# Protect Severance Scheme No.2

ABN 52 967 672 143

(Trustee: Protect Severance Scheme No.2 Pty Ltd)

General Purpose Financial Report

For the year ended 30 June 2026

Protect Severance Scheme No.2
ABN 52 967 672 143

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# Trustee's Report

The Trustee presents its report together with the financial report of Protect Severance Scheme No. 2 ("the Trust") for the year ended 30 June 2026 and the auditor's report thereon.

## 1. Trustee

The Trustee at any time during or since the end of the year is Protect Severance Scheme No.2 Pty Ltd.

## 2. Environmental regulation

The Trustee's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation.

The Trust monitors compliance with environmental regulations. The Trustee is not aware of any significant breaches during the period covered by their report.

## 3. Principal activities

The principal activities of the Trust during the financial year were to protect workers' entitlements in the electrical, manufacturing, maritime and fire-fighting industry.

There were no significant changes in the nature of the activities of the Trust during the year.

## 4. Review and results of those operations

### Overview of the Trust

These financial statements are the general purpose financial statements prepared in accordance with Australian Accounting Standards - Simplified Disclosures. In the prior year, the financial statements were special purpose financial statements. There was no impact on the recognition and measurement of amounts recognised in the statements of financial position, profit or loss and other comprehensive income and cash flows of the Trust as a result of the change in the basis of preparation.

### Operating results

The profit of the Trust after income tax is $10,382,246 (2025: $10,282,879). The Trustees are satisfied with the performance and operations of the Trust during the financial year.

## 5. Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Trust that occurred during the financial year under review.

## 6. Distributions

The following distributions were declared by the Trust to its beneficiaries:

| Beneficiaries | Total amount $ |
|---|---|
| ETU VIC + NSW/ACT | 3,200,000 |
| VEID | 1,000,000 |
| MUA WA | 100,000 |
| AWU VIC | 100,000 |
| AMWU VIC | 150,000 |
| | **4,550,000** |

## 7. Events subsequent to reporting date

On 31 August 2026, the Trustee applied for an Australian Financial Services (AFS) licence.

Other than the matter above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect significantly the operations of the Trust, the results of those operations, or the state of affairs of the Trust, in future financial years.

## 8. Likely developments

Information about likely developments in the operations of the Trust and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Trust.

## 9. Indemnification and insurance of officers and auditors

### Indemnifications

Since the end of the previous financial year, the Trust has not indemnified or made a relevant agreement for indemnifying against a liability any person who is or has been an officer or auditor of the Trust.

### Insurance premiums

During the financial year, the Trust has paid premiums in respect of Trustees' and officers' liability and legal expenses insurance contracts for the year ended 30 June 2026. Since the end of the previous financial year, the Trust has paid premiums in respect of such insurance contracts insure against certain liabilities (subject to specific exclusions) for persons who are or have been directors or executive officers of the Trust.

The Trustees have not included details of the nature of the liabilities covered or the amount of the premiums paid in respect of the Trustees' and officers' liability and legal expenses insurance contracts, as such disclosure is prohibited under the terms of the contract.

## 10. Proceedings on behalf of the Trust

There are no current proceedings on behalf of the Trust.

This report is made out in accordance with a resolution of the board of directors of the Trustee of the Trust:

Mark Engeman
Director

Michael Purnell
Director

Dated at Melbourne this 27 October 2026.

# Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2026

| | Note | 2026 $ | 2025 $ |
|---|---|---|---|
| **REVENUE AND OTHER INCOME** | | | |
| Revenue | 4 | 24,280,580 | 21,027,881 |
| Unrealised gain on investments, net | | 3,497,673 | 8,507,533 |
| Other income | 4 | 217,372 | 219,204 |
| Realised gain on investment | | 374,449 | - |
| **TOTAL REVENUE AND OTHER INCOME** | | **28,370,074** | **29,754,618** |
| Administration expenses | | (6,597,296) | (6,028,006) |
| Professional fees and consultancy expenses | | (987,931) | (926,125) |
| Realised loss on investments, net | | - | (1,334,304) |
| Other expenses | | (1,939,805) | (1,881,920) |
| **PROFIT FROM OPERATIONS** | | **18,845,042** | **19,584,263** |
| **PROFIT BEFORE INCOME TAX** | | **18,845,042** | **19,584,263** |
| Income tax expenses | 5 | (8,462,796) | (9,301,384) |
| **PROFIT FOR THE YEAR** | | **10,382,246** | **10,282,879** |
| Distribution to unit holders | | (4,550,000) | (3,700,000) |
| **TOTAL CHANGE IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS** | | **5,832,246** | **6,582,879** |

