KEEPING THE PROMISE STRONG

Annual Report and Financial Statements 2024/ 2025

FMG
Advice & Insurance

We're Keeping the Promise Strong.

In the insurance industry, the Promise is often referred to as being there when the unexpected happens.

Over the course of our 120 years, FMG has delivered on this Promise, responding to major earthquakes, cyclones, floods, windstorms and thousands of other localised weather-related events – and, of course, following the many other ups and downs that farming and growing throw your way.

However, when we scratch the surface, the Promise we make to you as a Member of FMG is wider than this.

It's a Promise to run a business that is financially sustainable, one that remains committed and focused on the insurance and advice needs of farmers and growers, and one that continues to attract top talent to deliver the outstanding day-to-day service you expect.

Every day, every employee at FMG is making a Promise within their role to meet our Purpose of 'A better deal for rural New Zealand Aotearoa'.

In March this year, FMG turned 120 years old. The passing of this significant milestone has given us cause to reflect and rekindle our connection with the Mutual's past. Acknowledging that the FMG we have today, was built on a promise made way back in 1905.

Disenchanted with the insurance options of the day, prominent farmer Sir James Wilson led a group of other motivated farmers to act. This action led to the creation the Farmers' Union Mutual Fire Insurance Associations – the early seeds of what would become FMG.

Those early pioneers started the Mutual with a Promise in the form of £100 Promissory Notes, agreeing to honour the claims of other Members up to that £100. A great example of the essence of mutuality: what is returned is what a Member contributes.

It's quite remarkable to think that within FMG today we still openly talk about the Promise in much the same way that our founding Members did. FMG is a Mutual that was founded by farmers, for farmers, and today that spirit is continued through our Vision of 'Helping to build strong and prosperous rural communities'.

This year's Annual Report details the promises we've committed to over the last financial year, both through the Financial Statements, and supporting commentary from FMG's Board Chair Sarah von Dadelszen and Chief Executive Officer Adam Heath.

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FMG AT A GLANCE

CLIENTS AND MEMBERS

123,179

2023/ 2024 117,000+

A.M. BEST CREDIT RATING

A EXCELLENT

2023/ 2024 A EXCELLENT

CAPITAL RESERVES

$524.3M

2023/ 2024 $405.2M

CLIENTS REGISTERED FOR FMG CONNECT

82,000+

2023/ 2024 71,000+

A YEAR OF MAJOR MILESTONES

- **120 YEARS OF SERVICE**
- **10 YEARS AS A FOUNDING PARTNER OF FARMSTRONG**
- **10 YEARS AS PRINCIPAL SPONSOR OF NEW ZEALAND YOUNG FARMER OF THE YEAR**
- **NAMED AS 'COOP MUTUAL BUSINESS OF THE YEAR'**

NET PROFIT AFTER TAX

$119.2M

2023/ 2024 $76.7M

INSURANCE REVENUE

$675.5M

2023/ 2024 $576.0M

2024

CANSTAR MOST SATISFIED CUSTOMERS AWARD

HOME & CONTENTS AND CAR INSURANCE

2024

CONSUMER PEOPLE'S CHOICE AWARD

CAR, HOME AND CONTENTS INSURANCE (8 YEARS RUNNING)

Honouring the Promise

Sarah von Dadelszen
CHAIR, FMG

This year, FMG celebrates 120 years of standing alongside rural New Zealand Aotearoa – a legacy built by farmers, for farmers, and one that continues to guide us today.

As we mark this milestone, I've reflected more on how FMG began in 1905 and how we're keeping the Promise made back then, strong today.

Finding the insurance options at the time weren't up to scratch, a group of farmers, led by Sir James Wilson, decided to create their own alternative: a true mutual. Their initiative, the Farmers, Union Mutual Fire Insurance Associations, the forerunner to FMG, was founded on a collective promise. Each member committed a £100 Promissory Note, a guarantee to honour the claims of their peers. This established the very principle of mutuality that guides us today: a structure where members exist to support other members, and any profits are reinvested for their benefit, not paid to outside shareholders.

As Chair, I'm proud to lead an FMG, predominantly Member-elected Board, that makes sure we stay true to this founding commitment. In presenting this year's Annual Report, I believe we're honouring that Promise and many others.

Overall, profitability continues to be strong, with an after-tax profit of $119.2 million. While this is a sizable result, it's important as we need to run the business commercially to ensure we're here for another 120 years and beyond.

Like farming and growing, we need to bank the good years when they come, to help us through the inevitable tough times. This year's result will further strengthen our ability to pay underlying claims and remain attractive to overseas reinsurers. It's also important for meeting solvency levels, as set by the Reserve Bank of New Zealand (RBNZ), which we're achieving at our current level of 2.45 times the minimum requirement. We are targeting further increases to Solvency Capital to insulate us from future large events.

Rural Market Share, and overall, client numbers have grown over the last 12 months. Pleasingly, our client retention remains high at 94%. Retention is a significant and sometimes overlooked aspect of growth and is an indicator of client satisfaction. Our other metric of client satisfaction is our Net Promoter Score (NPS), which also remains high.

As a Mutual, our profits are reinvested back into the rural and provincial communities that support us. We continue to be involved in some 700 events and sponsorships across New Zealand Aotearoa ranging from local dog trials to major givebacks, including our wellbeing programme Farmstrong and our sponsorship of the FMG Young Farmer of the Year Contest.

Both sponsorships have reached milestones with FMG this year. Farmstrong celebrates its 10th year helping farmers and growers to see themselves as the most important asset on the farm. We know it's making a positive impact, as our annual monitoring survey shows that between 14,000 and 18,000 farmers and growers a year are reporting an improvement in their wellbeing because of the programme.

It's also the 10th year FMG has been Principal Sponsor of the New Zealand Young Farmer of the Year Contest – which is something I'm personally incredibly proud of – as we help foster the next generation who will oversee the land.

This last year has seen a significant increase in our advocacy programme at a Government level. This is a developing area for us – and as a business we remain apolitical and committed to working with the Government of the day.

Guided by the simple principle of advocating for issues that have a rural insurance impact, we've met with several high-ranking Ministers on a variety of topics including the increase of regulatory and compliance requirements, facing both farmers and growers, and us an insurance industry. While we're not opposed to regulatory intervention, we're advocating for changes that are measured and proportionate.

"AS WE MARK THIS MILESTONE, I'VE REFLECTED MORE ON HOW FMG BEGAN IN 1905 AND HOW WE'RE KEEPING THE PROMISE MADE BACK THEN, STRONG TODAY."

In rounding out this year's report, I'd like to acknowledge the role the Board has played in governing another successful year for FMG and in helping to shape the next iteration of Te Ara Tika – FMG's Strategy to 2030. It's an exciting and ambitious strategy to build an even better farmer- and grower-focused insurer, with greater digital and data capability, smarter ways to process claims and continued focus on building fit-for-purpose products and services.

My personal thanks also goes to Chief Executive Adam Heath, the Executive Leadership team, and every employee across the Mutual for their continued drive to evolve FMG and maintain its position as New Zealand Aotearoa's leading rural insurer.

Ngā mihi nui,

Sarah von Dadelszen
Board Chair, FMG

120 years strong – and just getting started

Adam Heath
CHIEF EXECUTIVE, FMG

In addition to marking the Mutual's 120th year of operations, this year sees the successful conclusion of FMG's current five-year strategy – Te Ara Tika (The Way Forward) - and the beginning of the next iteration through to 2030. It's a time for both reflection and excitement as the Mutual looks to the future with confidence.

Throughout all the changes that have occurred over the last 120 years, and those that will no doubt come along, what remains resolute is FMG's commitment to Keeping the Promise Strong and delivering on our Purpose of 'a better deal for rural New Zealand Aotearoa'.

As a Mutual, FMG takes a long-term view and, in doing so, has strengthened the business to become an even more sustainable and resilient insurer over the last five years, with a strategy that remains focused on and committed to rural communities.

Looking back on the past year more specifically, I'm pleased to share that it's been a successful one for FMG as we continue to be the leading rural insurer in New Zealand Aotearoa.

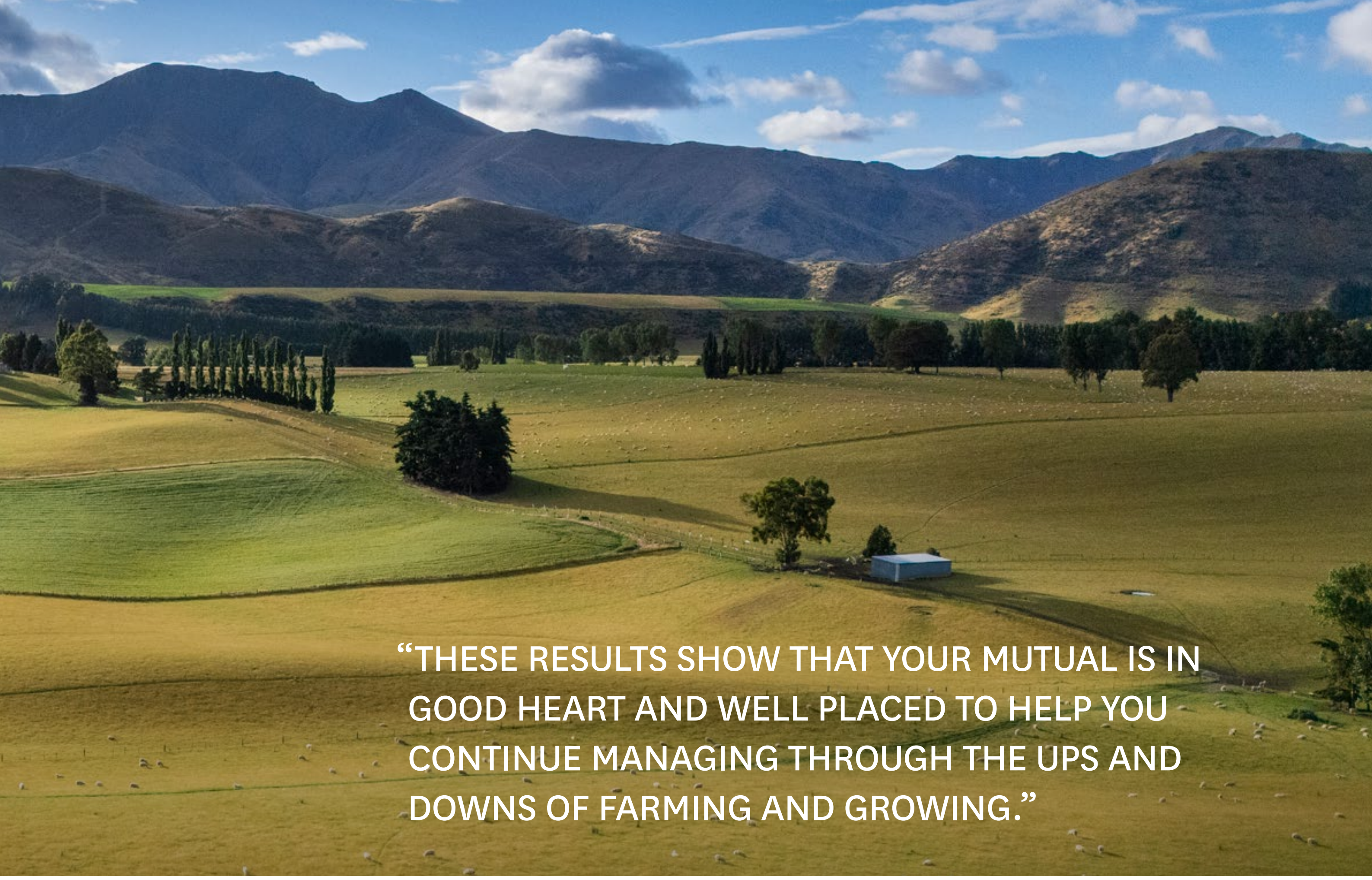
This success is underpinned by continued net growth in client numbers. A total of 5,791 new clients joined FMG over the last 12 months, contributing to an increase in rural market share to 59%. More farmers and growers are choosing to insure with FMG – up by 1,277 from last year. Insurance Revenue increased 17% on the previous year to $675.5 million; and overall, the Mutual achieved an after-tax profit of $119.2 million. This will be added to Reserves, which now total $524.3 million, improving FMG's solvency and helping to ensure we can continue to honour the promises we've made to current and future generations of farmers and growers. These results show that your Mutual is in good heart and well placed to help you continue managing through the ups and downs of farming and growing.

