



Shifting Gears

**AA ANNUAL REPORT
2024-2025**



THE NEW ZEALAND AUTOMOBILE ASSOCIATION (INCORPORATED)

Our Impact

Caring for Members

1.1 million
Personal Members

474,000
Roadside callouts

\$41 million
Member Benefit savings

45+
Member Benefits

Caring for Customers

1 million+
Business vehicle relationships

110,000
Driving lessons

117,000
Insurance policies sold through AA channels

2 million+
Contact Centre calls and AA Centre transactions

150,000
WoFs

80,000
AA Batteries sold



Caring for Aotearoa, New Zealand

Advocated for road safety

\$400,000+
For SADD Aotearoa - Students Against Dangerous Driving Charitable Trust

10,000 vests and 6,500 raincoats
Donated for school patrols between 2023 - 2025

800
Bike light sets donated

Caring for our People

1000+
AA employees

88%
Employee voice engagement

DoneSafe and Workday people management systems launched

A message from our CEO and President

Kia ora and welcome to our Annual Report for the period ending 30 June 2025 (FY25).

As kaitiaki (guardians) of the AA we live in two worlds. We look to the past and the 120+ year legacy that has provided the strong foundations of the AA, our 'by Members, for Members' ethos and commitment to service. We also look to the future to ensure we evolve with the changing needs and expectations of our Members, customers, partners and people, so we can remain relevant and highly valued for years to come.

Between those two worlds we continue to do what we do best - caring for our Members and the people, places and spaces that are important to them.

In FY25 we delivered great value for our 1.1 million personal Members and more than a million vehicles covered by business relationships. We completed 474,000 roadside callouts and our 45+ partners delivered more than \$41m in savings across our Member Benefit programme.

Our advocacy team spoke up for New Zealanders on important road safety issues like rural crossroads, fatigued driving, roadside drug testing and speed camera signs, and contributed new insights through AA Research Foundation.

Our community partnerships with Students Against Dangerous Driving (SADD) and the nationwide school road patrols helped Kiwi kids learn how to be safe on and off the road.

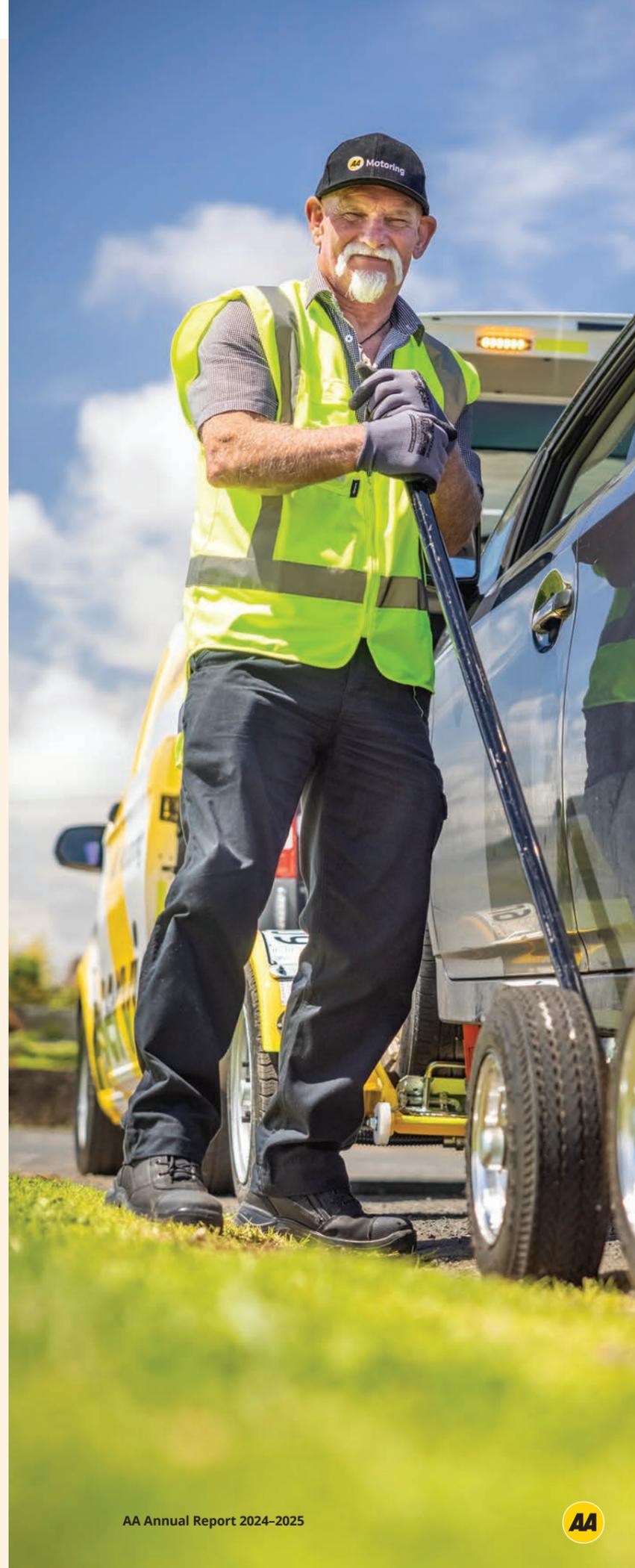
Our insurance relationships provided peace of mind and security for 117,000 new insurance policy holders.