# Statement of Financial Position

As at 30 June 2026

| | Note | 2026 $ | 2025 $ |
|---|---|---|---|
| **ASSETS** | | | |
| **CURRENT ASSETS** | | | |
| Cash and cash equivalents | 6 | 46,332,171 | 43,778,913 |
| Trade and other receivables | 8 | 457,252 | 17,388 |
| Related party receivables | 9 | 1,162,420 | 797,550 |
| Investments | 10 | 387,441,096 | 322,963,920 |
| Other financial assets | 7 | 22,876,769 | 24,500,472 |
| Other assets | 11 | 10,307,800 | 7,927,567 |
| **TOTAL CURRENT ASSETS** | | **468,577,508** | **399,985,810** |
| **TOTAL ASSETS** | | **468,577,508** | **399,985,810** |
| **LIABILITIES** | | | |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | 12 | 2,912,772 | 2,458,514 |
| Other liabilities | 13 | 431,561,221 | 372,143,529 |
| Trust units | 14 | 1 | 1 |
| Current tax payable | 5 | 5,004,130 | 2,960,118 |
| **TOTAL CURRENT LIABILITIES** | | **439,478,124** | **377,562,162** |
| **NON-CURRENT LIABILITIES** | | | |
| Deferred tax liability | 5 | 10,060,022 | 9,167,695 |
| **TOTAL NON-CURRENT LIABILITIES** | | **10,060,022** | **9,167,695** |
| **TOTAL LIABILITIES** | | **449,538,146** | **386,729,857** |
| **NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS** | | **19,039,362** | **13,255,953** |
| **EQUITY** | | | |
| Forfeitures reserve | | 577,521 | 626,358 |
| Accumulated profits | | 18,461,841 | 12,629,595 |
| **NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS** | | **19,039,362** | **13,255,953** |

# Statement of Changes In Equity

For the year ended 30 June 2026

| | Accumulated profits | Forfeitures reserves | Total equity |
|---|---|---|---|
| | $ | $ | $ |
| **BALANCE AT 1 JULY 2024** | 6,046,716 | 626,358 | 6,673,074 |
| **COMPREHENSIVE INCOME** | | | |
| Profit for the year | 10,282,879 | - | 10,282,879 |
| **TOTAL COMPREHENSIVE INCOME** | **10,282,879** | **-** | **10,282,879** |
| **TRANSACTIONS WITH BENEFICIARIES IN THEIR CAPACITY AS BENEFICIARIES** | | | |
| Distributions to unitholders | (3,700,000) | - | (3,700,000) |
| **TOTAL TRANSACTIONS WITH BENEFICIARIES IN THEIR CAPACITY AS BENEFICIARIES** | **(3,700,000)** | **-** | **(3,700,000)** |
| **BALANCE AT 30 JUNE 2025** | **12,629,595** | **626,358** | **13,255,953** |
| **BALANCE AT 1 JULY 2025** | 12,629,595 | 626,358 | 13,255,953 |
| **COMPREHENSIVE INCOME** | | | |
| Profit for the year | 10,382,246 | - | 10,382,246 |
| **TOTAL COMPREHENSIVE INCOME** | **10,382,246** | **-** | **10,382,246** |
| **TRANSACTIONS WITH BENEFICIARIES IN THEIR CAPACITY AS BENEFICIARIES** | | | |
| Distributions to unitholders | (4,550,000) | - | (4,550,000) |
| Reversal of forfeited member accounts | - | (48,837) | (48,837) |
| **TOTAL TRANSACTIONS WITH BENEFICIARIES IN THEIR CAPACITY AS BENEFICIARIES** | **(4,550,000)** | **(48,837)** | **(4,598,837)** |
| **BALANCE AT 30 JUNE 2026** | **18,461,841** | **577,521** | **19,039,362** |