Profitability was driven by several factors, including favourable investment markets, increased Insurance Revenue and a relatively benign year with regard to claims – with no major catastrophes. Overall, FMG paid out a total of $344.5 million in claims during the year – money that remains in New Zealand Aotearoa.

These results have come at a time when FMG has implemented around $23.0 million in premium reductions across several products. This has resulted in the potential for individual premium decreases or relatively smaller premium increases for clients holding those products.

It was also a year of major milestones for FMG, one that saw the Mutual celebrate 120 years of operation and undertake preparations to mark 10 years as a founding partner of the rural wellbeing programme – Farmstrong, in addition to a decade of sponsoring the New Zealand Young Farmer of the Year Contest. FMG was also named as 'Coop Mutual Business of the Year' at the Cooperative Business NZ Awards.

For the FMG team, these milestones acknowledge the strength of a Promise in other ways: representing long-term commitments



to initiatives and events that help the agriculture sector thrive – along with external and independent validation that, as an insurer, we're operating to a high standard for our clients and Members.

Inside the Mutual, we continue to adopt an 'Owners' Mindset' as we seek to find efficiencies, big and small, to make life easier for you to work with us, and to save on operational costs. To date, this initiative (which we call Programme Shepherd) has resulted in millions of dollars in operational cost savings – with more to come. It's an important way we aim to stay true to our Purpose of delivering 'a better deal for rural New Zealand Aotearoa'.

These improvements in efficiency align with the Mutual's new five-year strategy, which focuses on building a better business that grows incrementally. Evolving FMG's digital and data capabilities will continue to play a large part in this, including initiatives such as Link. Link enables FMG's front-line teams to capture insurance insights digitally while on your farming or growing property – improving efficiency and, most importantly, allowing more time for conversation.

We're also implementing a major upgrade to our front-line insurance software, used daily by our client servicing teams. This significant investment in FMG's Claims, Policy and Billing infrastructure lays the platform to help our teams service your insurance needs with even greater care and efficiency.

Complementing these system enhancements is the continuing investment FMG is making in how we manage claims – the ultimate proof point of Keeping the Promise Strong. The progressive streamlining and digitisation of our Claims processes is intended to make the Mutual more efficient and effective, so we're in a better position to help you get back up and running after the unexpected happens.

While we're enhancing and improving these elements of our business, I want to assure you that the changes we're making are intended to complement the ways you currently work with us, whether that be through FMG Connect, over the phone, or face to face.

I'd like to acknowledge my colleagues across FMG who continue to show great commitment to improving the way we work, while managing the thousands of interactions we have every day. FMG remains an employer of choice and is committed to being a great and safe place to work. Our levels of employee engagement reflect this, with FMG placing in the 65th percentile for engagement as measured by Gallup.

To our Executive Leadership team, the FMG Board of Directors, and every FMG employee – thank you for your continuing commitment and care. You are what makes FMG such a unique and special organisation, and I know our collective commitment to being a Purpose-led, Valued-based Mutual insurer remains as strong as ever as we look towards the next 120 years together.

Ngā mihi nui,

Adam Heath
Chief Executive Officer, FMG

The Directors have pleasure in presenting Farmers' Mutual Group's[1] 120th Annual Report and Financial Statements for the year ended 31 March 2025.

Principal Activities

The Group[2] is focused on the provision of competitive insurance solutions. Group activities include the delivery of insurable farm risk advice, general insurance, and life and health insurance.

Farmers' Mutual Group Act 2007

Farmers' Mutual Group is governed by the Farmers' Mutual Group Act 2007 and the Farmers' Mutual Group Constitution.

Financial Results

The Mutual's financial results for the year reflect the following:

- increase in Insurance Revenue from continuing operations to $675.5m from $576.0m;
- decrease in Net Investment Income from continuing operations to $43.2m from $43.7m;
- increase in Insurance Services Expense incurred from continuing operations to $474.2m from $379.1m; and
- increase in Net Profit to $119.2m from $76.7m.

	2025 $000	2024 $000
Profit before taxation	**165,402**	101,895
Income tax expense	**(46,250)**	(25,158)
Net Profit	**119,152**	76,737

Membership

As at 31 March 2025, membership of the Parent stands at 66,266.

Directorate

In accordance with the provisions of the Member Director Election and Appointed Director Policy, Sarah von Dadelszen and Simon Hopcroft will retire by rotation and will stand for re-election at the 2025 Annual General Meeting (AGM).

Role of the Directors

The Board is responsible for the strategy, direction and control of the Group. This responsibility includes areas of stewardship such as the identification and control of the Group's overall culture and conduct, business risks, the integrity of management information systems and reporting to policyholders (clients) and Members.

While the Board acknowledges that it is responsible for the overall control framework of the Group, it recognises that no cost-effective internal control system will preclude all errors and irregularities. The control system is based upon written procedures, policies and guidelines, organisational structures that provide an appropriate division of responsibility, a programme of internal audit and the careful selection and training of qualified personnel.

The Board meets on a regular basis.

[1] Reference to "FMG" or the "Parent" in this report and the Financial Statements means Farmers' Mutual Group.

[2] Reference to the "Group" in this report and the Financial Statements means the Parent and all subsidiaries.

Legislative and Regulatory Compliance

At 31 March 2025, Farmers' Mutual Group holds a full Financial Advice Provider Licence within the meaning of the Financial Markets Conduct Act 2013 (the Act) and is directly supervised by the Financial Markets Authority (FMA). FMG's subsidiary, FMG Insurance Limited, holds a Financial Institution Licence, also issued by the FMA. That licence is effective from 31 March 2025.

FMG Insurance Limited is a Climate Reporting Entity under the Act and is relying on an exemption described in the Financial Markets Conduct (Climate-related Disclosures – FMG Insurance Limited) Exemption Notice 2025 in respect of the year ended 31 March 2025. Under the Notice, FMG Insurance Limited is exempt from section 461Z of the Act to the extent that Climate Statements are to be completed in relation to FMG Insurance Limited only. This exemption is subject to a number of conditions and its effect is that Climate Statements are prepared on a consolidated basis under FMG Group, comprised of FMG and FMG Insurance Limited. These consolidated Group statements can be read at *fmg.co.nz/CRD.*

The Group makes use of its employees and external consultants to ensure compliance with relevant legislation and regulation. This includes compliance with securities, environmental and human resource-related legislation.

The Board and Board Committees including relevant changes as at 31 March 2025

The Board is comprised of S von Dadelszen (Chair), M Taggart, S Horgan, S Smith, S Hopcroft, N Shadbolt, B Wills and J Lee.

The Board appointed an Associate Director (Jackie Dalziel), effective August 2024. This role is a development position with no voting rights and incurs no Director fees.

The Risk and Audit Committee is comprised of S Horgan (Chair), M Taggart, S Smith, N Shadbolt and S Hopcroft. This Committee is governed by its own Charter. The function of the Risk and Audit Committee is to assist the Board in carrying out its responsibilities under the Farmers' Mutual Group Act 2007, which incorporates, by reference, provisions of the Companies Act 1993 and the Financial Markets Conduct Act 2013. These responsibilities include ensuring compliance with legal and regulatory standards and the New Zealand Aotearoa equivalents to International Financial Reporting Standards, reviewing Management's accounting practices, policies and controls relative to the Group, identification and management of key risks, and reviewing and making appropriate inquiry into the audits of the Group by both Internal and External Auditors.

The Remuneration Committee is governed by its own Charter and is comprised of M Taggart (Chair), S von Dadelszen, S Hopcroft and N Shadbolt. The scope of this Committee's mandate is the Chief Executive and senior management appointments and remuneration policies of the Group.

The Conduct and Culture Committee is governed by its own Charter and is comprised of S Smith (Chair), S Horgan, B Wills and J Lee. The scope of this Committee's mandate is corporate governance, including the Member Director Election process and Conduct and Culture-related matters such as the implementation of Conduct of Financial Institutions legislation.

The number of Board and Board Committee meetings Directors were able to attend and their actual attendance (based on election and retirement dates) is detailed below:

	Number of meetings eligible to attend	Number attended
FMG Board Meetings (Total 8)		
S Von Dadelszen (Chair)	8	8
S Smith	8	8
S Horgan	8	7
S Hopcroft	8	8
M Taggart	8	8
N Shadbolt	8	8
B Wills **	4	3
J Lee**	4	4
G Copstick*	4	4
D Hewitt*	4	2

* Retired at the 2024 AGM
** Elected at 2024 AGM

	Number of meetings eligible to attend	Number attended
Risk and Audit Committee (Total 4)		
S Horgan*	4	4
S Smith	4	4
M Taggart	4	4
N Shadbolt	4	4
S Hopcroft	4	4
G Copstick**	2	2

* Chair of the Risk and Audit Committee
** Retired at 2024 AGM
Noting Ex-Officio participation from other Directors

	Number of meetings eligible to attend	Number attended
Remuneration Committee (Total 5)		
M Taggart*	5	5
S von Dadelszen	5	5
S Hopcroft	5	5
N Shadbolt	5	5
D Hewitt**	2	-

* Chair of the Remuneration Committee
** Retired at the 2024 AGM
Noting Ex-Officio participation from other Directors

	Number of meetings eligible to attend	Number attended
Conduct and Culture Committee (Total 5)		
S Smith*	5	5
S Horgan	5	3
N Shadbolt***	3	2
B Wills	2	2
J Lee	2	2
G Copstick**	3	2
D Hewitt**	3	1

* Chair of the Conduct and Culture Committee
** Retired at the 2024 AGM
*** Change to Committee Members
Noting Ex-Officio participation from other Directors

Remuneration of Directors

At the 2024 AGM, the Members approved a pooled Board remuneration of $828k. The proposed allocation among the various roles was for the Chair of the Board at $175.5k, Directors at $87.5k, the Chair of the Remuneration Committee an additional $10k and the Chairs of both the Risk and Audit Committee and the Conduct and Culture Committee an additional $15k. The amounts paid to each Director for both the FMG and FMG Insurance Limited Boards, including Chair fees associated with the Board subcommittees, are as follows:

Name	2024/2025 $000	2023/2024 $000
S von Dadelszen	**166**	130
M Taggart	**91**	82
S Horgan	**100**	97
S Smith	**100**	90
S Hopcroft	**85**	82
N Shadbolt	**85**	49
B Wills*	**53**	-
J Lee*	**53**	-
G Copstick**	**33**	82
D Hewitt**	**33**	82
T Cleland***	**-**	63
Total	**799**	756

* Fees are pro-rated as at election to the Board.
** Retired at the 2024 AGM and pro-rated fees.
*** Retired at the 2023 AGM and pro-rated fees.

Directors of FMG's Subsidiaries as at 31 March 2025

The current FMG Insurance Limited Directors are S von Dadelszen, M Taggart, S Horgan, S Smith, S Hopcroft, N Shadbolt, B Wills and J Lee. The amount paid to each Director is reflected in the remuneration of Directors of the Group.

Interest Registers of the Group as at 31 March 2025

(a) There are no related party transactions recorded in the Interest Registers.

(b) The majority of Directors are required to be Members of FMG. Any associated insurance policies or transactions are administered according to normal business practice.

(c) Directors' remuneration is disclosed above.

(d) The Group has arranged policies of Directors' Liability Insurance which ensures that generally Directors will incur no monetary loss as a result of action undertaken by them as Directors. Certain actions are specifically excluded, for example the incurring of penalties and fines which may be imposed in respect of breaches of statutory regulations.

Auditor

EY was appointed as Auditor for the Group.

FMG Board of Directors

The Board as at 31 March 2025

The FMG Directors are Sarah von Dadelszen (Chair), Murray Taggart, Sinéad Horgan, Sarah Smith, Simon Hopcroft, Nicola Shadbolt, Bruce Wills and Jim Lee.

The following are the Directors' qualifications and expertise:

SARAH VON DADELSZEN
Chair

Sarah has a background in financial services and farm consultancy and over 20 years' governance experience in the agriculture and electricity sectors. Her current directorships include Ballance Agri-Nutrients, Centralines Limited and Assistance Dogs NZ Trust. Sarah is involved with sheep, beef and dairy farming with her husband in Central Hawke's Bay. Previous roles include Chair of the NZ Beef Council, Fonterra Shareholder Councillor and AGMARDT Trustee. Sarah has completed governance programmes including the INSEAD International Directors Programme, Stanford University's NZ leaders programme, and the Institute of Director's (IOD) Company Directors' Course, with ongoing training in AI and climate change. She is a member of the IOD and Institute of Finance Professionals New Zealand (INFINZ).