As well as continuing this vital work, we have also shifted gears when it comes to our transformation. We are crystal clear on our direction and how we will show up for Members in the future. We know the technology and capabilities we need, and the investment required to achieve our aspirations, and we have an engaged and determined team to make it all happen.

In the decades to come we're confident that we will look back and view this as a pivotal moment in the history of the AA. One where we respect and honour the past, and move boldly towards the future, keeping our Members at the heart of everything we do.

Thank you for your support.

Nadine Tereora Chief Executive Officer
Mark Winger President



AA across New Zealand

37 AA Centres	1 Unified Contact Centre
41 AA Auto Centres (owned and third party operated)	147 Approved Repairers
61 Driver & Vehicle Licensing Agents (mobile & fixed)	4 Vehicle Testing Stations
30 AA Auto Glass Locations	4 Vehicle Inspection Centres
5 Third Party Compliance Sites	18 District Councils

Caring for our Members and Customers

The AA is one of New Zealand's largest membership organisations, supporting 1.1 million personal Members and over 1 million additional vehicles through business relationships all across Aotearoa.

"A job came through one evening for a lockout at a local swimming hole in Kaitoke Regional Park. I pulled up to the locked gate and phoned through to the ranger to have it opened. It was starting to get dark as I was driving down this long and winding road to the carpark.

Once I got there, I came across a group of cold people all in their togs getting destroyed by sandflies, and about seven cars. I discovered that they had all put their keys, clothes, and phones into this one boot, so that they didn't get lost. When the driver came back to check his phone, he shut his boot with his keys, and everybody else's inside. Needless to say, he was not very liked right now.

I unlocked the vehicle and opened the boot. Everybody got their clothes, keys, and phones out. It highlights the importance of having an AA Membership, as one callout unlocked seven cars and helped a lot of people that night."