# Statement of Cash Flows

For the year ended 30 June 2026

| | Note | 2026 $ | 2025 $ |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Receipts from investments | | 13,998,726 | 14,519,030 |
| Payments to suppliers and employees | | (10,172,733) | (9,048,276) |
| Income tax paid | | (5,526,457) | (4,806,853) |
| Other receipts | | - | 98,068 |
| Interest received | | 7,511,802 | 6,347,496 |
| **NET CASH FROM OPERATING ACTIVITIES** | | **5,811,338** | **7,109,465** |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Proceeds from sales of investments | | 57,805,694 | 68,327,629 |
| Purchase of investments | | (117,067,900) | (133,497,619) |
| Proceeds from term deposit, net | | 1,623,703 | 4,014,966 |
| **NET CASH USED IN INVESTING ACTIVITIES** | | **(57,638,503)** | **(61,155,024)** |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Proceeds on loan to PSS, net | | 967,654 | 2,513,511 |
| Inter-fund transfers and proceeds | | 7,603,466 | 11,647,578 |
| Severance contributions received | | 149,224,077 | 172,595,395 |
| Transfer in from other funds | | 5,217,376 | 4,140,884 |
| Claims paid and transfers | | (104,082,150) | (126,690,439) |
| Distribution to beneficiaries | | (4,550,000) | (3,700,000) |
| **NET CASH FROM FINANCING ACTIVITIES** | | **54,380,423** | **60,506,929** |
| **NET INCREASE IN CASH AND CASH EQUIVALENTS** | | **2,553,258** | **6,461,370** |
| Cash and cash equivalents at beginning of financial year | | 43,778,913 | 37,317,543 |
| **CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR** | 6 | **46,332,171** | **43,778,913** |

# Notes to the Financial Statements

For the year ended 30 June 2026

## Note 1 Reporting entity

Protect Severance Scheme No.2 (the 'Trust') is domiciled in Australia. The Trustee's registered office and principal place of business is at Level 7, 380 Docklands Drive, Docklands, VIC, 3008.

The Trust is a for-profit entity and is primarily involved in protecting workers' entitlements in the electrical, manufacturing, maritime and fire-fighting industry.

## Note 2 Basis of preparation

### *a) Statement of compliance*

These financial statements are general purpose financial statements for distribution to the members and for the purpose of fulfilling the requirements of the *Corporations Act 2001*. They have been prepared in accordance with Australian Accounting Standards - Simplified Disclosures made by the Australian Accounting Standards Board and the *Corporations Act 2001*.

These financial statements are the general purpose financial statements prepared in accordance with Australian Accounting Standards - Simplified Disclosures. In the prior year, the financial statements were special purpose financial statements. There was no impact on the recognition and measurement of amounts recognised in the statements of financial position, profit or loss and other comprehensive income and cash flows of the Trust as a result of the change in the basis of preparation.

These financial statements were authorised for issue by the Trustees' board of directors on 27 October 2026.

Details of the Trust's accounting policies, including changes thereto, are included in note 3.

### *b) Basis of measurement*

The financial statements have been prepared on the historical cost basis, except for non-derivative financial instruments at fair value through profit or loss, which are measured at fair value at each reporting date.

### *c) Functional and presentation currency*

These financial statements are presented in Australian dollars, which is the Trust's functional currency.

### *d) Use of judgements and estimates*

In preparing these financial statements, management has made judgements and estimates that affect the application of the Trust's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Details of the specific judgements, estimates and assumptions that have the most significant effects on the amounts recognised in the financial statements are summarised in the Notes.

#### i. Judgement

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- Investments: fair value of unlisted investments

#### ii. Assumptions and estimate uncertainties

Information about assumptions and estimation uncertainties at 30 June 2026 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

- measurement of ECL allowances for trade receivables: key assumptions in determining the weighted-average loss rate; and
- Fair value measurement of unlisted investments.

# Notes to the Financial Statements

For the year ended 30 June 2026

## Note 3 Material accounting policies

### FOREIGN CURRENCY

***Foreign currency transactions***

Transactions in foreign currencies are translated into the respective functional currency of the Trust at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss and presented within finance costs.

### INVESTMENT INCOME AND OTHER INCOME

***a) Interest income***

Interest revenue is recognised when it becomes receivable on a proportional basis taking into account the interest rate applicable to the financial assets.

***b) Dividend and Trust income***

Dividend revenue is recognised when the right to receive a dividend has been established.

All income is stated net of the amount of Goods and Services Tax (GST).

### INCOME TAX EXPENSE

Under current legislation, the Trust is unable to distribute its income as it is an Approved Worker Entitlement Fund and is taxed at trustee rates of 47%.

### CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand and at banks, short-term deposits with an original maturity of three months or less held at call with financial institutions, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

### 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 statement of financial position are shown inclusive of GST.

# Notes to the Financial Statements

For the year ended 30 June 2026

## Note 3 Material accounting policies (continued)

### FINANCIAL INSTRUMENTS

#### *a) Recognition and initial measurement*

Trade receivables issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Trustee becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

#### *b) Classification and subsequent measurement*

**Financial assets**

On initial recognition, a financial asset is classified as measured at amortised cost or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Trust changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

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

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

Financial assets not classified as measured at amortised cost as described above are measured at FVTPL. On initial recognition, the Trust may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

**Financial assets - Business model assessment**

The Trust makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Trust's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Trust's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

# Notes to the Financial Statements

For the year ended 30 June 2026

## Note 3 Material accounting policies (continued)

## FINANCIAL INSTRUMENTS (continued)

***b) Classification and subsequent measurement (continued)***

**Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest**

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Trust considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Trust considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Trustee's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

**Financial assets – Subsequent measurement and gains and losses**

**Financial assets at FVTPL**

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss. However, see below for derivatives designated as hedging instruments.

**Financial assets at amortised cost**

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

**Financial liabilities – Classification, subsequent measurement and gains and losses**

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

# Notes to the Financial Statements

For the year ended 30 June 2026

## Note 3 Material accounting policies (continued)

## FINANCIAL INSTRUMENTS (continued)

### *c) Derecognition*

**Financial assets**

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

The Trust enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

**Financial liabilities**

The Trustee derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired. The Trust also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

### *d) Offsetting*

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Trust currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

## IMPAIRMENT

### *a) Financial assets*

**Financial instruments**

The Trust recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost.

The Trust measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Trust considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Trust's historical experience and informed credit assessment, that includes forward-looking information.

The Trust assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Trust is exposed to credit risk.

# Notes to the Financial Statements

For the year ended 30 June 2026

## Note 3 Material accounting policies (continued)

## IMPAIRMENT (continued)

### *a) Financial assets (continued)*

#### Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Trust expects to receive).

#### Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

### *b) Non-financial assets*

At each reporting date, the Trust reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units (CGUs).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

## FAIR VALUE MEASUREMENT

'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 at the measurement date in the principal or, in its absence, the most advantageous market to which the Trust has access at that date. The fair value of a liability reflects its non- performance risk.

A number of the Trust's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When one is available, the Trust measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Trust uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Trust measures assets and long positions at a bid price and liabilities and short positions at an ask price.

# Notes to the Financial Statements

For the year ended 30 June 2026

## Note 4 Investment income and other income

The Trust generates revenue primarily by protecting workers' entitlements in the electrical, manufacturing, maritime and fire-fighting industry.

In the following table, revenue from contracts with customers is disaggregated by primary geographical market, major service lines and timing of revenue recognition.

| | 2026<br>$ | 2025<br>$ |
|---|---|---|
| **INVESTMENT INCOME** | | |
| Dividend and Trust distribution income | 16,768,778 | 14,680,385 |
| Interest income | 7,511,802 | 6,347,496 |
| | **24,280,580** | **21,027,881** |
| **OTHER INCOME** | | |
| Rebates | 212,386 | 189,829 |
| Miscellaneous | 4,986 | 29,375 |
| **TOTAL OTHER INCOME** | **217,372** | **219,204** |
| **TOTAL INVESTMENT INCOME AND OTHER INCOME** | **24,497,952** | **21,247,085** |

## Note 5 Income tax expense

| **a) Amounts recognised in profit or loss** | 2026<br>$ | 2025<br>$ |
|---|---|---|
| **CURRENT TAX EXPENSE** | | |
| Current year | 7,622,391 | 4,651,358 |
| Changes in estimates related to prior years | (51,923) | 438,588 |
| | **7,570,468** | **5,089,946** |
| **DEFERRED TAX EXPENSE** | | |
| Deferred tax expense | 892,328 | 4,211,438 |
| | **892,328** | **4,211,438** |
| **TAX EXPENSE ON CONTINUING OPERATIONS** | **8,462,796** | **9,301,384** |