BRUCE WILLS

Bruce brings a deep knowledge and awareness of the primary sector. He spent 20 years in the banking, investment and financial services sector. His previous roles include Chair of the QEII National Trust, Apiculture New Zealand, Primary ITO, Motu Research, and the NZ Poplar and Willow Research Trust. Bruce has been a Director of Horticulture New Zealand, several National Science challenges, the Todd Foundation, and others. He is currently Chair of Ravensdown Limited and three MPI Sustainable Food and Fibre (SFF) projects involving salmon farming, a biotech start-up and a vertical farming venture.

MURRAY TAGGART

Murray and his family farm arable crops near Oxford in North Canterbury, following his early career with ANZ Bank. He was a Nuffield Scholar in 1996 and was awarded the Tasman Region FMG Rural Excellence Award in 2006. Murray has been heavily involved across the primary sector with past roles as National Meat and Fibre Chair of Federated Farmers and as a Director of a number of companies across the rural sector, including Ballance Agri-Nutrients Ltd, CRT Society Ltd and Alliance Group Ltd. Currently he chairs Taumata Plantations Ltd.

SINÉAD HORGAN

Sinéad trained as a Chartered Accountant and has over 20 years' consulting and financial services experience. She has held senior roles in strategy, M&A/private equity and commercial banking across Europe, the Americas, Asia, Australia and New Zealand Aotearoa. Sinéad is a non-executive director as well as Chair of Audit and Risk for several businesses including Leighs Construction, Fuse IT , TDX, and Tait Communications. She is also a trustee of the Māia Health Foundation and Assistance Dogs NZ Trust.

The Board is subject to the FMG Board Charter, which outlines the specific roles and responsibilities of the Board. The Board is also subject to the Member Election and Special Director Appointment Policy, which articulates the process for the election and appointment of prospective Directors, as well as the evaluation of Member Directors due to retire by rotation who intend to stand for re-election.

Each Director must be assessed as being fit and proper in accordance with FMG's Fit and Proper Policy and be reassessed at least every three years. All Directors are independent, as they are free from any associations that could materially interfere with the exercise of independent judgement. The Directors are all subject to FMG's Code of Ethics.

SARAH SMITH

Sarah is a financial services professional with over 30 years' experience, 15 of which have been in senior roles within the insurance, banking and technology sectors. With extensive expertise in governance, business development, digital transformation, strategic development and risk management, Sarah is focused on delivering great client outcomes. Currently a Director of Partners Life, Welcome Ltd and Metis consultancy, she has a strong working knowledge of the regulatory requirements within the financial services sector.

Sarah is a Chartered Member of the IOD.

JIM LEE

Jim has the experience of a 35-year career in agribusiness spanning farming, banking and, for the last 20 years, leadership of a large-scale farming business. He is the Chief Executive of FarmRight and is a Director of FarmRight Super Staff Limited, FarmRight Nominee Company Limited and Terracostosa Limited.

SIMON HOPCROFT

Simon runs a dairy farming operation in Southland, is a former Fonterra Cooperative Councillor, and was winner of the 2004 New Zealand Young Farmer of the Year Contest. He has completed various governance and leadership courses, including Fonterra's 'Governance Development Programme' and Farmland's 'To the Core' programme. Simon is also a Trustee for Southland Rural Support Trust. Through his farming experience, Simon understands the current risks and challenges facing many businesses and rural communities.

NICOLA SHADBOLT

Nicola is Chair of Plant & Food Research (a group of the Bioeconomy Science Institute) and serves on the boards of the International Food and Agribusiness Management Association (IFAMA), the Kiwifruit Breeding Centre™, and as a voluntary appointed board member of Cooperative Business New Zealand. She was an elected member of the Fonterra Board and a Climate Change Commissioner for nine and three years respectively. Nicola is a part-time Professor of Farm and Agribusiness Management at Massey University and Managing Director of three farming and forestry equity partnerships. She was made an Officer of the New Zealand Order of Merit for services to agribusiness in 2018.

FMG Executive Leadership Team

ADAM HEATH

Chief Executive Officer

Adam joined FMG as Chief Executive in December 2021 and is passionate about the Mutual's Purpose. He is a strong advocate for FMG's Purpose-led, Values-based approach to providing advice and insurance solutions to rural New Zealand Aotearoa. Adam has over 30 years' financial services experience having worked across general insurance, life insurance, banking, academia and telecommunications, and he holds a Master's of Commerce from the University of Auckland. Adam is honoured to be a steward and kaitiaki (guardian) of a 100% New Zealand-owned mutual insurer with a long and proud history of serving rural communities. He is optimistic about FMG's future and the Mutual's commitment to continue supporting clients and Members when they need FMG most.

DAVE KIBBLEWHITE

Chief Financial and Investment Officer

When Dave joined FMG as Chief Financial Officer (CFO) in 2003 he brought a wealth of knowledge after 10 years with Ernst & Young (EY), and from his experience working for insurers Tower and Colonial. Dave also worked in Australia and Hungary prior to joining FMG, giving him a good understanding of industry practice including regulation. Twenty-one years in the CFO role has provided Dave with a thorough understanding of FMG's business and niche rural insurance market, as well as the New Zealand Aotearoa insurance industry.

GLENN CROASDALE

Chief Client Officer

Glenn has been with FMG since February 2011 and is responsible for the overall sales and service performance of the business in respect of both general and life and health insurance. In his previous roles, he has led the Marketing, Communications and Risk Services functions of the Mutual and has over 20 years' experience working within the insurance, construction, forestry, mining, and primary industries. At an industry level, Glenn is Chair of the International Cooperative and Mutual Insurance Federation's Intelligence Committee and has represented FMG on subcommittees of the Insurance Council of New Zealand.

PETE FRIZZELL

Chief Marketing Officer

Pete is a passionate supporter of the mutual model and how FMG is striving to help grow strong and prosperous rural communities. Joining FMG in 2010, he is responsible for our Marketing and Propositions team and chairs the Farmstrong Governance Group – the rural wellbeing programme co-founded by FMG. Pete's role also involves overseeing sustainability, focused on ensuring the Mutual can continue to provide support for another 120 years. Prior to joining FMG, he completed a PhD in Operations Research at Massey University and has worked in a number of technology-based management and consulting roles across various industries in New Zealand Aotearoa and the United Kingdom.

KIM GROOBY

Chief Claims Officer

Kim joined FMG as Chief Claims Officer in October 2022. He has spent most of his career working within the insurance sector, including in a range of senior leadership roles across Suncorp and IAG. These positions included Executive Manager Business Transformation, General Manager Claims, Executive Manager Earthquake Strategy, Head of Strategy and Portfolio (Technology), and Programme Director. Kim has strong experience in change management and process development and has an excellent understanding of technology in an insurance context.

ALEX JOHNSTON

Chief Insurance Officer

Alex joined FMG as Chief Insurance Officer in October 2022, having previously held the role of Manager Actuarial Funding and Advice at ACC. She brings over 20 years' general insurance experience to the Mutual, more recently as the National Manager Personal Pricing and Analytics at IAG, where she led the team through significant industry change following the Canterbury earthquakes. Alex has extensive expertise in the insurance sector, previously working for several large UK insurers, including Direct Line, Norwich Union, and AXA Insurance, in pricing, procurement and HR roles. She holds a Master's of Science in Statistics from the University of Otago.

DARRIN BULL

Chief Strategy and Enablement Officer

Darrin joined as Head of Strategy in October 2022 and then was promoted to the role of Chief Strategy and Enablement Officer effective 20 May 2024. He worked for ASB Group for over 20 years, largely in product development and strategy roles. Subsequently, Darrin has spent the last decade working in strategy roles across Australasia, including time as a Strategy and Leadership Consultant. A big believer in helping the community, He is a Justice of the Peace and Emeritus Chair of ADHD New Zealand.

NICKI MACKAY

Chief People Officer

Nicki has been with FMG for more than 15 years, working across a variety of senior roles, including Area Manager, Head of Agribusiness Centre, Head of Claims and, recently, leading our response to the Auckland Anniversary Weekend floods and Cyclone Gabrielle as Chief Recovery Officer. She joined FMG's Executive Leadership team in October 2023 as Chief People Officer. Nicki's collaborative leadership style, operational expertise, and ability to influence others have seen her become a central figure in leading large operational teams, business change and building people capability across FMG. She holds a Bachelor of Commerce from Lincoln University.

ANTONIO YBARRA

Chief Risk Officer

Antonio joined FMG as Head of Risk and Internal Audit in April 2019, before joining the Executive Leadership team in January 2024 as Chief Risk Officer. He has a strong background in insurance and brings over 20 years' experience in general and life and health insurance to the Mutual. Antonio holds a BA in International Commerce from Universidad de Buenos Aires in Argentina and an International MBA (IMBA) from the University of Miami Business School in the US. He has gained a wealth of experience in the insurance sector, having previously worked for several large UK and European insurers.

PAUL JEPSON

Chief Information Officer

Paul joined the Mutual in February 2024 as Chief Information Officer, bringing over 30 years' experience within the digital and information technology transformation space. He has worked for several organisations within the UK and New Zealand Aotearoa, including holding a range of executive roles, such as Chief Information Officer at the Electoral Commission, IT Director at Newcastle Building Society, Deputy Chief Executive at the Earthquake Commission and Chief Information Officer at ACC. His authentic leadership style has seen him lead large and diverse teams within the private and public sectors, covering strategy definition through to operational execution.

FINANCIAL STATEMENTS

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Consolidated Income Statement

For the year ended 31 March

	Notes	Group 2025 $000	Group 2024 $000
Insurance revenue	9	**675,515**	576,037
Insurance service expense	2, 9	**(474,219)**	(379,061)
Insurance service result before reinsurance contracts held		**201,296**	196,976
Allocation of reinsurance premiums	9	**(75,638)**	(71,608)
Amounts recoverable from reinsurers for incurred claims	9	**1,176**	(59,654)
Net expense from reinsurance contracts held		**(74,462)**	(131,262)
Insurance service result		**126,834**	65,714
Investment income	1	**43,172**	43,727
Net investment income		**43,172**	43,727
Net finance expense from insurance contracts	9	**(2,470)**	(7,379)
Net finance income from reinsurance contracts	9	**1,896**	8,118
Net insurance finance expenses		**(574)**	739
Net insurance and investment result		**169,432**	110,180
Other income	1	**10,735**	12,503
Operating expenses		**(14,765)**	(20,788)
Profit before taxation		**165,402**	101,895
Income tax expense	3	**(46,250)**	(25,158)
Net profit		**119,152**	76,737
Profit for the year attributable to Members		**119,152**	76,737
Total comprehensive income for the year, net of tax, attributable to Members		**119,152**	76,737

The Financial Statements should be read in conjunction with the Statement of Accounting Policies and Notes on pages 22 to 54.

Consolidated Statement of Changes in Equity

For the year ended 31 March

	Retained Earnings $000	Total $000
As at 31 March 2023	**328,427**	328,427
For the year ended 31 March 2024		
Total profit and other comprehensive income	**76,737**	76,737
Total contributions by and distributions to Members	**-**	-
As at 31 March 2024	**405,164**	405,164
For the year ended 31 March 2025		
Total profit and other comprehensive income	**119,152**	119,152
Total contributions by and distributions to Members	**-**	-
As at 31 March 2025	**524,316**	524,316

The Financial Statements should be read in conjunction with the Statement of Accounting Policies and Notes on pages 22 to 54.

Consolidated Balance Sheet

As at 31 March

	Notes	Group 2025 $000	Group 2024 $000
Assets			
Cash and cash equivalents	4	**73,913**	73,933
Other receivables	6	**11,431**	8,133
Investments	5	**757,092**	591,970
Reinsurance contract assets	7, 8, 9	**23,035**	51,233
Property, plant and equipment	10	**4,771**	4,335
Intangible assets	11	**5,232**	5,956
Right-of-use assets	12	**16,458**	15,355
Deferred tax assets	13	**9,558**	6,493
Total assets		**901,490**	757,408
Liabilities			
Provisions and other liabilities	14	**35,799**	32,498
Current tax liability		**48,240**	19,278
Insurance contract liabilities	7, 8, 9	**275,415**	283,141
Lease liabilities	12	**17,720**	17,327
Total liabilities		**377,174**	352,244
Net assets		**524,316**	405,164
Equity			
Retained earnings		**524,316**	405,164
Attributable to:			
Members		**524,316**	405,164
Total equity		**524,316**	405,164

Signed on behalf of the Board of Directors, who authorised the issue of these Financial Statements on 19 June 2025.

S von Dadelszen
Chair
19 June 2025

S Horgan
Director
19 June 2025

The Financial Statements should be read in conjunction with the Statement of Accounting Policies and Notes on pages 22 to 54.

