingdom
Breeze Underwriting Pty Ltd	Body Corporate	Australia	100.00%	Australia
Capital Insurance Brokers Pty Limited	Body Corporate	Australia	100.00%	Australia
Carroll & Partners Limited	Body Corporate	United Kingdom	100.00%	United Kingdom
Carroll Harvey Insurance Brokers Limited	Body Corporate	United Kingdom	100.00%	United Kingdom
Carroll Insurance Brokers Limited	Body Corporate	United Kingdom	100.00%	United Kingdom
Carroll Insurance Group Limited	Body Corporate	United Kingdom	100.00%	United Kingdom
Carroll London Markets Holdings Limited	Body Corporate	United Kingdom	100.00%	United Kingdom
Carroll London Markets Limited	Body Corporate	United Kingdom	100.00%	United Kingdom
Certus Life Australia Pty Ltd	Body Corporate	Australia	100.00%	Australia
Certus Life Melbourne Pty Ltd	Body Corporate	Australia	100.00%	Australia
Charter Gilman Insurance Agencies Limited	Body Corporate	Hong Kong	100.00%	Hong Kong
Charter Gilman Insurance Brokers Ltd	Body Corporate	Hong Kong	100.00%	Hong Kong
Charter Union Insurance Brokers Ltd**	Body Corporate	Hong Kong	100.00%	Hong Kong
Chase Accident & Health Pty Ltd*	Body Corporate	Australia	100.00%	Australia
Chase Credit Risk Pty Ltd (formerly RP Broadbeach Pty Ltd)	Body Corporate	Australia	70.00%	Australia
Chase Global UK Ltd	Body Corporate	United Kingdom	100.00%	United Kingdom
Chase Plant & Equipment Pty Ltd*	Body Corporate	Australia	70.00%	Australia
Chase Professional Risks Pty Ltd (formerly Ensurance Australia Limited) **	Body Corporate	Australia	100.00%	Australia
Chase Surety Pty Ltd	Body Corporate	Australia	100.00%	Australia
Chase UK Holdings Ltd	Body Corporate	United Kingdom	100.00%	United Kingdom
Chase Underwriting Holdings Pty Ltd (formerly Agency Holding Corporation Pty Ltd)	Body Corporate	Australia	100.00%	Australia
Chase Underwriting Solutions Pty Ltd (formerly Chase Underwriting Pty Ltd)	Body Corporate	Australia	100.00%	Australia
Connect Life Pty Ltd	Body Corporate	Australia	100.00%	Australia
Easy Broking Online Limited	Body Corporate	United Kingdom	100.00%	United Kingdom
Eden Software Pty Ltd	Body Corporate	Australia	75.00%	Australia
Ensurance Capital Pty Ltd**	Body Corporate	Australia	100.00%	Australia
Ensurance IT Pty Ltd**	Body Corporate	Australia	100.00%	Australia
Ensurance Pty Ltd**	Body Corporate	Australia	100.00%	Australia
Ensurance UK Limited	Body Corporate	United Kingdom	100.00%	United Kingdom
Fenchurch Insurance Risk Management Ltd	Body Corporate	United Kingdom	100.00%	United Kingdom
Insurance Holdings Ltd	Body Corporate	United Kingdom	100.00%	United Kingdom
JHR Corporate Risk Services Pty Ltd	Body Corporate	Australia	100.00%	Australia