# Notes to the Financial Statements

For the year ended 30 June 2026

## Note 5 Income tax expense (continued)

| b) Reconciliation of effective tax rate | 2026 $ | 2025 $ |
|---|---|---|
| Profit before tax | 18,845,042 | 19,584,263 |
| Tax using the Trust's domestic tax rate 47% (2025: 47%) | 8,857,168 | 9,204,603 |
| **Add/(less) tax effect of:** | | |
| - Other non-assessable adjustments | 49,456 | 19,871 |
| - Utilisation of franking credits | (391,905) | (361,677) |
| Income tax under/(over) provided in prior year | (51,923) | 438,587 |
| **TAX EXPENSE ON CONTINUING OPERATIONS** | **8,462,796** | **9,301,384** |

| | | | 30 Ju e 2026 | | |
|---|---|---|---|---|---|
| c) Movement in deferred tax balances | Net balance 1 July $ | Recognised in profit or loss $ | Net balance 30 June $ | Deferred tax assets $ | Deferred tax liabilities $ |
| Unrealised gains | 9,109,327 | 890,992 | 10,000,319 | - | 10,000,319 |
| Accrued income | 58,368 | 1,335 | 59,703 | - | 59,703 |
| **DEFERRED TAX LIABILITIES** | **9,167,695** | **892,327** | **10,060,022** | **-** | **10,060,022** |

## Note 6 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position and in the statement of cash flows comprises the following amounts:

| | 2026 $ | 2025 $ |
|---|---|---|
| Cash at bank | 46,332,171 | 43,778,913 |
| **TOTAL CASH AND CASH EQUIVALENTS** | **46,332,171** | **43,778,913** |

## Note 7 Other financial assets

| | 2026 $ | 2025 $ |
|---|---|---|
| Bank deposits with more than three months to maturity when placed | 22,500,000 | 22,500,000 |
| Deposits for investment | 376,769 | 2,000,472 |
| **TOTAL OTHER FINANCIAL ASSETS** | **22,876,769** | **24,500,472** |

# Notes to the Financial Statements

For the year ended 30 June 2026

## Note 8 Trade and other receivables

| | 2026 | 2025 |
|---|---|---|
| | $ | $ |
| Trade receivables | 129,284 | - |
| Other receivables | 327,968 | 17,388 |
| **TOTAL TRADE AND OTHER RECEIVABLES** | **457,252** | **17,388** |

## Note 9 Related party receivables

| | 2026 | 2025 |
|---|---|---|
| | $ | $ |
| Trust entitlement | 1,322 | 2,935 |
| Loan to Protect Severance Scheme | 1,161,098 | 794,615 |
| **TOTAL RELATED PARTY RECEIVABLES** | **1,162,420** | **797,550** |

## Note 10 Investments

| | 2026 | 2025 |
|---|---|---|
| | $ | $ |
| Investments valued at fair value through profit or loss | 279,849,551 | 226,111,546 |
| Investments valued at amortised cost | 107,591,545 | 96,852,374 |
| **TOTAL INVESTMENTS** | **387,441,096** | **322,963,920** |

The following table provides the classification of investment assets held at fair value by the fund:

| 2026 | Level 1 $ | Level 2 $ | Total $ |
|---|---|---|---|
| Shares in listed corporations | 37,276,362 | - | 37,276,362 |
| Managed funds | - | 239,576,689 | 239,576,689 |
| Unlisted property trusts | - | 2,996,500 | 2,996,500 |
| **TOTAL INVESTMENTS** | **37,276,362** | **242,573,189** | **279,849,551** |

| 2025 | Level 1 $ | Level 2 $ | Total $ |
|---|---|---|---|
| Shares in listed corporations | 33,388,150 | - | 33,388,150 |
| Managed funds | - | 189,914,596 | 189,914,596 |
| Unlisted property trusts | - | 2,808,800 | 2,808,800 |
| **TOTAL INVESTMENTS** | **33,388,150** | **192,723,396** | **226,111,546** |

## Note 11 Other assets

| | 2026 | 2025 |
|---|---|---|
| | $ | $ |
| Accrued income | 5,683,875 | 4,489,228 |
| Prepayments | 4,481,165 | 3,308,659 |
| GST receivable | 142,760 | 129,680 |
| **TOTAL OTHER ASSETS** | **10,307,800** | **7,927,567** |

# Notes to the Financial Statements

For the year ended 30 June 2026

## Note 12 Trade and other payables

| | 2026 | 2025 |
|---|---|---|
| | $ | $ |
| Trade creditors and accruals | 2,747,751 | 2,365,755 |
| Other payables | 165,021 | 92,759 |
| **TOTAL TRADE AND OTHER PAYABLES** | **2,912,772** | **2,458,514** |