- AA Roadservice Officer

474,000

Roadservice callouts



110,000

Driving School lessons

1 million+

Licensing transactions



Keeping Kiwi moving

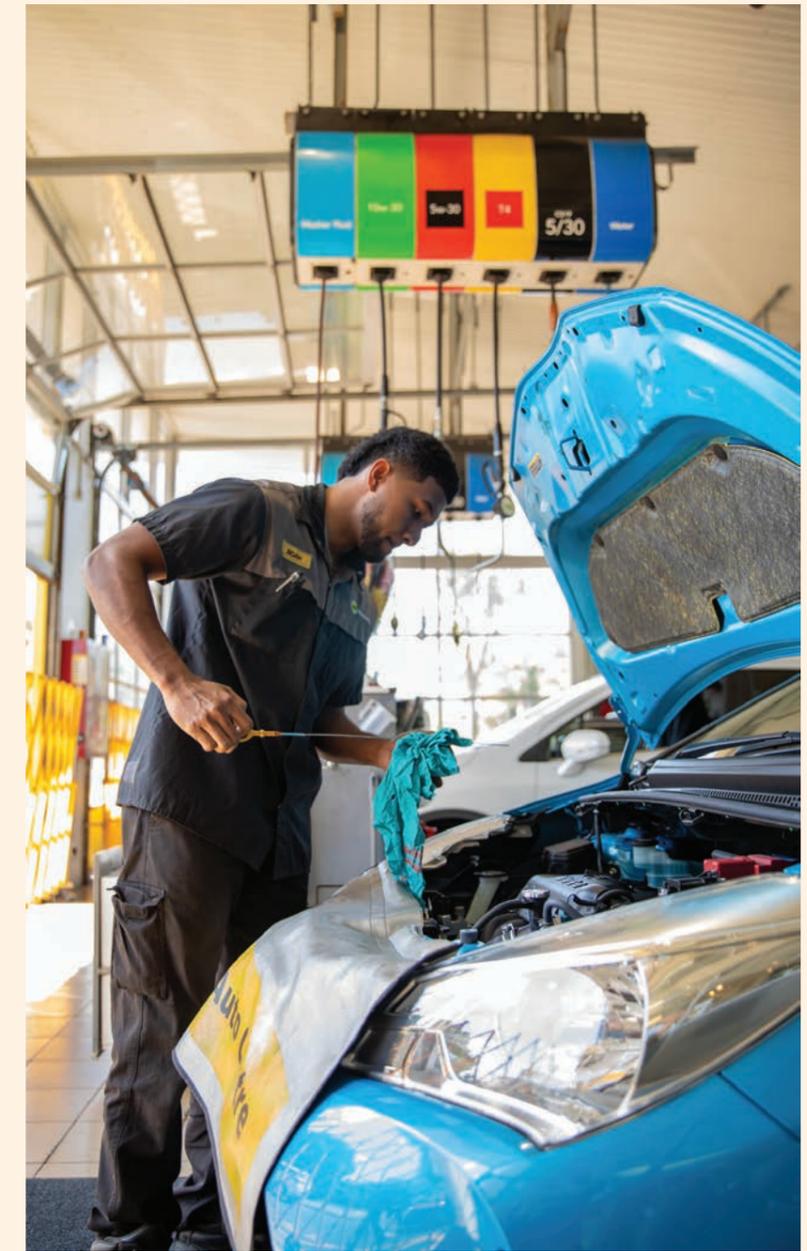
Our teams on the roadside responded to 474,000 callouts across the country, while our nationwide network of AA Driving School instructors completed 110,000 lessons to prepare and enhance the skills of our drivers.

We were also awarded the Reader's Digest Quality Service Award for Roadside Assistance for the ninth year running.

Our footprint expanded with the opening of three new AA Auto Centres in Silverdale, Takanini and Napier offering vehicle servicing, WoFs, and a range of mechanical-related repairs, bringing the total number of AA Auto Centres in the network to 41.

We completed more than a million licensing and identity service transactions on behalf of the New Zealand Transport Agency (NZTA), encompassing licence renewals and those hitting the road for the first time.

On 1 July 2025, AA Battery Service Limited (AABS) became a wholly-owned entity following the purchase of Club Assist's 40% shareholding. The business will largely continue as it does today, albeit with a closer and more connected relationship with our Mobility team.



150,000

WoFs

80,000

Batteries sold

"I had problems with my battery today and contacted the AA. After about 20 minutes, the man arrived and he went way above and beyond what I expected. He took the time and trouble to help me get my car going again. I am so grateful to him - he was pleasant, informative and oh so helpful."

- AA Member



The Membership with more

The AA finished the year with 1.1 million personal Members which reflects the value Kiwi receive and the deep trust they have in our service.

We continued our digital maturity journey with several key initiatives that support Member loyalty and engagement. We launched our new website making it easier for Members and customers to navigate and find what they need, plus our first digital Membership card giving Members easy access to their benefits while on the go.

This year, we welcomed four new Member Benefit partners into the mix - Auckland Theatre Company, NZ Opera, car share company Mevo and Downlow Burgers. These benefit partners appeal to our core Member demographic as well as younger Members.



1.1 million

Personal Members

1 million+

Business vehicle relationships

\$41 million

AA Member Benefit savings

1 million+

Calls taken by Contact Centre

117,000

Insurance policies sold through AA channels



Our partners continue to deliver value, with Specsavers marking \$100 million in Member savings since the partnership began, and more than \$41 million in Member savings across our whole benefit suite in FY25.

We showcased the everyday value of our Membership offering with a trip back to the small screen. Our first Membership TV commercial in more than 10 years features the lovable Ray, representing our heroes out on the roadside, and speaks to the 45+ ways to save with AA partners.