Consolidated Statement of Cash Flows

For the year ended 31 March

	Notes	Group 2025 $000	Group 2024 $000
Cash flows from operating activities			
Premium and other receipts from clients		**688,130**	587,109
Reinsurance recoveries		**32,578**	243,879
Interest and fees received		**4,713**	6,966
Other income		**7,412**	11,238
Claims paid		**(344,466)**	(536,121)
Cash paid to suppliers and employees		**(146,901)**	(136,858)
Reinsurance premium paid		**(81,140)**	(86,729)
Tax received/(paid)		**(20,505)**	4,117
Lease interest paid		**(1,237)**	(945)
Net cash flows from operating activities	4	**138,584**	92,656
Cash flows from investing activities			
Proceeds from the sale of investment securities		**20,000**	109,920
Outflows from investment dealings with fund managers		**(145,802)**	(167,000)
Purchase of property, plant and equipment and intangible assets		**(4,126)**	(4,197)
Net cash flows from investing activities		**(129,928)**	(61,277)
Cash flows from financing activities			
Lease principal payments		**(8,676)**	(5,151)
Net cash flows from financing activities		**(8,676)**	(5,151)
Net increase/(decrease) in cash and cash equivalents		**(20)**	26,228
Cash and cash equivalents at the beginning of the year		**73,933**	47,705
Cash and cash equivalents at the end of the year	4	**73,913**	73,933

The Financial Statements should be read in conjunction with the Statement of Accounting Policies and Notes on pages 22 to 54.

Statement of Accounting Policies

For the year ended 31 March

Reporting entity

The consolidated Financial Statements consist of Farmers' Mutual Group and its subsidiaries (the "Group").

Farmers' Mutual Group (the "Parent") is a Mutual domiciled in New Zealand Aotearoa, registered under the Farmers' Mutual Act 2007.

This financial report includes Financial Statements for the consolidated entity (the "Group") which consists of the parent entity and all entities that the parent entity controlled during the year and at the balance date.

The Group is primarily involved in the delivery of insurable farm risk advice, general insurance, and life and health insurance.

Statement of compliance

The consolidated Financial Statements comply with New Zealand Aotearoa equivalents to International Financial Reporting Standards (NZ IFRS). The consolidated Financial Statements also comply with International Financial Reporting Standards (IFRS).

The Financial Statements are prepared in accordance with the Constitution of the Mutual.

Material accounting policies

Basis of preparation

The consolidated Financial Statements have been prepared in accordance with generally accepted accounting practice in New Zealand Aotearoa (NZ GAAP) as appropriate for profit-oriented entities.

The consolidated Financial Statements have been prepared on a historical cost basis with any exceptions noted in specific accounting policies below.

The consolidated Financial Statements are presented in New Zealand Dollars and all values are rounded to the nearest thousand ($000), unless otherwise stated.

The consolidated Financial Statements provide comparative information in respect of the previous period. The Group has reclassified Non-Resident Withholding Tax on reinsurance from Provisions and Other Liabilities to Reinsurance Contract Assets in the current period to enhance the usefulness of financial information presented; prior periods were not restated. Refer to Note 9.

Basis of consolidation

The consolidated Financial Statements comprise the Financial Statements of the Group and its subsidiaries. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

The consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated Financial Statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated Financial Statements.

Insurance and reinsurance contracts

The insurance operations of the Group comprise the underwriting, administration and claims management of insurance contracts. These contracts transfer significant insurance risk by agreeing to compensate the insured on the occurrence of a specified insured event, such as damage to property or the crystallisation of a third-party liability (or the reinsurance thereof), within a given timeframe.

Contracts under which the Group accepts significant insurance risk are classified as insurance contracts. Contracts held by the Group under which it transfers significant insurance risk related to underlying insurance contracts are classified as reinsurance contracts held. The Group does not accept insurance risk from other insurers. Insurance and reinsurance contracts also expose the Group to financial risk.

Insurance contracts issued and reinsurance contracts held do not include any material distinct components that require separation.

Insurance contract liabilities for incurred claims

The liabilities for incurred claims are measured as the best estimate of the present value of expected future payments for claims incurred at balance date. The estimate is inclusive of claims management expenses required to settle the claim and includes a risk adjustment to allow for the uncertainty regarding the amount and timing of future payments as the Group fulfils insurance contracts.

Reinsurance contract assets for incurred claims

Reinsurance assets represent balances due from reinsurance companies. Amounts recoverable from reinsurers for incurred claims are estimated in a manner consistent with the incurred claims provision or settled claims associated with the reinsurer's policies and are in accordance with the related reinsurance contract.

Insurance contract liabilities for remaining coverage

On initial recognition of each group of insurance contracts, the carrying amount of the liability for remaining coverage is measured as the premiums received. Subsequently, the carrying amount of the liability for remaining coverage is increased by any premiums received and decreased by the amount recognised as insurance revenue for services provided.

The Group expects that the time between providing each part of the services and the related premium due date is no more than a year. Accordingly, the Group has chosen not to adjust the liability for remaining coverage to reflect the time value of money and the effect of financial risk.

If at any time during the coverage period facts and circumstances indicate that a group of contracts is onerous, then the Group recognises a loss in the Income Statement and increases the liability for remaining coverage to the extent that the current estimates of the fulfilment cash flows that relate to remaining coverage exceed the carrying amount of the liability for remaining coverage. Any loss-recovery component is determined with reference to the loss component recognised on underlying contracts and the recovery expected on such claims from reinsurance contracts held.

The Group applies the same accounting policies to measure a group of reinsurance contracts, adapted where necessary to reflect features that differ from those of insurance contracts.

Insurance acquisition expense

The Group is eligible and chooses to recognise insurance acquisition cash flows as an expense immediately as incurred because all insurance contracts issued have a coverage period of one year or less. The effect of electing to recognise insurance acquisition cash flows as an expense when incurred for a group of insurance contracts is to increase the liability for remaining coverage and reduce the likelihood of any subsequent onerous contract loss.

Revenue recognition

Insurance revenue

Insurance revenue is recognised on the basis of the passage of time, and recognised in the period in which the premiums are earned during the term of the insurance contract.

The proportion of premiums received but not earned in the Income Statement at the reporting date is recognised in the Balance Sheet as insurance contract liabilities for remaining coverage.

Other income

Fees relating to specific transactions or events are recognised in the Income Statement when the service is provided to the client.

Interest income

The effective interest method is used to measure the interest income recognised in the Income Statement. The effective interest method is a method of calculating the amortised cost of a financial asset or liability and of allocating the interest income or interest expense over the relevant period to provide a constant yield to maturity. Interest income recognised on assets recorded at fair value through profit and loss is recognised on a cash basis.

Statement of Accounting Policies

For the year ended 31 March

Insurance service expenses

Insurance service expenses arising from insurance contracts are recognised in the Income Statement as they are incurred. They comprise incurred claims, other insurance service expenses, losses on onerous contracts, and adjustments to the liabilities for incurred claims that do not arise from the effects of the time value of money, financial risk and changes therein. Other insurance service expenses are directly attributable to each group of insurance contracts, including claim handling costs, policy administration and maintenance costs, costs specifically chargeable to the client, and an allocation of fixed and variable overheads directly attributable to fulfilling these contracts. Non-attributable costs are disclosed within Other Expenses.

Allocation of reinsurance premiums

Premiums ceded to reinsurers under reinsurance contracts are recorded as an outwards reinsurance expense and are recognised over the period of indemnity of the reinsurance contract. Accordingly, a portion of outwards reinsurance premium is treated at balance date as a prepayment and adjusted against the reinsurance contract assets for remaining coverage.

Insurance finance income and expenses

Insurance finance income and expenses comprise changes in the carrying amounts of groups of insurance and reinsurance contracts arising from the effects of the time value of money, financial risk and changes therein.

The Group presents finance income and expenses for all insurance and reinsurance contracts in profit or loss. The Group does not disaggregate finance income and expenses between profit or loss and other comprehensive income because the related financial assets are managed on a fair value basis and measured at fair value through profit or loss.

Cash and cash equivalents

Cash and cash equivalents in the Balance Sheet comprise cash at banks and on hand and short-term deposits with a maturity of three months or less. Cash and cash equivalents are measured at amortised cost.

Other receivables

Other receivables within the scope of NZ IFRS 9 are managed to collect contractual cash flows and their contractual terms generate cash flows that are solely payments of principal (and interest thereon, if any). Receivables are initially recognised at fair value and are subsequently measured at amortised cost less a provision for impairment if appropriate.

Any increase or decrease in the provision for impairment is recognised in the Income Statement. When a receivable is uncollectable, it is written off against the provision for impairment account. Subsequent recoveries of amounts previously written off are credits against expenses.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Recognition and measurement of financial assets

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value through profit and loss; and
- those to be measured at amortised cost.

Financial assets at fair value through profit or loss

Financial assets are classified at fair value through profit or loss. This is on the basis that the assets are a portfolio that is managed and performance evaluated on a fair value basis. The Group has equity, debt securities and units in unlisted funds that are recognised at fair value through profit or loss. These assets are carried in the Balance Sheet at fair value with net changes in fair value presented as investment loss (negative net changes in fair value) or investment income (positive net changes in fair value) in the Income Statement.

Financial assets at amortised cost

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's financial assets at amortised cost includes cash and cash equivalents and other receivables.

Derecognition of financial assets

A financial asset is derecognised (i.e. removed from the Group's consolidated Balance Sheet) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party through a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

Assets measured at fair value (like equity and debt securities), where changes in value are reflected in the Income Statement, are not subject to impairment testing. Other assets such as receivables are subject to impairment testing.

Asset quality

Past due assets are financial assets at amortised cost in which a client has failed to make payment contractually due within their key terms, and which are not impaired assets.

Initial recognition and measurement of financial liabilities

All of the Group's financial liabilities are recognised initially at fair value and, in the case of loans, borrowings and payables, net of directly attributable transaction costs. Financial liabilities are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortisation and foreign exchange gains and losses are recognised in the Income Statement. The Group has not designated any financial liability as at fair value through profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Income Statement.

Fair value measurement

The fair value of financial instruments traded in active markets is based on quoted market prices at the Balance Sheet date. The quoted market price used for financial assets held by the Group is the current bid price, the quoted market price for financial liabilities is the current offer price.

The fair value of financial instruments not traded in an active market is determined using valuation techniques. Valuation techniques include Net-Present-Value techniques, discounted cash-flow methods, earnings multiple valuation methods, and comparison to quoted market prices or dealer quotes for similar instruments.

Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the Income Statement as incurred.

Statement of Accounting Policies

For the year ended 31 March

Depreciation

Depreciation is calculated using the Straight Line Method. Land is not depreciated. The estimated depreciation rates for the current and comparative periods, along with depreciation method, are as follows:

Buildings	2% Straight Line
Leasehold improvements	20% Straight Line over the term of the lease
Furniture and office equipment	20% Straight Line
Computer equipment	25% Straight Line
Motor vehicles	20% Straight Line
Capital work in progress	Not depreciated until the asset is commissioned

Intangible assets

Recognition and measurement

Intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent costs

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates and that asset is controlled by the Mutual.

Amortisation

Amortisation is recognised in the Income Statement on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated amortisation rates for the current and comparative periods are as follows:

Software	30% Straight Line

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised in the Income Statement, being the amount by which the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value (including realisation costs) and its value in use.

Leases

On entering into a contract, the Group determines whether the contract contains a lease that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Determining whether there is a right of control involves the assessment of whether the contract involves the use of an identified asset, whether the Group has the right to obtain substantially all of the economic benefits from use of that asset through the period of use, and whether the Group has the right to direct the use of the asset.

As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost net of any lease incentives received and is subsequently depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted at the Group's incremental borrowing rate or the interest rate implicit in the lease, if this can be determined. The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option, with a corresponding adjustment made to the carrying value of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases (lease term less than 12 months) or leases of low-value assets including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Provisions and other payables

Provisions are only recognised when the Group has a present legal or constructive obligation as a result of a past event or decision, and it is more likely than not that an outflow of resources will be required to settle the obligation. Provisions are recognised at the best estimate of future cash flows discounted to present value where the effect is material.

Employee entitlements

Provision is made for employee entitlements for services rendered up to the balance date. This includes salaries, wages, bonuses, Annual Leave and Long Service Leave. Liabilities arising in respect of employee entitlements expected to be settled within 12 months of the reporting date are measured at their nominal amounts. All other employee entitlements are measured at the present value of the estimated future cash outflows to be made in respect of services provided up to the balance date.