## Note 13 Other liabilities

| | 2026 | 2025 |
|---|---|---|
| | $ | $ |
| Employer balance | | |
| Electrical division | 331,031,613 | 281,820,249 |
| Metals (VIC) division | 47,188,491 | 42,752,912 |
| Manufacturing (QLD/NT) division | 1,429,166 | 891,684 |
| Civil division | 22,102,716 | 15,607,449 |
| Maritime division | 28,511,381 | 29,945,631 |
| **Trust holding account** | **430,263,367** | **371,017,925** |
| Employer balance | 1,297,854 | 1,125,604 |
| **TOTAL OTHER LIABILITIES** | **431,561,221** | **372,143,529** |

### Reconciliations

Reconciliation of the movement in Trust holding account:

| | 2026 | 2025 |
|---|---|---|
| | $ | $ |
| Opening balance as at beginning of year | 371,017,925 | 309,358,977 |
| Allocated severance contributions | 149,061,306 | 172,568,457 |
| Fund adjustments | (9,478) | (7,749) |
| Net claims paid | (89,439,198) | (108,191,908) |
| Members PAYG liability | (14,598,067) | (18,713,318) |
| Members other (payments)/receipts | (44,885) | 214,788 |
| Transfers in from Protect Severance Scheme | 9,009,161 | 12,271,188 |
| Transfers in from other funds | 5,217,376 | 4,140,884 |
| Forfeiture of members balance | - | (662,353) |
| Forfeiture reversals | 49,227 | 38,959 |
| | **430,263,367** | **371,017,925** |

## Note 14 Trust units

| | 2026 | 2025 |
|---|---|---|
| **Issued and paid-up units** | $ | $ |
| 20 units | 1 | 1 |
| **TOTAL SETTLED FUNDS** | **1** | **1** |

The Sponsors have agreed to establish a scheme to be known as Protect Severance Scheme No 2.

# Notes to the Financial Statements

For the year ended 30 June 2026

## Note 14 Trust units (continued)

The Sponsors subscribe 'A' Class Units as follows:

ETA: 15 units
NECA: 5 units

Each unit is priced at $0.01.

For the purpose of accounts disclosure, issued units have been rounded to nearest dollar.

## Note 15 Related parties

### *a) The entity's main related parties are as follows:*

### i. Directors of the Trustee Company (Protect Severance Scheme No 2 Pty Ltd):

Susan Carter
Daniel Filazzola
Ivan Balta
Mark Engeman
Michael Purnell
Stewart Joyce (resigned on 16 March 2026)
Troy Knight (resigned on 24 June 2026)
Allister Davey (appointed on 24 June 2026)

Daniel Filazzola, Troy Knight, Ivan Balta and Allister Davey are employees of the related party, Electrical Trades Union (Victorian Branch).

Michael Purnell is a representative for the related party, National Electrical Contractors Association (Victorian Branch).

Stewart Joyce is a representative of the related party, National Electrical Contractors Association (Victorian Branch).

Susan Carter is a director of the related party, Langridge Consulting Pty Ltd.

Mark Engeman and Susan Carter are independent directors.

All directors are also directors of the related parties, Protect Services Pty Ltd and ElecNet (Aust) Pty Ltd.

### ii. Company secretary

Selene Sharp is the company secretary.

Michael Connolly is the CEO of Protect Services Pty Ltd.

### iii. Protect Services Pty Ltd (atf Protect Services Trust)

Protect Services Pty Ltd was established in January 2012. The entity performs the administrative role previously undertaken by ElecNet (Aust) Pty Ltd. Protect Services Pty Ltd charges Protect Severance Scheme No 2 Pty Ltd an administration fee ($3.20 (excluding GST) per member per week for these services).

# Notes to the Financial Statements

For the year ended 30 June 2026

## Note 15 Related parties (continued)

### *a) The entity's main related parties are as follows: (continued)*

#### iv. ElecNet (Aust) Pty Ltd (atf Protect Severance Scheme)

ElecNet (Aust) Pty Ltd is the trustee Company for Protect Severance Scheme. Effective 1 July 2017 when Protect Severance Scheme No.2 commenced, Protect Severance Scheme was no longer an approved workers entitlement fund and as such, employer contributions are no longer received by it. Protect Severance Scheme continues to manage investments and still holds severance liabilities received pre 1 July 2017.