“Recently I had to have my vintage car towed home some distance with my AA Plus Membership.

I wish to convey my deepest thanks for the professional way my callout was handled and getting my car home to me. It was held somewhere safe while I completed my journey and returned home to me in a short time span.”

- AA Plus Member

Here when you need us

Everything we do is about delivering value for Members. We’re similar to a social enterprise, where the proceeds from our commercial operations go towards funding AA Membership, including AA Roadservice and our wide range of AA Member Benefits.

Our commercial operations include our relationship with AA Insurance Limited (car, home and contents), as well as AA branded offerings including AA Life Insurance (underwritten by Asteron Life Limited), AA Travel Insurance (with Allianz Partners), AA Health Insurance (underwritten by nib nz) and AA Pet Insurance (with PetSure Pty Limited).

We’re thankful to have the support of the AA’s network of Centres and our unified Contact Centre to help sell our partnered insurance policies and products. Together, our in-person and digital channels sold around 117,000 new policies this year.

AA Home Limited, a joint venture between the AA and AA Insurance Limited, introduced a raft of new services during the year, including home inspections, carpet cleaning and moving services.



We were thrilled to welcome one of our longest-serving AA Members to our Hamilton Centre – 78 years of AA Membership.

It’s wonderful to see such loyalty from our AA Members and shows just how significant and long-lasting these relationships can be.

Advocating for Aotearoa, New Zealand

We work with the Government, industry and media to represent the interests of our AA Members and advocate for a balanced transport system, supporting safer roads for all of New Zealand.



"We're incredibly proud to celebrate 40 years in Aotearoa and everything our young leaders have achieved across generations, and the AA has played a vital role in supporting our mahi. As the needs of rangatahi (young people) have evolved over time, so have we - intentionally moving away from the scare tactics of the early days and instead showing the power of peer-to-peer education and empowerment."

- Donna Govorko, SADD General Manager

This year marks 40 years since Students Against Dangerous Driving (SADD) Kaitiaki o Ara began its mission to empower young people to make safer choices on New Zealand roads, and we've been by its side for every step of the journey.

What began in 1985 as a grassroots response to the devastating toll of youth road crashes has grown into a nationwide movement led by thousands of passionate rangatahi who are stepping up to protect their peers and communities.

The AA has supported SADD since teaming up in 1986. In addition to critical funding from the New Zealand Transport Agency Waka Kotahi (NZTA), our support goes beyond financial backing - enabling the delivery of a range of initiatives in schools that support safer behaviours on New Zealand roads, reduce deaths and serious injuries and loss of opportunities.

Collaborating and building meaningful relationships between SADD and the wider AA is something that we really value. We're proud to have travelled alongside them for nearly four decades.



Photo: Whanganui Chronicle, 1988.

Keeping our youngest heroes safe

The AA, together with NZ Police, has supported school crossing patrols by funding high vis vests and raincoats for the children and teachers involved.

School patrollers at 1100 New Zealand primary schools are safer and more comfortable as they help our youngest school children get to and from school safely, every day.

Distribution of free bike lights - which is done via AA District Councils in collaboration with local Police, Council staff, and other businesses - has continued this year. AA District Councils in Canterbury, Otago, the Southern Lakes area, and in North Otago are all involved in the initiative, with some other AA Districts investigating it too.

800 sets (1 front + 1 rear light) were distributed in the Canterbury/West Coast AA District in FY25. A smaller number were handed out in other parts of the South Island too, and next year a further 2,600 sets are on order to be distributed in several different regions.

The project connects our local AA Councillors with their communities, and encourages safe walking and cycling for young Kiwi.



Guiding decisions through research

We established a new AA Research Foundation (AARF) programme of work to help unlock opportunities to broaden our appeal with younger audiences and in new areas of mobility, in addition to our established programme in road safety.



The existing research programme has grown with a three-fold increase in the number of projects undertaken. One significant AA Research Foundation report concluded that New Zealand is one of the easiest countries to get a licence in, as well as having a high youth road toll, in comparison to other countries.

This AARF report allowed the AA to call for changes in the Graduated Driver Licence System, and meant that our advocacy on the Government's proposed changes had a very firm footing, supported by high quality research and evidence.