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unsettled. Payables are initially recognised at fair value and subsequently measured at amortised cost. They are not discounted due to their short-term nature.

Taxes

Current income tax

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

Deferred tax

Deferred tax is recognised using the Balance Sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised for taxable temporary differences while deferred tax assets are recognised for all deductible temporary differences, the carry forward or unused tax credits and any unused tax losses.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

GST

All revenues, expenses and assets are recognised net of Goods and Services Tax (GST) except where the GST is not recoverable. In these circumstances the GST is included in the related asset or expense. Receivables and payables are reported inclusive of GST. Cash flows are included in the Statement of Cash Flows on a gross basis.

Foreign currencies

Transactions in foreign currencies are translated to the functional currency of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period.

Statement of Accounting Policies

For the year ended 31 March

Statement of Cash Flows

The Statement of Cash Flows is prepared exclusive of GST, which is consistent with the method used in the Income Statement.
The following are definitions of the terms used in the Statement of Cash Flows:

- cash is considered to be cash on hand and current accounts in banks, net of overdrafts;
- investing activities are those relating to the acquisition, holding and disposal of property, plant and equipment and of investments;
- financing activities are those activities which result in changes in the size and composition of the capital structure of the Group. This includes debt not falling within the definition of cash; and
- operating activities include all transactions and other events that are not investing or financing activities.

Significant accounting judgements, estimates and assumptions

The Group makes estimates and assumptions in respect of certain key assets and liabilities. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The key areas where critical accounting estimates and assumptions are applied are noted below.

Insurance and reinsurance measurement approach

For insurance and reinsurance contracts issued, the Group uses the premium allocation approach (PAA) to simplify the measurement of groups of contracts on the following bases:

- the coverage period of each contract in the group is one year or less, including insurance contract services arising from all premiums within the contract boundary; and
- for contracts with a coverage period longer than one year, the Group has modelled possible future scenarios and reasonably expects that the measurement of the liability for remaining coverage for the group containing those contracts under the PAA would not differ materially from the measurement that would be produced applying the General Measurement Model.

Aggregation and recognition of insurance and reinsurance contracts

Insurance contracts are aggregated into groups for measurement purposes. Groups of insurance contracts are determined by identifying portfolios of insurance contracts, each comprising contracts subject to similar risks and managed together, and dividing each portfolio into annual cohorts (i.e. by financial year of issue) and each annual cohort into three groups based on the profitability of contracts:

- contracts that are onerous on initial recognition;
- contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently; and,
- remaining contracts in the annual cohort.

Under PAA, the Group assumes that no contracts in the portfolio are onerous at initial recognition unless facts and circumstances indicate otherwise. For contracts that are not onerous, the Group assesses, at initial recognition, that there is no significant possibility of becoming onerous subsequently by assessing the likelihood of changes in applicable facts and circumstances.

Reinsurance contracts held are aggregated applying the same principles set out above, except that the references to onerous contracts refer to contracts on which there is a net gain on initial recognition.

The Group provides disclosures about insurance and reinsurance contracts by aggregating information at the entity level.
This aggregation has been determined based on how the Group is managed.

Insurance contract liabilities for incurred claims

The Group estimates the liability for incurred claims of a group of insurance contracts at the amount of the future cash flows relating to incurred claims. A provision is made at the end of the year for the estimated cost of claims incurred but not settled at the Balance Sheet date, including:

- claims which have been reported but not yet paid;
- claims incurred but not yet reported;
- claims incurred but not enough reported;
- the anticipated direct and indirect costs of settling these claims; and,
- an explicit adjustment for non-financial risk (the risk adjustment) to reflect the compensation that the Group requires for bearing the uncertainty about the amount and timing of the insurance contract cash flows.

In calculating the estimated cost of unpaid claims, the Group uses a variety of estimation techniques, generally based on statistical analyses of historical experience, which assumes that the development pattern of the current claims will be consistent with past experience. Claims are separated into classes of business with broadly similar reporting and settlement behaviour, and the results from each class combined to determine the value of unpaid claims. Gross claims costs are established with a separate assessment of reinsurance.

Large claims impacting each relevant business class are generally assessed separately, being measured on a case-by-case basis or projected separately in order to allow for the possible distortive effect of the development and incidence of these large claims. Accumulations of losses from a single event are also assessed separately to allow for delays in the settlement pattern and higher degrees of uncertainty, as well as any reinsurance programmes that are specific to these losses.

The Group applies discounting to adjust the liability for incurred claims future cash flows for the time value of money and effect of financial risk.

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

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

The Group applies the same accounting judgements to measure a group of reinsurance contracts, adapted where necessary to reflect features that differ from those of insurance contracts.

Further information is contained in Notes 7 and 8.

Changes in accounting policies and disclosures

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2024 (unless otherwise stated). These standards and amendments are listed below. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to FRS 44 – Disclosure of Fees for Audit Firms' Services

The amendments to FRS 44 specify enhanced disclosure requirements for the fees incurred for services received from audit or review firms, which are required to disclose:

Audit or review services,
Other services, using the following categories;

- Other assurance services and other agreed-upon procedures,
- Taxation services,
- Other services.

The amendments also require a description of each of the services received from the audit or review firms. The amendments have resulted in additional disclosures in Note 2.

Statement of Accounting Policies

For the year ended 31 March

New standards and interpretations not yet adopted

NZ IFRS 18 Presentation and Disclosure in Financial Statements

In May 2024, the External Report Board (XRB) issued NZ IFRS 18, which replaces NZ IAS 1 Presentation of Financial Statements. NZ IFRS 18 introduces new requirements or presentation within the Income Statement, including specified totals and sub-totals. Furthermore, entities are required to classify all income and expenses within the Income Statement into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new. It also requires disclosure of newly defined management-defined performance measures, sub-totals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes. In addition, narrow-scope amendments have been made to NZ IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. There are also consequential amendments to several other standards. NZ IFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted for accounting periods that end after 20 June 2024 and must be disclosed. NZ IFRS 18 will apply retrospectively.

The Group is currently working to identify the impact the amendments will have on the Financial Statements and Notes to the Financial Statements.

Notes to the Financial Statements

For the year ended 31 March

1. Revenue

	Group 2025 $000	Group 2024 $000
Investment income:		
Interest income	**4,667**	6,820
Net gain on financial assets at fair value through profit or loss	**38,505**	36,907
Total investment income	**43,172**	43,727
Other income:		
Life and health insurance revenue	**8,020**	8,605
Other revenue	**2,686**	3,898
Gain on disposal of property, plant and equipment	**29**	-
Total other income	**10,735**	12,503

Interest income received on financial assets at amortised cost for the year was $3.8m (2024: $4.2m).

Notes to the Financial Statements

For the year ended 31 March

2. Insurance service expense

	Group 2025 $000	Group 2024 $000
Insurance service expense includes:		
Employee expenses	**113,743**	108,011
Expenses related to low-value leases	**-**	694
Expenses related to short-term leases	**-**	32
Lease interest expense	**1,236**	945
Depreciation on property, plant and equipment	**1,598**	1,877
Depreciation on right-of-use assets	**7,966**	5,488
Amortisation on intangible assets	**2,845**	3,673
Directors' fees	**799**	756
Donations	**13**	19
Auditor's remuneration and other fees paid to non-EY audit firms		
Audit or review of financial statements		
Audit of the financial statements performed by EY	**205**	214
Total audit or review of financial statements	**205**	214
Audit- or review-related services		
Assurance on Annual Solvency Return	**25**	23
Total audit- or review-related services	**25**	23
Other assurance services and other agreed-upon procedures		
Limited assurance of greenhouse gas emissions	**62**	-
Total other assurance services and other agreed-upon procedures engagement	**62**	-
Other services		
Consultancy services – IQA for transition to Guidewire Cloud	**83**	45
Remuneration surveys and benchmarking services	**88**	43
Total fees for services other than the audit or review of financial statements	**171**	88
Total fees for services provided by EY	**463**	325
Other fees paid to non-EY audit firms		
Taxation services – tax compliance and advisory services	**133**	87
Internal audit services	**138**	246
Consultancy services	**270**	588
Total fees for services provided by non-EY audit or review firms	**541**	920

3. Income tax

	Group 2025 $000	Group 2024 $000
(a) Income tax expense		
Current tax expense	**49,315**	22,491
Deferred tax expense/(benefit)	**(3,065)**	2,667
Income tax expense for the year	**46,250**	25,158
(b) Numerical reconciliation of income tax expense to prima facie tax income payable		
Profit before income tax	**165,402**	101,895
Total profit before income tax	**165,402**	101,895
Prima facie income tax @ 28%	**46,313**	28,531
Tax effect of amounts which are non-deductible expenses/non-assessable revenue:		
Non-assessable investment income and other items	**311**	(4,402)
Non-deductible expenses and other items	**146**	1,463
Imputation credits on dividends	**(140)**	(131)
Foreign tax credit	**(230)**	(174)
(Over)/under provided in prior years	**(150)**	(129)
Income tax expense/(benefit) for the year	**46,250**	25,158
(c) Imputation credit account		
Balance at the beginning of the year	**107,382**	110,172
Net taxation paid/(received)	**22,484**	(2,921)
Imputation credit attached to dividends received	**140**	131
Balance at the end of the year	**130,006**	107,382

Notes to the Financial Statements

For the year ended 31 March

4. Cash and cash equivalents

	Group 2025 $000	Group 2024 $000
Cash at bank and in hand	73,913	73,933
Total cash and cash equivalents	73,913	73,933
a) Reconciliation of profit to net cash flows from operating activities		
Profit/(Loss) for the year	119,152	76,737
Adjustments for non-cash items		
Amortisation	2,845	3,673
Depreciation	9,564	7,364
Lease incentives received	-	81
Movement in deferred tax	(3,065)	2,667
Movement in insurance contract liabilities	(7,726)	(276,619)
Movement in reinsurance contract assets	28,198	280,294
Unrealised investment gain	(33,576)	(34,400)
	(3,760)	(16,940)
Movements in other working capital items		
Movement in other receivables	(3,298)	(1,355)
Movement in other payables	3,301	12,419
Movement in taxation payable	28,962	19,288
	28,965	30,352
Items classified as investing activities		
Net gain on sale of property, plant and equipment	(29)	-
Realised investment gain	(5,744)	2,507
	(5,773)	2,507
Net cash flows from operating activities	138,584	92,656

5. Investments

	Group 2025 $000	Group 2024 $000
Unit trust investments		
New Zealand equities	**28,747**	18,203
Offshore equities	**121,599**	49,917
Fixed interest investments – New Zealand	**268,530**	292,011
Fixed interest investments – Offshore	**147,293**	86,921
Total unit trust investments	**566,169**	447,052
Fixed interest investments		
Fixed interest investments – New Zealand	**190,923**	144,918
Total fixed interest investments	**190,923**	144,918
Total investments	**757,092**	591,970

Determination of fair value hierarchy 2025

	Level 1 $000	Level 2 $000	Level 3 $000	Total fair value $000
Financial assets at fair value through profit and loss:				
Unit trust investments	-	**566,169**	-	**566,169**
Fixed interest investments	-	**190,923**	-	**190,923**
Total financial assets	-	**757,092**	-	**757,092**

Determination of fair value hierarchy 2024

	Level 1 $000	Level 2 $000	Level 3 $000	Total fair value $000
Financial assets at fair value through profit and loss:				
Unit trust investments	-	447,052	-	447,052
Fixed interest investments	-	144,918	-	144,918
Total financial assets	-	**591,970**	-	**591,970**

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For the year ended 31 March

Included in the Level 1 category are financial assets and liabilities that are measured by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2 financial assets and liabilities that are measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions are assets and liabilities for which pricing is obtained via pricing services but where prices have not been determined in an active market, financial assets with fair values based on broker quotes, investments in private equity funds with fair values obtained via fund managers, and assets that are valued using the Group's own models whereby the majority of assumptions are market observable.

Level 3 financial assets are valued based on non-market-observable inputs, meaning that fair values are determined in whole or in part using a valuation technique (model) based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. Valuation techniques are used to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.

During the year, there were no transfers between categories.

6. Other receivables

	Group 2025 $000	Group 2024 $000
Prepayments	**9,686**	2,766
Other receivables	**1,745**	5,367
	11,431	8,133
Current	**11,431**	8,133

There are no past due or impaired debtors or other receivables as at 31 March 2025.