### *b) Transactions with related parties:*

Transactions between related parties are as follows:

| | 2026<br>$ | 2025<br>$ |
|---|---|---|
| Payment of administration fees to Protect Services Trust | 6,597,296 | 6,028,006 |
| Payment of interest received from Protect Severance Scheme | 70,541 | 152,409 |
| Payment of trademark fees to Protect Services Scheme | 132,000 | 132,000 |
| Payment of sponsorship fees Electrical Trades Union (ETU Vic) | 210,000 | 200,000 |
| Payment of sponsorship fees Australian Workers' Union (AWU Vic) | 208,501 | 160,000 |
| Payment of sponsorship fees Electrical Trades Union (ETU NSW/ACT) | 150,000 | 120,000 |
| Payment of sponsorship fees Maritime Union of Australia (MUAWA) | 150,000 | 160,000 |
| Payment of sponsorship fees National Electrical Contractors Association (NECA Vic) | 159,999 | 105,000 |
| Payment of sponsorship fees National Electrical Contractors Association (NECA Education) | 22,000 | 22,000 |
| Payment of sponsorship fees Australian Manufacturing Workers' Union (AMWU Vic) | 240,000 | 230,000 |
| Payment of director fees to the Electrical Trades Union (ETU) | 151,903 | 151,903 |
| Payment of director fees to the National Electrical and Communications Association (NECA) | 101,268 | 101,268 |
| Payment of director fees to Langridge Consulting Pty Ltd | 58,228 | 58,228 |
| Payment of director fees to Mark Engeman | 80,150 | 80,150 |
| Distribution payments to the Electrical Trades Union (ETU Vic) | 3,000,000 | 2,250,000 |
| Distribution payments to the Electrical Trades Union (ETU NSW/ACT) | 200,000 | 400,000 |
| Distribution payments to the Victorian Electrotechnology Development Trust (VEID) | 1,000,000 | 750,000 |
| Distribution payments to the Australian Workers' Union (AWU Vic) | 100,000 | 150,000 |
| Distribution payments to the Maritime Union of Australia (MUAWA) | 100,000 | 150,000 |
| Distribution payments to the Australian Manufacturing Workers' Union (AMWU VIC) | 150,000 | - |
| | **12,881,887** | **11,400,964** |

### *c) Amounts receivable from/ (payable) to related parties:*

| **Trade and other receivables** | 2026<br>$ | 2025<br>$ |
|---|---|---|
| Protect Severance Scheme - Inter fund clearing account | 1,161,098 | 794,615 |
| | **1,161,098** | **794,615** |

# Notes to the Financial Statements

For the year ended 30 June 2026

## Note 15 Related parties (continued)

### *c) Amounts receivable from/ (payable) to related parties: (continued)*

| Trade and other payables | 2026 $ | 2025 $ |
|---|---|---|
| Protect Services Trust - payable | (798,795) | (680,389) |
| | **(798,795)** | **(680,389)** |

## Note 16 Financial instruments

### *Accounting classifications*

The following table shows the carrying amounts of financial assets and financial liabilities.

| | Note | 2026 $ | 2025 $ |
|---|---|---|---|
| **FINANCIAL ASSETS MEASURED AT AMORTISED COST** | | | |
| Cash and cash equivalents | 6 | 46,332,171 | 43,778,913 |
| Other financial assets | 7 | 22,876,769 | 24,500,472 |
| Trade and other receivables | 8 | 457,252 | 17,388 |
| Related party receivables | 9 | 1,162,420 | 794,615 |
| Investments | 10 | 107,591,545 | 96,852,374 |
| Accrued income | 11 | 5,683,875 | 4,489,228 |
| | | **184,104,032** | **170,432,990** |
| **FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS** | | | |
| Investments | 10 | 279,849,551 | 226,111,546 |
| | | **279,849,551** | **226,111,546** |
| **FINANCIAL LIABILITIES MEASURED AT AMORTISED COST** | | | |
| Trade and other payables | 12 | 2,912,772 | 2,458,514 |
| Other liabilities | 13 | 431,561,221 | 372,143,529 |
| | | **434,473,993** | **374,602,043** |