Our People

We take a people-first approach to ensure our 1000+ AA employees around New Zealand feel valued, safe, and supported. Our workspaces and systems underpin our dedication to people's health, safety and wellbeing, and support our future aspirations and ways of working.



"I feel valued and a strong sense of belonging here at the AA."

My team actively supports me to be the best I can be."

- AA employee

We implemented several foundational projects during the year to ensure we have fit-for-purpose systems and processes, to improve our employee experience.

We launched the Donesafe work management system, marking a significant upgrade in how we manage workplace safety, health, and wellbeing, plus we introduced our cloud-based people management system, Workday, to help deliver our people strategy, and support data and insight driven decision-making. Our executive and senior leaders (pictured above) gather regularly to get aligned on our strategy and direction.



Celebrating cultural leadership

We love to see our people learning and thriving while taking on new experiences, and we actively support their growth in this space.

Four of our leaders have taken part in the Te Kaa Ignite programme by Maurea Consulting - a kaupapa (initiative) designed to deepen cultural knowledge, confidence and connection with te ao Māori (the Māori world). We're excited to see their learnings come to life at the AA.



Working at the AA - a family affair

In 1947 Lois Pearson was employed by what was then the Auckland Automobile Association when she met her future husband Eric, an AA Roadservice Officer, on the job.

Eric had a background as a mechanic and enjoyed the variety his AA role provided - a sentiment that rings true to Roadservice Officers today, just with a slightly different uniform!

Nearly 80 years later, her grandson Karl is a Business Partner in the AA Finance team. It was a pleasure to welcome Lois back to the AA this year.



A fresh Contact Centre

We refurbished, revitalised and reopened our premises in Penrose where we took over one million calls from Members and customers this financial year alone.





Lunar New Year



40 years at the AA



International Women's Day

We celebrated our people's significant service milestones and a whole range of occasions that matter.



Pink Shirt Day



Diwali

FY25 Financial Performance

The year's financial result ended with a surplus of \$29.6m compared to \$13.3m for the prior year, despite challenging economic conditions. The improvement of \$16.3m can be attributed to three areas.

The Association's trading result reduced by \$7.2m year-on-year. Whilst revenue has increased, the cost of service delivery has continued to rise. The Association continues to make significant investments into strategic initiatives that will help drive the Association forward and ensure we continue to deliver the best possible services to AA Members.

The joint venture returns improved year on year by \$20.8m due, in the main, to the performance of AA Insurance Limited in a year where there were relatively mild weather conditions, lower-than-expected claims, and continued customer growth across home, contents, and motor portfolios.

The managed fund return was \$3.4m more than the prior year with the return being a positive \$21.3m.

The Association's Balance Sheet position remained very strong with Net Assets increasing by \$30m year-on-year to be \$413m. Cash and other Financial Assets, at a combined \$304m, represented by far the greatest portion of our "on Balance Sheet" assets. The Association's operating costs and infrastructure investment had a \$39.7m negative impact on cashflows due to strategic priority investment.

However, dividends received from joint ventures, mainly AA Insurance Limited, were \$45m meaning our working capital remained within our operating needs with no requirement to draw from the managed funds in the FY25 year.



**THE NEW ZEALAND AUTOMOBILE ASSOCIATION INCORPORATED
CONTENTS
FOR THE YEAR ENDED 30 JUNE 2025**

Directory	1
Board Members' Statement	2
Consolidated Statement of Comprehensive Revenue and Expense	3
Consolidated Statement of Changes in Net Assets/Equity	4
Consolidated Statement of Financial Position	5
Consolidated Statement of Cash Flows	6
Notes to the Financial Report	7 to 45
Statement of Service Performance	46 to 49
Auditor's Report	50

**THE NEW ZEALAND AUTOMOBILE
ASSOCIATION INCORPORATED**

**FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025**

**THE NEW ZEALAND AUTOMOBILE ASSOCIATION INCORPORATED
DIRECTORY
FOR THE YEAR ENDED 30 JUNE 2025**

BOARD MEMBERS

		Appointed	Resigned
M R Winger	President	25/06/1993	
B H Flintoff	Vice President	27/03/2010	
S J Grant		22/03/2014	
A J McKillop		25/03/2017	
M K Corse-Scott		19/03/2020	
R L Carter		19/03/2020	
G R Judge		11/12/2020	
P R Michaelsen		18/03/2023	
S A Spall		29/03/2025	
L J Tait		18/04/2002	29/03/2025