7. Insurance and reinsurance contracts

(a) Insurance contract liabilities and reinsurance contract assets

	Group 2025 $000	Group 2024 $000
Insurance contract liabilities comprise:		
Liability for incurred claims		
Expected future cash flows (undiscounted)	**164,038**	184,373
Discount to present value	**(6,659)**	(6,253)
	157,379	178,120
Liability for remaining cover	**118,036**	105,021
Insurance contract liabilities	**275,415**	283,141
Current	**245,866**	252,549
Non-current	**29,549**	30,592
Reinsurance contract assets comprise:		
Expected future recoveries (undiscounted)	**35,231**	63,439
Discount to present value	**(1,582)**	(3,478)
	33,649	59,961
Liability for remaining coverage	**(10,614)**	(8,728)
Reinsurance contract assets	**23,035**	51,233
Current	**9,937**	34,199
Non-current	**13,098**	17,034

Notes to the Financial Statements

For the year ended 31 March

(b) Assumptions adopted in calculation of insurance contract liabilities and reinsurance contract assets

The effective date of the Actuarial Report on the Insurance Liabilities is 31 March 2025. The previous assessment of the insurance liabilities was performed at 31 March 2024.

The Actuarial Report was prepared by Sean Nolan, a fellow of the NZ Society of Actuaries and the Institute and Faculty of Actuaries of Ireland and the UK. The Report was reviewed by Margaret Cantwell, the Appointed Actuary, a fellow of the NZ Society of Actuaries and the Institute of Actuaries of Australia. The Actuaries are satisfied as to the accuracy of the data upon which the calculation of insurance liabilities has been made and is satisfied that the accounting provisions held in respect of the insurance liabilities are adequate.

The determination of the Insurance Liabilities has been prepared in accordance with New Zealand International Financial Reporting Standard (NZ IFRS 17) and with the NZ Society of Actuaries Professional Standard No. 30, which governs technical liability valuations for General Insurance business.

Discount rates

Insurance contract liabilities are calculated by discounting expected future cash flows at a risk-free rate, plus an illiquidity premium where applicable. Risk-free rates are determined by reference to New Zealand Dollar swap rates with a term profile matching the cash flow forecast. The illiquidity premium, where applicable, reflects the liquidity characteristics of the asset portfolio supporting the insurance liabilities.

The Group applies the same accounting policies to discount reinsurance contract assets, adapted where necessary to reflect features that differ from those of insurance contract liabilities. To reflect the liquidity risk and non-performance of reinsurance counterparties, an adjustment is made to the risk-free discount rates applied to reinsurance contract assets. This risk adjustment is determined using the long-term average credit spread between New Zealand Government bonds and investment-grade corporate bonds, being of a similar rating to the reinsurance contracts held. The credit rating applied is the weighted average credit rating of the counterparties in the reinsurance contract portfolio.

The discount rates have been expressed as a single discount rate, determined as the average rate for a portfolio of that matches the liability cash flows by duration:

	2025	2024
Insurance contracts issued	**3.84%**	5.57%
Reinsurance contracts held	**4.34%**	5.99%

Risk Adjustment

The Risk Adjustment for non-financial risk represents the compensation that the Group requires for bearing the uncertainty about the amount and timing of the cash flows from groups of insurance contracts. The Risk Adjustment reflects an amount that an insurer would rationally pay to remove the uncertainty that future cash flows will be different from the expected value amount. FMG has determined the Risk Adjustment using a cost of capital technique. The return required from the insurance portfolio was compared to the capital required to support the business over the long-term. This return was applied to the Net Insurance Liabilities and expressed as a Probability of Sufficiency, resulting in a 70% Probability of Sufficiency. Both the Gross Insurance Liabilities and reinsurance recoveries have had a Risk Adjustment added to ensure that each component, and the net result, achieves this level of sufficiency.

Individual portfolio risk adjustments for direct business and reinsurance were set at this level of sufficiency by considering the variability of past results, taking into account:

- past volatility in general insurance claims;
- potential uncertainties relating to the actuarial models and assumptions;
- the quality of the underlying data used in the models;
- the insurance environment; and
- the diversification between different portfolios.

The estimate of uncertainty is generally greater for long-tail classes when compared to short-tail classes due to the longer time until settlement of outstanding claims.

The overall Risk Adjustment was determined allowing for diversification between the different portfolios and the relative uncertainty of each portfolio. The assumptions regarding uncertainty for each class were applied separately to the gross central estimate and the reinsurance recoveries. The results were then aggregated, allowing for diversification, in order to arrive at an overall provision intended to achieve a 70% Probability of Sufficiency.

Key valuation assumptions

The key assumptions used in determining insurance liabilities are as follows:

		2025 Implicit	2024 Implicit
Claims Handling Expense ratio – liabilities for incurred claims	% of incurred claims	**4.94%**	1.27%
Risk Adjustment – insurance contract liabilities for incurred claims	% of gross insurance liability	**6.44%**	6.21%
Risk Adjustment – reinsurance contract assets for incurred claims	% of reinsurance recoveries	**6.28%**	6.05%
Weighted average expected term to settlement	Years	**0.60**	0.57

(c) Development of claims

The following table shows the development of gross undiscounted liability for incurred claims relative to the current estimate of ultimate claims costs for the five most recent years.

	Incident year						
	2020 $000	2021 $000	2022 $000	2023 $000	2024 $000	2025 $000	Total $000
Ultimate claims cost estimate							
At end of accident year	212,499	230,811	274,844	674,212	315,818	311,047	2,019,231
One year later	211,517	224,577	273,661	618,527	306,338	-	1,634,620
Two years later	211,622	224,161	271,623	591,194	-	-	1,298,600
Three years later	212,067	224,421	261,074	-	-	-	697,562
Four years later	211,125	212,578	-	-	-	-	423,703
Five years later	199,815	-	-	-	-	-	199,815
Current estimate of ultimate claims cost	199,815	212,578	261,074	591,194	306,338	311,047	1,882,046
Cumulative payments to date	199,768	212,357	259,479	565,635	299,862	211,013	1,748,114
Net undiscounted liability for incurred claims	47	221	1,595	25,559	6,476	100,034	133,932
Discount to present value	(9)	(31)	(75)	(839)	(768)	(1,758)	(3,480)
Discounted liability for incurred claims	**38**	**190**	**1,520**	**24,720**	**5,708**	**98,276**	**130,452**
Prior years (2019 and prior)							9,326
Other incurred insurance expenses (including third-party recoveries)							9,002
Risk adjustment							8,599
Gross liabilities for incurred claims							**157,379**
Amounts recoverable from reinsurers							(33,649)
Net liabilities for incurred claims							**123,730**

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For the year ended 31 March

8. Insurance risk

Insurance risk management policies and procedures

The insurance business of the Group involves a number of non-financial and financial risks. Notes on the policies and procedures employed in managing these risks that arise from insurance contracts are set out below. Other financial risks involving the Group are in Notes 16 to 18.

(i) Objectives in managing risks arising from insurance contracts and policies for mitigating those risks

The risk management activities include prudent underwriting, pricing, and management of risk including reinsurance together with claims management, reserving and investment management. The objective of these disciplines is to maintain sustainable insurance operations.

The key policies in place to mitigate risk arising from writing insurance contracts include:

- comprehensive management information systems and actuarial models using historical information to calculate premiums and monitor claims;
- the use of reinsurance to limit the Group's exposure;
- prudent investment management to match the Group's liabilities; and
- capital management policies that require reserves sufficient to withstand the volatility expected in the performance of the insurance portfolio.

(ii) Terms and conditions of insurance contracts that have a material effect on amount, timing and uncertainty of cash flows

The terms and conditions attached to insurance contracts affect the level of insurance risk accepted by the Group. Insurance and reinsurance contracts were written on terms and conditions generally prevailing in the market at the time they were accepted. These contracts transferred risk by indemnifying the insured against the occurrence of specified events. There are no special terms and conditions in any non-standard contracts that have a material impact on the financial statements.

Sensitivity analysis

The impacts of change in key variables on the liability for incurred claims and asset for incurred claims are set out below. Each change has been calculated in isolation to other changes. The method used for deriving sensitivity information and significant variables did not change from the previous period. The impact on Net Profit After Tax is the same as the impact on equity.

		2025		2024	
Variable	**Change in assumptions**	**Impact on profit after tax (net of reinsurance) $000**	**Impact on profit after tax (gross of reinsurance) $000**	**Impact on profit after tax (net of reinsurance) $000**	**Impact on profit after tax (gross of reinsurance) $000**
Discount rate	Increase of 1%	**451**	**709**	388	786
	Decrease of 1%	**(462)**	**(727)**	(397)	(807)
Claims Handling Expense ratio	Increase of 1%	**(865)**	**(865)**	(912)	(912)
	Decrease of 1%	**865**	**865**	912	912
Risk Adjustment	Increase of 1%	**(810)**	**(1,054)**	(750)	(750)
	Decrease of 1%	**810**	**1,054**	750	750
Weighted average expected term to settlement	Increase 0.5 years	**1,455**	**1,966**	1,919	3,225
	Decrease 0.5 years	**(1,482)**	**(2,003)**	(1,969)	(3,313)

(a) Concentration of risk

Concentration risk refers to the risk of underwriting a number of like risks, where the same or similar loss events have the potential to produce claims from many of FMG's clients at the same time. FMG writes business across rural New Zealand Aotearoa, with limited exposure to large urban areas. All products covering physical assets are exposed to similar risks, with accumulation of losses arising from geological and meteorological perils. FMG monitors geographic concentrations across the country to ensure sufficient reinsurance is in place to cover potential losses. Where portfolio growth is leading to unacceptable concentrations, FMG adjusts its underwriting settings. The following table illustrates the diversity of FMG's operations by Class of Business:

	2025 % of Insurance Revenue	2024 % of Insurance Revenue
Domestic		
Buildings	**25%**	25%
Contents	**7%**	8%
Vehicles	**17%**	16%
Farm and Commercial		
Buildings	**14%**	14%
Contents	**5%**	5%
Vehicles	**17%**	16%
Other	**15%**	16%
	100%	100%

The Group has a programme of reinsurance contracts to protect its insurance operations from volatility in claims costs due to large individual losses and/or catastrophic events. The Group monitors areas of concentration risk, and the reinsurance programme is structured accordingly. No inward reinsurance is written by the Group.

Reinsurance is placed to cover losses in excess of the Group's agreed retention for each Class of Business, using both automatic treaties and facultative (one-off) placements. Depending on the Class of Business, either Excess of Loss or Proportional reinsurance is used. The Catastrophe programme provides cover up to the estimated losses from a-in-1,000-year event. Amounts recoverable from reinsurers are estimated in a manner consistent with underlying insurance contract liabilities and in accordance with the reinsurance contracts.

(b) Liquidity risk for insurance contracts

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with settling insurance liabilities. In respect of catastrophic events, there is also a liquidity risk associated with the timing differences between gross cash claim outflows and receipt of reinsurance recoveries.

The Group's Statement of Investment Policy and Objectives outlines the liquidity requirements associated with this risk. Compliance with the policy is monitored, and exposures and breaches are reported to the Group's Risk and Audit Committee. The policy is regularly reviewed for relevance and for changes in the risk environment.

In respect of catastrophic events, the Group has the ability to request advance reinsurance recoveries from reinsurers for liquidity purposes, to assist with insurance liability cash flows. The Group maintains a portfolio of highly marketable and diverse assets that can be easily liquidated in the event of an unforeseeable interruption of cash flow.

Notes to the Financial Statements

For the year ended 31 March

(c) Maturity profiles for insurance contract liabilities

The following table summarises the maturity profile of insurance contracts issued that are liabilities of the Group, based on the estimates of the undiscounted future cash flows expected to be paid in the periods presented. The Liability of Remaining Coverage has been measured using the premium allocation approach and has therefore been excluded from this disclosure.

	2025						
	<1 year $000	1–2 years $000	2–3 years $000	3–4 years $000	4–5 years $000	>5 years $000	Total $000
Net liability for incurred claims (undiscounted)	106,228	11,219	4,270	1,422	419	173	123,730

	2024						
	<1 year $000	1–2 years $000	2–3 years $000	3–4 years $000	4–5 years $000	>5 years $000	Total $000
Net liability for incurred claims (undiscounted)	104,245	10,134	2,171	816	519	274	118,159

(d) Market risk for insurance contracts

Market risk is the risk that the fair value or future cash flows of an insurance contract issued or reinsurance contract held, will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign exchange rates (currency risk); market interest rates (interest rate risk); and market prices (price risk).

The Group's risk management framework sets out the assessment and determination of what constitutes market risk. Compliance with the framework is monitored, and exposures and breaches are reported to the Group's Risk and Audit Committee. The framework is reviewed regularly for relevance and to reflect changes in the risk environment.