# CONSOLIDATED ENTITY DISCLOSURE STATEMENT

As At 30 June 2024

Entity name	Entity type	Body corporate country of incorporation	Body corporate % of share capital held	Country of tax residence
Jolimont Underwriting Pty Ltd	Body Corporate	Australia	100.00%	Australia
Just Business Cover Ltd (UK)	Body Corporate	United Kingdom	100.00%	United Kingdom
McKenna Hampton Insurance Brokers Pty Ltd	Body Corporate	Australia	100.00%	Australia
Medisure Indemnity Australia Pty Ltd	Body Corporate	Australia	100.00%	Australia
Paragon Brokers (Bermuda) Ltd	Body Corporate	Bermuda	100.00%	Bermuda
Paragon International Holdings Limited	Body Corporate	United Kingdom	100.00%	United Kingdom
Paragon International Insurance Brokers Limited	Body Corporate	United Kingdom	100.00%	United Kingdom
Professional Services Corporation Pty Ltd	Body Corporate	Australia	100.00%	Australia
PSC AMGI WSC Pty Ltd	Body Corporate	Australia	82.69%	Australia
PSC BBG Investment Pty Ltd	Body Corporate	Australia	100.00%	Australian
PSC Coast Wide Newcastle Pty Ltd	Body Corporate	Australia	100.00%	Australia
PSC Coastwide Insurance Services Pty Ltd	Body Corporate	Australia	100.00%	Australia
PSC Connect Life NZ Ltd	Body Corporate	New Zealand	100.00%	New Zealand
PSC Connect NZ Ltd	Body Corporate	New Zealand	100.00%	New Zealand
PSC Connect Pty Ltd	Body Corporate	Australia	100.00%	Australia
PSC Direct Pty Ltd	Body Corporate	Australia	100.00%	Australia
PSC Holdings (Aust) Pty Ltd	Body Corporate	Australia	100.00%	Australia
PSC Holdings Retail Limited	Body Corporate	United Kingdom	100.00%	United Kingdom
PSC Insurance Brokers Adelaide Pty Ltd	Body Corporate	Australia	100.00%	Australia
PSC Insurance Brokers (Aust) Pty Ltd	Body Corporate	Australia	100.00%	Australia
PSC Insurance Brokers (Brisbane) Pty Ltd	Body Corporate	Australia	100.00%	Australia
PSC Insurance Brokers (Darwin) Pty Ltd	Body Corporate	Australia	100.00%	Australia
PSC Insurance Brokers Gold Coast Pty Ltd	Body Corporate	Australia	100.00%	Australia
PSC Insurance Brokers (Melbourne) Pty Ltd	Body Corporate	Australia	100.00%	Australia
PSC Insurance Brokers NZ Ltd	Body Corporate	New Zealand	100.00%	New Zealand
PSC Insurance Brokers Perth Pty Ltd	Body Corporate	Australia	100.00%	Australia
PSC Insurance Brokers Pty Ltd	Body Corporate	Australia	100.00%	Australia
PSC Insurance Brokers (Sunshine Coast) Pty Ltd	Body Corporate	Australia	100.00%	Australia
PSC Insurance Brokers Tasmania Pty Ltd	Body Corporate	Australia	60.00%	Australia
PSC Insurance Brokers (Victoria) Pty Ltd	Body Corporate	Australia	100.00%	Australia
PSC Insurance Brokers (Wagga) Pty Ltd	Body Corporate	Australia	100.00%	Australia
PSC Insurance Brokers (Western) Pty Ltd	Body Corporate	Australia	70.00%	Australia
PSC Insurance (Europe) Ltd	Body Corporate	Ireland	100.00%	Ireland
PSC Insurance Holdings (HK) Limited	Body Corporate	Hong Kong	100.00%	Hong Kong
PSC Insurance Services Pty Ltd	Body Corporate	Australia	100.00%	Australia
PSC International Holdings Pty Ltd	Body Corporate	Australia	100.00%	Australia
PSC JLG Investment Pty Ltd	Body Corporate	Australia	100.00%	Australia
PSC Life Pty Ltd	Body Corporate	Australia	100.00%	Australia
PSC McKenna Hampton Insurance Brokers Pty Ltd	Body Corporate	Australia	100.00%	Australia
PSC Medical & General Insurance Brokers Pty Ltd	Body Corporate	Australia	100.00%	Australia
PSC Montage General Insurance Ltd	Body Corporate	New Zealand	100.00%	New Zealand
PSC National Franchise Insurance Brokers Pty Ltd	Body Corporate	Australia	100.00%	Australia
PSC Network Holdings Pty Ltd	Body Corporate	Australia	100.00%	Australia
PSC NFIB Markets Pty Ltd	Body Corporate	Australia	100.00%	Australia



Entity name	Entity type	Body corporate country of incorporation	Body corporate % of share capital held	Country of tax residence
PSC Nominees Pty Ltd	Body Corporate	Australia	100.00%	Australia
PSC NZ Holdings Ltd	Body Corporate	New Zealand	100.00%	New Zealand
PSC Paragon Insurance Brokers Pty Ltd	Body Corporate	Australia	70.00%	Australia
PSC Rainbow Holdings Limited (UK)	Body Corporate	United Kingdom	100.00%	United Kingdom
PSC Reliance Pty Ltd	Body Corporate	Australia	100.00%	Australia
PSC Safex Pty Ltd	Body Corporate	Australia	70.00%	Australia
PSC Services (Viet Nam) Limited Liability Company**	Body Corporate	Vietnam	100.00%	Vietnam
PSC Trade Credit Risk Pty Ltd	Body Corporate	Australia	90.00%	Australia
PSC UK Group Holdings Pty Ltd	Body Corporate	Australia	100.00%	Australian
PSC UK Holdings Limited	Body Corporate	United Kingdom	100.00%	United Kingdom
PSC UK Insurance Brokers Limited	Body Corporate	United Kingdom	100.00%	United Kingdom
PSC UK Pty Ltd	Body Corporate	Australia	100.00%	Australia
PSC Workers Compensation Holdings Pty Ltd	Body Corporate	Australia	100.00%	Australia
PSC Workers Compensation Services Pty Ltd	Body Corporate	Australia	100.00%	Australia
Reliance Workplace Solutions Pty Ltd	Body Corporate	Australia	100.00%	Australia
RP-Canning Vale Pty Ltd	Body Corporate	Australia	100.00%	Australia
RP-Doncaster Pty Ltd (formerly Carvan Pty Ltd)	Body Corporate	Australia	50.00%	Australia
RP-Hoxton Park Pty Ltd	Body Corporate	Australia	100.00%	Australia
RP-Newcastle Pty Ltd	Body Corporate	Australia	100.00%	Australia
RP-Penrith Pty Ltd	Body Corporate	Australia	100.00%	Australia
RP-Randwick Pty Ltd	Body Corporate	Australia	100.00%	Australia
The PSC Foundation Pty Ltd	Body Corporate	Australia	100.00%	Australia
Trans Pacific Insurance Brokers Limited	Body Corporate	Hong Kong	100.00%	Hong Kong
Trust Insurance Services Limited	Body Corporate	United Kingdom	100.00%	United Kingdom
Turner Rawlinson & Company Limited	Body Corporate	United Kingdom	100.00%	United Kingdom
UK Facilities Limited	Body Corporate	United Kingdom	100.00%	United Kingdom
Upper Hillwood Holdings Limited	Body Corporate	United Kingdom	100.00%	United Kingdom
Worldwide Insurance Brokers & Advisors Limited**	Body Corporate	Ireland	100.00%	Ireland