REGISTERED OFFICE

Level 5
20 Viaduct Harbour Avenue
Auckland Central
Auckland, 1010

INCORPORATED SOCIETY NUMBER

215426

POSTAL ADDRESS

The New Zealand Automobile Association Inc.
PO Box 5
Shortland Street
Auckland, 1140

AUDITOR

Deloitte Limited

BANKER

ANZ

SOLICITOR

Holmden Horrocks

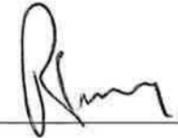
**THE NEW ZEALAND AUTOMOBILE ASSOCIATION INCORPORATED
BOARD MEMBERS' STATEMENT
FOR THE YEAR ENDED 30 JUNE 2025**

Disclosure to the National Council and Members

The Board Members are pleased to present the financial report for the year ended 30 June 2025.

The Board Members have approved the financial report of The New Zealand Automobile Association Incorporated for the year ended 30 June 2025.

For and on behalf of the Board:



M R Winger, President

26 September 2025

Date



B H Flintoff, Vice President

26 September 2025

Date

Approved for distribution by the National Council on 26 September 2025.

THE NEW ZEALAND AUTOMOBILE ASSOCIATION INCORPORATED
CONSOLIDATED STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE
FOR THE YEAR ENDED 30 JUNE 2025

	Note	2025 \$'000	2024 \$'000
Revenue	1	193,778	192,749
Share of net surplus/(losses) in joint ventures	20	56,797	36,512
Other gains/(losses)	2	21,317	17,957
Total revenue		271,892	247,218
Employee entitlements and contractor expenses		126,580	117,533
Delivery and distribution expenses		50,402	51,724
Plant, office and property overheads		10,485	9,751
Advertising and promotion expenses		9,629	7,338
IT and telecommunications expenses		27,892	24,829
Motor vehicle expenses		3,883	3,633
Fair value adjustment on acquisition	20	-	4,112
Driver education programs		1,941	1,856
Other expenses		10,261	11,639
Total expenses	3	241,073	232,415
Operating surplus before tax and grants		30,819	14,803
Grant to NZAA Research Foundation	21	(500)	(250)
Grant to SADD Aotearoa - Students Against Dangerous Driving Charitable Trust	21	(400)	(400)
Taxation benefit/(expense)	4	10	7
Net surplus/(loss) for the year attributable to the Association acting in the interests of members		29,929	14,160
Other comprehensive revenue and expense net of tax			
Gain/(loss) on revaluation of properties	17	(207)	(837)
Share of other comprehensive revenue and expense of joint ventures	20	(89)	(57)
Other comprehensive revenue and expense for the year net of tax		(296)	(894)
Total comprehensive revenue and expense for the year attributable to the Association acting in the interests of members, net of tax		29,633	13,266

The accompanying notes form an integral part of this financial report and should be read in conjunction with it.

THE NEW ZEALAND AUTOMOBILE ASSOCIATION INCORPORATED
CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS/EQUITY
FOR THE YEAR ENDED 30 JUNE 2025

	Note	Asset revaluation reserve \$'000	Accumulated comprehensive revenue and expense \$'000	Total \$'000
Balance at 1 July 2023		14,223	323,825	338,048
Net surplus for the year attributable to the Association acting in the interests of members		-	14,160	14,160
Other comprehensive revenue and expense				
Gain/(loss) on revaluation of properties	17	(837)	-	(837)
Share of other comprehensive revenue and expense of joint ventures	20	-	(57)	(57)
Total other comprehensive revenue and expense		(837)	(57)	(894)
Total comprehensive revenue and expense, net of tax		(837)	14,103	13,266
Balance at 30 June 2024	17 & 18	13,386	337,928	351,314
Net surplus for the year attributable to the Association acting in the interests of members		-	29,929	29,929
Other comprehensive revenue and expense				
Gain/(loss) on revaluation of properties	17	(207)	-	(207)
Share of other comprehensive revenue and expense of joint ventures	20	-	(89)	(89)
Total other comprehensive revenue and expense		(207)	(89)	(296)
Total comprehensive revenue and expense, net of tax		(207)	29,840	29,633
Balance at 30 June 2025	17 & 18	13,179	367,768	380,947

The accompanying notes form an integral part of this financial report and should be read in conjunction with it.