The Group's principal transactions are carried out in New Zealand Dollars. Current risk is not considered to be material for the Group.

The Group is exposed to interest rate risk in respect of liabilities for incurred claims and assets for incurred claims where cash flows are not expected to be settled within a year from when incurred, resulting in the balance being sensitive to interest rate movements.

The Group does not issue any participating contracts. Therefore, there are no insurance or reinsurance contracts which are exposed to price risk.

The nature of the Group's exposure to market risks, and its objectives, policies and processes used to manage and measure those risks have not changed from the previous period.

(e) Credit risk

Credit risk is the risk that one party to an insurance contract issued in an asset position, or reinsurance contract held, will cause a financial loss for the Group by failing to settle the obligation.

The Group's risk management framework sets out the assessment and determination of what constitutes credit risk. Compliance with the framework is monitored, and any exposures and/or breaches are reported to the Group's Risk and Audit Committee. The framework is reviewed regularly for relevance and to reflect changes in the risk environment.

Reinsurance contracts are entered into with multiple reinsurers, all with a minimum credit rating of A-, unless otherwise approved by the Board. The internal policy limits the maximum exposure to any single reinsurer to between 5% and 25% of the reinsurance programme, depending on the reinsurer's credit rating.

The nature of the Group's exposure to market risks, along with its objectives, policies and processes for managing and measuring these risks, has remained unchanged from the previous period.

(f) Insurer financial strength rating

FMG Insurance Limited has a financial strength rating of A (Excellent) as accorded by the international rating agency AM Best Group on 28 February 2025 (2024: A (Excellent)).

9. Roll-forward of insurance contract liability

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

Insurance contracts	2025				
	Liabilities for remaining coverage		Liabilities for incurred claims		Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	
Net insurance contract liabilities as at 1 April 2024	105,021	-	168,323	9,798	283,141
Insurance revenue	(675,515)	-	-	-	(675,515)
Insurance service expenses					
Incurred claims and other expenses	-	-	476,937	1,760	478,697
Changes to liabilities for incurred claims	-	-	(1,521)	(2,957)	(4,478)
Insurance service result	(675,515)	-	475,416	(1,197)	(201,296)
Insurance finance expense	-	-	2,470	-	2,470
Total changes in the Income Statement	(675,515)	-	477,886	(1,197)	(198,826)
Cash flows					
Premiums received	688,530	-	-	-	688,530
Claims and other expenses paid*	-	-	(497,431)	-	(497,431)
Total cash flows	688,530	-	(497,431)	-	191,099
Other movements	-	-	-	-	-
Net insurance contract liabilities as at 31 March 2025	118,036	-	148,778	8,601	275,415

	2024				
	Liabilities for remaining coverage		Liabilities for incurred claims		Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	
Net insurance contract liabilities as at 1 April 2023	93,949	-	439,552	26,259	559,760
Insurance revenue	(576,037)	-	-	-	(576,037)
Insurance service expenses					
Incurred claims and other expenses	-	-	528,803	5,568	534,371
Changes to liabilities for incurred claims	-	-	(133,281)	(22,029)	(155,310)
Insurance service result	(576,037)	-	395,522	(16,461)	(196,976)
Insurance finance expense	-	-	7,379	-	7,379
Total changes in the Income Statement	(576,037)	-	402,901	(16,461)	(189,597)
Cash flows					
Premiums received	587,109	-	-	-	587,109
Claims and other expenses paid*	-	-	(674,130)	-	(674,130)
Total cash flows	587,109	-	(674,130)	-	(87,021)
Other movements	-	-	-	-	-
Net insurance contract liabilities as at 31 March 2024	105,021	-	168,323	9,798	283,141

* Claims and other expenses paid excludes non-insurance-related expense cash flows.

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For the year ended 31 March

The roll-forward of the net asset or liability for reinsurance contracts held, showing the liability for remaining coverage and the liability claims for the Group, is disclosed in the table below:

Reinsurance contracts	2025				
	Assets for remaining coverage		Assets for incurred claims		Total
	Excluding loss component	Loss recovery component	Estimates of the present value of future cash flows	Risk adjustment	
Net reinsurance contract assets/(liabilities) as at 1 April 2024	(8,728)	-	56,349	3,612	51,233
An allocation of reinsurance premiums	(77,518)	-	1,880	-	(75,638)
Amounts recoverable from reinsurers for incurred claims					
Amounts recoverable from reinsurers for incurred claims and other expenses	-	-	8,239	-	8,239
Changes to amounts recoverable for incurred claims	-	-	(5,439)	(1,624)	(7,063)
Net income or expense from reinsurance contracts held	(77,518)	-	4,680	(1,624)	(74,462)
Reinsurance finance income	-	-	1,896	-	1,896
Total changes in the Income Statement	(77,518)	-	6,576	(1,624)	(72,566)
Cash flows					
Premiums paid (including reinstatement premiums)	79,826	-	1,314	-	81,140
Amounts received	-	-	(32,578)	-	(32,578)
Total cash flows	79,826	-	(31,264)	-	48,562
Other movements*	(4,194)	-	-	-	(4,194)
Net reinsurance contract assets/(liabilities) as at 31 March 2025	(10,614)	-	31,661	1,988	23,035

	2024				
	Assets for remaining coverage		Assets for incurred claims		Total
	Excluding loss component	Loss recovery component	Estimates of the present value of future cash flows	Risk adjustment	
Net reinsurance contract assets/(liabilities) as at 1 April 2023	(2,423)	-	314,279	19,671	331,527
An allocation of reinsurance premiums	(77,388)	-	5,780	-	(71,608)
Amounts recoverable from reinsurers for incurred claims					
Amounts recoverable from reinsurers for incurred claims and other expenses	-	-	85,028	-	85,028
Changes to amounts recoverable for incurred claims	-	-	(128,623)	(16,059)	(144,682)
Net income or expense from reinsurance contracts held	(77,388)	-	(37,815)	(16,059)	(131,262)
Reinsurance finance income	-	-	8,118	-	8,118
Total changes in the Income Statement	(77,388)	-	(29,697)	(16,059)	(123,144)
Cash flows					
Premiums paid (including reinstatement premiums)	71,083	-	15,646	-	86,729
Amounts received	-	-	(243,879)	-	(243,879)
Total cash flows	71,083	-	(228,233)	-	(157,150)
Other movements	-	-	-	-	-
Net reinsurance contract assets/(liabilities) as at 31 March 2024	(8,728)	-	56,349	3,612	51,233

* The Group has reclassified Non-Resident Withholding Tax on reinsurance from Provisions and Other Liabilities to Reinsurance Contract Assets in the current period to enhance the usefulness of financial information presented; prior periods were not restated.

10. Property, plant and equipment

2025 – Group	Land and Buildings $000	Leasehold Improvement $000	Furniture and Fittings $000	Computer Equipment $000	Motor Vehicles $000	Total $000
Cost						
Balance at the beginning of the year	713	9,247	3,490	6,140	171	19,761
Additions	-	332	473	1,104	133	2,042
Disposals and transfers	-	-	(1)	(455)	(44)	(500)
Balance at the end of the year	713	9,579	3,962	6,789	260	21,303
Depreciation and impairment losses						
Balance at the beginning of the year	86	7,615	2,583	5,086	56	15,426
Depreciation for the year	14	653	303	573	55	1,598
Disposals and transfers	-	-	(1)	(455)	(36)	(492)
Balance at the end of the year	100	8,268	2,885	5,204	75	16,532
Carrying amounts						
At the beginning of the year	627	1,632	907	1,054	115	4,335
At the end of the year	613	1,311	1,077	1,585	185	4,771

2024 – Group	Land and Buildings $000	Leasehold Improvement $000	Furniture and Fittings $000	Computer Equipment $000	Motor Vehicles $000	Total $000
Cost						
Balance at the beginning of the year	713	8,608	2,819	7,317	112	19,569
Additions	-	639	671	310	59	1,679
Disposals and transfers	-	-	-	(1,487)	-	(1,487)
Balance at the end of the year	713	9,247	3,490	6,140	171	19,761
Depreciation and impairment losses						
Balance at the beginning of the year	72	6,865	2,311	5,759	24	15,031
Depreciation for the year	14	750	272	809	32	1,877
Disposals and transfers	-	-	-	(1,482)	-	(1,482)
Balance at the end of the year	86	7,615	2,583	5,086	56	15,426
Carrying amounts						
At the beginning of the year	641	1,743	508	1,558	88	4,538
At the end of the year	627	1,632	907	1,054	115	4,335

Notes to the Financial Statements

For the year ended 31 March

11. Intangible assets

2025 – Group	**Computer software $000**
Cost	
Balance at the beginning of the year	**52,043**
Acquisitions – internally developed	**2,121**
Acquisitions – other additions	**-**
Disposals	**-**
Balance at the end of the year	**54,164**
Amortisation and impairment losses	
Balance at the beginning of the year	**46,087**
Amortisation for the year	**2,845**
Disposals	**-**
Balance at the end of the year	**48,932**
Carrying amounts	
At the beginning of the year	**5,956**
At the end of the year	**5,232**

2024 – Group	**Computer software $000**
Cost	
Balance at the beginning of the year	49,522
Acquisitions – internally developed	2,890
Acquisitions – other additions	-
Disposals	(369)
Balance at the end of the year	52,043
Amortisation and impairment losses	
Balance at the beginning of the year	42,783
Amortisation for the year	3,673
Disposals	(369)
Balance at the end of the year	46,087
Carrying amounts	
At the beginning of the year	6,739
At the end of the year	5,956

Amortisation of intangible assets is included in operating expenses.

12. Lease assets and liabilities

(a) Right-of-use assets

2025 – Group	**Property Leases $000**	**Motor Vehicles Leases $000**	**Other Leases $000**	**Total $000**
Cost				
Balance at the beginning of the year	**11,874**	**1,823**	**1,658**	**15,355**
Additions	**3,628**	**4,502**	**939**	**9,069**
Disposals	**-**	**-**	**-**	**-**
Depreciation for the year	**(4,600)**	**(1,888)**	**(1,478)**	**(7,966)**
Balance at the end of the year	**10,902**	**4,437**	**1,119**	**16,458**

2024 – Group	**Property Leases $000**	**Motor Vehicles Leases $000**	**Other Leases $000**	**Total $000**
Cost				
Balance at the beginning of the year	15,122	2,678	8	17,808
Additions	543	400	2,094	3,037
Disposals	(2)	-	-	(2)
Depreciation for the year	(3,789)	(1,255)	(444)	(5,488)
Balance at the end of the year	11,874	1,823	1,658	15,355

Other leases includes leases of office equipment.

(b) Lease liabilities

2025 – Group	**$000**
Lease liabilities	
Balance at the beginning of the year	**(17,327)**
Additions	**(9,069)**
Disposals	**-**
Interest charged	**(1,237)**
Repayments	**9,913**
Balance at the end of the year	**(17,720)**

Total repayments during the year of $9,816k are comprised of $8,676k of principal repayments and $1,140k of interest repayments.

Notes to the Financial Statements

For the year ended 31 March

The maturity of the contractual undiscounted cash flows is as follows:

	$000
Less than one year	6,788
One to five years	11,902
More than five years	912
Total undiscounted lease liabilities	**19,602**

The maturity of the lease liabilities included in the Balance Sheet is as follows:

	$000
Less than one year	5,975
One to five years	10,903
More than five years	842
Total lease liabilities	**17,720**

2024 – Group	**$000**
Lease liabilities	
Balance at the beginning of the year	(19,455)
Additions	(3,025)
Disposals	2
Interest charged	(945)
Repayments	6,096
Balance at the end of the year	**(17,327)**

Total repayments during the year of $6,096k are comprised of $5,151k of principal repayments and $945k of interest repayments.

The maturity of the contractual undiscounted cash flows is as follows:

	$000
Less than one year	5,921
One to five years	11,015
More than five years	667
Total undiscounted lease liabilities	**17,603**

The maturity of the lease liabilities included in the Balance Sheet is as follows:

	$000
Less than one year	5,730
One to five years	10,907
More than five years	690
Total lease liabilities	**17,327**

13. Deferred tax

2025 – Group	Opening balance at 1 April 2024 $000	Charged/ (credited) to profit and loss $000	Closing balance at 31 March 2025 $000
Movements in deferred tax assets			
Property, plant and equipment and Software	691	1,893	2,584
Provisions and accruals	5,802	1,172	6,974
Total deferred tax assets	6,493	3,065	9,558
Deferred tax assets, net	6,493	3,065	9,558

2024 – Group	Opening balance at 1 April 2023 $000	Charged/ (credited) to profit and loss $000	Closing balance at 31 March 2024 $000
Movements in deferred tax assets			
Property, plant and equipment and Software	642	49	691
Provisions and accruals	5,508	294	5,802
Tax losses	3,480	(3,480)	-
Total deferred tax assets	9,630	(3,137)	6,493
Movement in deferred tax liabilities			
Liability for incurred claims	(470)	470	-
Total deferred tax liabilities	(470)	470	-
Deferred tax assets, net	9,160	(2,667)	6,493

A deferred tax asset is recognised for tax losses carried forward to the extent that related tax benefits will be utilised through future taxable profits.