\* Entity entered Group during the 2024 financial year

\*\* Entity acquired during the 2024 financial year

# SHAREHOLDER INFORMATION

As required under the ASX Listing Rules, the Directors provide the following information.

## Shareholding Analysis

### (a) Distribution of Shareholders

At 13 August 2024, the distribution of shareholdings was as follows:

Range	Securities	%	No. of holders	%
100,001 and Over	328,590,018	95.69	118	5.01
10,001 to 100,000	10,843,122	3.16	365	15.49
5,001 to 10,000	1,852,082	0.54	241	10.23
1,001 to 5,000	1,754,559	0.51	653	27.72
1 to 1,000	339,321	0.10	979	41.55
<b>Total</b>	<b>343,379,102</b>	<b>100.00</b>	<b>2,356</b>	<b>100.00</b>

### (b) Substantial Shareholders

The number of shares held by the substantial shareholders listed in the Company's register of substantial shareholders as at 13 August 2024 were:

Name	Number of Shares
Tara Topco Limited ( <i>relevant interest through a Co-operation Deed signed in conjunction with a Scheme Implementation Deed</i> )	72,844,492
McHalem No 2 Pty Ltd, Crathre Pty Ltd, P & M Dwyer Pty Ltd	57,174,852
Glendale Dwyer Pty Ltd, Cumnock Dwyer Pty Ltd	34,571,351
Austin Superannuation Pty Ltd	32,277,966
Mitsubishi UFJ Financial Group Inc ( <i>relevant interest under prime brokerage agreements or may exercise control over disposal</i> )	18,553,033
UBS Group AG and related entities ( <i>relevant interest through stock borrowing and lending activities and prime broking agreements</i> )	18,380,703

### (c) Class of shares and voting rights

At 13 August 2024, there were 2,356 holders of ordinary shares in the Company. All of the issued shares in the capital of the parent entity are ordinary shares and each shareholder is entitled to one vote per share.

### (d) Twenty Largest Shareholders (At 13 August 2024):

Rank	Shareholder	Number of Shares
1	J P Morgan Nominees Australia Pty Limited	64,553,492
2	McHalem No 2 Pty Ltd	55,714,555
3	HSBC Custody Nominees (Australia) Limited	35,371,685
4	Glendale Dwyer Pty Ltd	33,654,315
5	Austin Superannuation Pty Ltd	32,277,966
6	Citicorp Nominees Pty Limited	29,006,964
7	BNP Paribas Noms Pty Ltd	5,741,998
8	Namarong Investments Pty Ltd	4,897,782
9	Walker Insurance & Financial Services Pty Ltd	4,492,168
10	Rubino Group Pty Ltd	4,000,000
11	HSBC Custody Nominees (Australia) Limited - A/C 2	3,784,757
12	UBS Nominees Pty Ltd	3,048,003
13	Mr Michael David Gunnion & Mrs Debra Lee Gunnion	2,828,226
14	Rowena House Pty Ltd	2,796,725
15	Locust Fund Pty Ltd	2,756,539
16	Mirrabooka Investments Ltd	2,300,000
17	Warbont Nominees Pty Ltd	2,080,615
18	UYB Com Pty Ltd	1,980,126
19	BNG Family Pty Ltd	1,971,156
20	Dead Grateful Pty Ltd	1,925,898

# CORPORATE INFORMATION

## Directors

Paul Dwyer (Independent, Non-Executive Chairman)  
Brian Austin (Independent, Non-Executive Director, Deputy Chairman)  
Antony Robinson (Managing Director)  
John Dwyer (Executive Director)  
Tara Falk (Executive Director)  
James Kalbassi (Executive Director)  
Melvyn Sims (Independent, Non-Executive Director)  
Jo Dawson (Independent, Non-Executive Director)

## Group Secretary

Stephen Abbott

## Registered Office

96 Wellington Parade, East Melbourne, Victoria, 3002  
W : [www.pscinsurancegroup.com.au](http://www.pscinsurancegroup.com.au)

## Auditors

**Ernst & Young**  
8 Exhibition Street  
Melbourne, Victoria, 3000

## Share Registry

**Link Market Services Ltd**  
Tower 4, 727 Collins Street  
Melbourne, Victoria, 3008

## Stock Exchange Listing

PSC Insurance Group Ltd shares are listed on the Australian Securities Exchange with ASX Code : PSI