# Notes to the Financial Statements

For the year ended 30 June 2026

## Note 17 Beneficiary entitlements

| | 2026 | 2025 |
|---|---|---|
| | $ | $ |
| **ETU VIC + NSW/ACT** | | |
| Opening balance | - | - |
| Distribution for the year | 3,200,000 | 2,650,000 |
| Amounts paid | (3,200,000) | (2,650,000) |
| | - | - |
| **VEID** | | |
| Opening balance | - | - |
| Distribution for the year | 1,000,000 | 750,000 |
| Amounts paid | (1,000,000) | (750,000) |
| | - | - |
| **MUA WA** | | |
| Opening balance | - | - |
| Distribution for the year | 100,000 | 150,000 |
| Amounts paid | (100,000) | (150,000) |
| | - | - |
| **AWU VIC** | | |
| Opening balance | - | - |
| Distribution for the year | 100,000 | 150,000 |
| Amounts paid | (100,000) | (150,000) |
| | - | - |
| **AMWU VIC** | | |
| Opening balance | - | - |
| Distribution for the year | 150,000 | - |
| Amounts paid | (150,000) | - |
| | - | - |
| **TOTAL BENEFICIARY ENTITLEMENTS** | - | - |

# Notes to the Financial Statements

For the year ended 30 June 2026

## Note 18 Auditor's remuneration

| | 2026 | 2025 |
|---|---|---|
| | $ | $ |
| **AUDIT** | | |
| Auditors of the Trust - KPMG | | |
| - Audit of financial statements | 44,197 | 27,733 |
| - Group reporting | 28,000 | 29,000 |
| | **72,197** | **56,733** |
| **OTHER SERVICES** | | |
| Auditors of the Trust - KPMG | | |
| - Compilation of financial statements | 4,963 | 3,743 |
| | **4,963** | **3,743** |
| **TOTAL AUDITOR'S REMUNERATION** | **77,160** | **60,476** |

## Note 19 Performance facility

The Trustee Company acting on behalf of the Trust has a performance facility in order to fund shortfalls from the following:

- ETU Victorian Branch on and from the period 30 April 2026 to 30 April 2029, for an amount of up to $12,000,000.
- Electrotechnology Guard Pty Ltd atf Victorian Electrotechnology Industry Development Fund on and from the period 30 April 2026 to 30 April 2029, for an amount of up to $4,000,000.

As at 30 June 2026, none of this facility has been drawn upon.

## Note 20 Commitments

As at 30 June 2026, there were no commitments (2025: $nil).

## Note 21 Contingencies

As at 30 June 2026, there were no contingencies (2025: $nil).

## Note 22 Subsequent events

On 31 August 2026, the Trustee applied for an Australian Financial Services (AFS) licence.

Other than the matter above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect significantly the operations of the Trust, the results of those operations, or the state of affairs of the Trust, in future financial years.

In the opinion of the Directors of the Trustee Company (Protect Severance Scheme No.2 Pty Ltd):

a) the Trust is not publicly accountable;

b) the financial statements and notes that are set out on pages 5 to 23 including:

   i) presents fairly the Trust's financial position as at 30 June 2026 and of its performance, for the financial year ended on that date in accordance with the basis of preparation described in Note 2; and

   ii) comply with Australian Accounting Standards - Simplified Disclosure Requirements.

c) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

This report is made out in accordance with a resolution of board of directors of the Trustee of the Trust:

Mark Engeman
Director

Michael Purnell
Director

Dated at Melbourne this 27 October 2026.

# Independent Auditor's Report

## To the Trustee of Protect Severance Scheme No. 2

### Opinion

We have audited the ***Financial Statements*** of Protect Severance Scheme No. 2 (the Trust).

In our opinion, the accompanying Financial Statements present fairly, in all material respects, the financial position of Protect Severance Scheme No. 2 as at 30 June 2026, and of its financial performance and its cash flows for the year then ended, in accordance with *Australian Accounting Standards - Simplified Disclosures*.

The ***Financial Statements*** comprise:

- Statement of financial position as at 30 June 2026;
- Statement of profit or loss and other comprehensive income, Statement of changes in equity, and Statement of cash flows for the year then ended;
- Notes, including material accounting policies; and
- Directors' Declaration.

### Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Statements* section of our report.

We are independent of the Trust in accordance with the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to audits of the financial report of public interest entities in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.



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## Auditor's responsibilities for the audit of the Financial Statements

Our objective is:

- to obtain reasonable assurance about whether the Financial Statements as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Statements Report.

A further description of our responsibilities for the audit of the Financial Statements is located at the *Auditing and Assurance Standards Board* website at: https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our Auditor's Report.

KPMG

KPMG

Melbourne

27 October 2026