Notes to the Financial Statements

For the year ended 31 March

14. Provisions and other liabilities

	Group 2025 $000	Group 2024 $000
Other liabilities	**10,014**	10,218
Remediation provision	**25,785**	22,280
	35,799	**32,498**
Current	**35,799**	**32,498**

In 2023, the Group recognised a provision to remediate clients for issues that had been identified internally. FMG then initiated a Remediation Programme to undertake a comprehensive review of the Group's processes and systems. This programme is intended to deliver improved outcomes for clients, system improvements, and easier processes for employees. As a result of this programme, additional provisions have been recognised. These are comprised of estimated client refunds, attributable interest, and other administrative costs and obligations.

The remediation provision reflects Management's best estimate of the costs required to resolve the identified issues, including associated administrative costs and obligations. It is possible that the final outcome may differ from the provision, depending on how actual outcomes differ from the assumptions used in estimating the provision as at 31 March 2025. Key assumptions relate to uncertainties around the incidence of issues and the cost of resolution within the affected population. Given the nature of the provision, the balance is classified as a current liability. However, the Group recognises there is uncertainty as to the timing of future cash outflows arising from the obligation.

Movements in the remediation provision during the financial year are set out below:

Group – 2025	Opening balance at 1 April 2024 $000	Utilised $000	Additional provision $000	Closing balance at 31 March 2025 $000
Remediation provision	22,280	(3,709)	7,214	25,785
	22,280	**(3,709)**	**7,214**	**25,785**

Group – 2024	Opening balance at 1 April 2023 $000	Utilised $000	Additional provision $000	Closing balance at 31 March 2024 $000
Remediation provision	8,407	-	13,873	22,280
	8,407	**-**	**13,873**	**22,280**

15. Related party transactions

(a) Group holdings

At 31 March 2025, the following percentage shareholdings were held in related entities which, unless stated otherwise, all have balance dates ending on 31 March:

	2025	2024	Principal Activities
	%	%	
Subsidiaries			
FMG Insurance Limited	**100**	100	General Insurance

Transactions with related parties have been entered into in the ordinary course of business and undertaken on normal commercial terms.

(b) Related party transactions

The Group has related party receivables of $Nil (2024: $Nil).

(c) Loans to key Management personnel*

There have been no loans made to Directors of the Group or other key Management personnel of the Group, including their personally related parties.

(d) Other transactions with key Management personnel*

Key Management and Directors hold various policies and accounts with FMG.

(e) Key Management personnel compensation comprised*:

	Group 2025 $000	Group 2024 $000
Short-term employee benefits	**6,830**	5,058

* Key Management personnel comprises Directors and Executive Officers of the Group.

16. Credit risk

Insurance credit risk

Credit risk relating to insurance contracts was discussed further in Note 8.

Other financial assets

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents and financial assets, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Notes to the Financial Statements

For the year ended 31 March

17. Market risk

Insurance market risk

Market risk relating to insurance contracts was discussed further in Note 8.

Foreign exchange risk

The Group undertakes transactions denominated in foreign currencies and resulting from these activities, exposures in foreign currency arise. The Group does not apply hedge accounting. The exposure is not considered material.

Unit price risk

Unit price risk is the risk that the fair value of investments in unit trusts will decrease as a result of changes in unit prices. The Group holds all of its unit trust investments at fair value through the profit and loss.

Unit price risk sensitivity analysis

The following table demonstrates the impact on profit and loss and equity of a reasonably possible change in unit prices prevailing at Balance Sheet date.

	Group	
	Impact on profit $000	Impact on equity $000
2025		
10% increase in unit prices	**56,617**	**56,617**
10% decrease in unit prices	**(56,617)**	**(56,617)**
2024		
10% increase in unit prices	44,705	44,705
10% decrease in unit prices	(44,705)	(44,705)

Interest rate risk

Interest rate risk is the risk that the value of the Group's assets and liabilities will fluctuate due to changes in market interest rates. The Group's exposure to directly held fixed interest investments interest rate risk is represented by the fair value analysis shown in this note. The Group also holds cash and cash equivalents that expose the Group to cash flow interest rate risk. The Group has exposure to interest rate risk via its fixed interest unit fund investments, which would result in changes to unit prices. Receivables are shown at amortised cost, and as such, are exposed to minimal interest rate risk.

Fair value interest rate sensitivity analysis – fixed interest investments

	Group	
	Impact on profit $000	Impact on equity $000
2025		
0.25% increase in interest rates	**(998)**	**(998)**
0.25% decrease in interest rates	**998**	**998**
2024		
0.25% increase in interest rates	(768)	(768)
0.25% decrease in interest rates	768	768

Interest rate cash flows risk analysis – bank balances

	Group	
	Impact on profit $000	Impact on equity $000
2025		
0.25% increase in interest rates	**185**	**185**
0.25% decrease in interest rates	**(185)**	**(185)**
2024		
0.25% increase in interest rates	185	185
0.25% decrease in interest rates	(185)	(185)

18. Liquidity risk

Insurance liquidity risk

Liquidity risk relating to insurance contracts was discussed further in Note 8.

The contractual cash flows of financial assets and liabilities are as follows:

2025 – Group	Weighted average interest rate	0–6 months $000
Financial assets		
Bank deposits	**4.85%**	**73,913**
Other current receivables		**11,431**
Financial liabilities		
Other current liabilities		**10,014**
2024 – Group		
Financial assets		
Bank deposits	5.46%	73,933
Other current receivables		8,133
Financial liabilities		
Other current liabilities		10,218

There are no contractual cash flows of financial assets and liabilities greater than six months.

Notes to the Financial Statements

For the year ended 31 March

Capital management

The Group's capital includes retained earnings.

The Group's policy is to maintain a strong equity base so as to maintain Members', creditors' and market confidence and to sustain future development of the business. The impact of the level of capital on Members' return is also acknowledged and the Group recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

FMG Insurance Limited, as a licensed insurer under the Insurance (Prudential Supervision) Act 2010, is required to disclose information regarding its solvency position. The Adjusted Prescribed Capital Requirement to be maintained in order to meet solvency obligations is presented below. The methodology and basis for calculating the Adjusted Solvency Margin as at 31 March 2024 are in accordance with the Interim Solvency Standard issued by the Reserve Bank of New Zealand published on 1 October 2022.

The Group's solvency position as at 31 March 2025 is calculated using the Interim Solvency Standard issued on 5 December 2024. This amended Standard included a revised Insurance Risk Capital Charge and expanded the Credit Risk Capital Charge to include fixed income assets. The decrease in the Adjusted Solvency as at 31 March 2025 is a result of the amendments to the Interim Solvency Standard.

	2025 $000	2024 $000
Solvency Capital	**502,860**	377,401
Adjusted Prescribed Capital Requirement	**205,452**	120,482
Adjusted Solvency Margin	**297,409**	256,919
Adjusted Solvency Ratio	**2.45**	3.13

The allocation of capital between operations and activities is, to a large extent, driven by optimisation of the return achieved on the capital allocated. The process of allocating capital to operations and activities is undertaken independently of those responsible for the operation.

The Group policies in respect of capital management and allocation are reviewed regularly by the Board of Directors.

The Group manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows and matching maturity profiles of financial assets and liabilities. The Group also regularly reviews insurance premiums to ensure they are set at an appropriate level to cover insurance claims.

There have been no material changes in the Group's management of capital during the period.

19. Commitments

There are no capital commitments as at 31 March 2025 (2024: $Nil).

The Group has commitments related to computer software which expire in March 2029. The current commitment as at 31 March 2025 is $25,254k (2024: $28,726k). During the year, the Group entered into a Software as a Service (SaaS) agreement with its existing provider for a core suite of insurance software products including policy, billing and claims management.

20. Contingencies

There are no contingent liabilities or assets as at 31 March 2025 (2024: $Nil).

21. Subsequent events

There are no subsequent events.

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Independent Auditor's Report to the members of Farmers' Mutual Group

Opinion

We have audited the financial statements of Farmers' Mutual Group (the "Mutual") and its subsidiaries (together the "Group"), which comprise the consolidated balance sheet of the Group as at 31 March 2025, and the consolidated income statement, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended of the Group, and the notes to the consolidated financial statements including material accounting policy information.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2025 and its consolidated financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

This report is made solely to the Mutual's members, as a body. Our audit has been undertaken so that we might state to the Mutual's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Mutual and the Mutual's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand). 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 Group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Ernst & Young provides remuneration advisory, independent quality assurance, and other assurance services to the Mutual or its subsidiaries. Partners and employees of our firm may deal with the Group on normal terms within the ordinary course of trading activities of the business of the Group. We have no other relationship with, or interest in, the Group.

Information other than the financial statements and auditor's report

The directors of the Mutual are responsible for the other information. The other information comprises the Annual Report and the Climate Statement but does not include the financial statements and our auditor's report thereon.

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

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

If, based upon 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.

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Directors' responsibilities for the financial statements

The directors are responsible, on behalf of the entity, for the preparation and fair presentation of the consolidated financial statements in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are 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 International Standards on Auditing (New Zealand) 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 these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the External Reporting Board website: https://www.xrb.govt.nz/standards/assurance-standards/auditors-responsibilities/audit-report-7-1/. This description forms part of our auditor's report.

Ernst + Young

Chartered Accountants
Wellington
19 June 2025

Employee remuneration

Remuneration and other benefits of $100,000 per annum or more received by employees in their capacity as employees were:

	Group 2025	Group 2024
100,000 – 110,000	**62**	52
110,001 – 120,000	**30**	46
120,001 – 130,000	**53**	78
130,001 – 140,000	**74**	58
140,001 – 150,000	**59**	41
150,001 – 160,000	**51**	29
160,001 – 170,000	**23**	15
170,001 – 180,000	**19**	32
180,001 – 190,000	**24**	14
190,001 – 200,000	**22**	11
200,001 – 210,000	**12**	7
210,001 – 220,000	**9**	3
220,001 – 230,000	**13**	5
230,001 – 240,000	**7**	6
240,001 – 250,000	**5**	5
250,001 – 260,000	**2**	2
260,001 – 270,000	**5**	-
270,001 – 280,000	**-**	6
280,001 – 290,000	**2**	4
290,001 – 300,000	**2**	1
300,001 – 310,000	**1**	1
310,001 – 320,000	**2**	2
320,001 – 330,000	**1**	1
330,001 – 340,000	**-**	1
350,001 – 360,000	**1**	-
360,001 – 370,000	**1**	-
370,001 – 380,000	**2**	1
380,001 – 390,000	**2**	-
410,001 – 420,000	**1**	-
440,001 – 450,000	**1**	-
460,001 – 470,000	**-**	1
480,001 – 490,000	**1**	-
500,001 – 510,000	**1**	-
520,001 – 530,000	**1**	-
560,001 – 570,000	**1**	-
570,001 – 580,000	**-**	1
730,001 – 740,000	**1**	-
770,001 – 780,000	**-**	1
810,001 – 820,000	**1**	-
1,210,001 – 1,220,000	**1**	-

Directory

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Bankers
The Bank of New Zealand

Primary External Legal Provider
DLA Piper, Wellington

Auditor
Ernst & Young, Wellington

Board of Directors
Sarah von Dadelszen – Chair
Murray Taggart
Sinéad Horgan
Sarah Smith
Simon Hopcroft
Nicola Shadbolt
Bruce Wills
Jim Lee

Executive Leadership Team
Adam Heath – Chief Executive Officer
Dave Kibblewhite – Chief Financial and Investment Officer
Glenn Croasdale – Chief Client Officer
Pete Frizzell – Chief Marketing Officer
Kim Grooby – Chief Claims Officer
Alex Johnston – Chief Insurance Officer
Darrin Bull – Chief Strategy and Enablement Officer
Nicki Mackay – Chief People Officer
Antonio Ybarra – Chief Risk Officer
Paul Jepson – Chief Information Officer

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Visit our online service FMG Connect
fmg.co.nz/connect

FMG
Advice & Insurance