THE NEW ZEALAND AUTOMOBILE ASSOCIATION INCORPORATED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2025

	Note	2025 \$'000	2024 \$'000
Current assets			
Cash and cash equivalents	23	13,383	34,794
Other financial assets	5	291,143	254,638
Sundry receivables and prepaid expenses	6	13,921	11,701
Inventories	7	1,398	1,034
Total current assets		319,845	302,167
Non-current assets			
Property, plant and equipment	8	35,952	34,032
Investment properties	11	312	300
Investments accounted for using the equity method	20	88,932	77,214
Goodwill	9	3,118	3,118
Other intangible assets	10	8,157	5,288
Total non-current assets		136,471	119,952
Total assets		456,316	422,119
Current liabilities			
Payables	12	25,419	21,170
Employee entitlements		9,130	8,360
Clawback provision	13	904	1,227
Unearned revenue	16	106	119
Lease incentive		112	112
Deferred income	15	4,186	4,441
Total current liabilities		39,857	35,429
Non-current liabilities			
Make good provision	14	349	345
Lease incentive		354	466
Deferred income	15	3,079	3,217
Total non-current liabilities		3,782	4,028
Total liabilities before subscriptions in advance		43,639	39,457
		412,677	382,662
Association funds			
Accumulated comprehensive revenue and expense	18	367,768	337,928
Asset revaluation reserve	17	13,179	13,386
Total association funds		380,947	351,314
Subscriptions in advance		31,730	31,348
Total association funds and subscriptions in advance		412,677	382,662

For and on behalf of the Board:


M R Winger, President

26 September 2025

Date


B H Flintoff, Vice President

26 September 2025

Date

The accompanying notes form an integral part of this financial report and should be read in conjunction with it.

THE NEW ZEALAND AUTOMOBILE ASSOCIATION INCORPORATED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2025

	Note	2025 \$'000	2024 \$'000
Cash flows from operating activities			
Receipts from members and customers		188,797	193,164
Interest received		1,563	1,689
Dividends received		3	5
Payments to suppliers and employees		(229,149)	(219,016)
Grant to NZAA Research Foundation		(500)	(250)
Grant to SADD Aotearoa - Students Against Dangerous Driving Charitable Trust		(400)	(400)
Net cash flows (used in)/from operating activities	24	(39,686)	(24,808)
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		1,057	7,359
Dividends received from joint ventures	20	44,990	33,228
Payments for property, plant and equipment		(6,684)	(8,154)
Payment for intangible assets		(5,888)	(244)
Payments for purchase of equity accounted investments		-	(4,186)
(Increase)/decrease in other financial assets		(15,200)	4,020
Net cash flows (used in)/from investing activities		18,275	32,023
Cash flows from financing activities			
Net cash flows (used in)/from financing activities		-	-
Net (decrease)/increase in cash and cash equivalents		(21,411)	7,215
Cash and cash equivalents at the beginning of year		34,794	27,579
Cash and cash equivalents at the end of year	23	13,383	34,794

The accompanying notes form an integral part of this financial report and should be read in conjunction with it.

**THE NEW ZEALAND AUTOMOBILE ASSOCIATION INCORPORATED
NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025**

Summary of significant accounting policies

Reporting entity

The New Zealand Automobile Association Incorporated (the "Association") is an Incorporated Society registered under the Incorporated Societies Act 2022, and domiciled in New Zealand, and is a public benefit entity for the purposes of financial reporting in accordance with the Financial Reporting Act 2013.

The Association's business is in providing motoring and auxiliary services to its members and the public within New Zealand.

The financial report of the Association and its subsidiaries (the "Group") is for the year ended 30 June 2025. The financial report was issued by the Board, and approved for distribution by the National Council, on 26 September 2025.

Statement of compliance

The statutory base for the Association is the Incorporated Societies Act 2022. The statutory base for the Association's subsidiaries is the Companies Act 1993 and the Financial Reporting Act 2013.

The financial report has been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). The financial report complies with Public Benefit Entity International Public Sector Accounting Standards ("PBE IPSAS") and other applicable financial reporting standards as appropriate for Tier 1 not-for-profit public benefit entities.

Measurement base

The financial report has been prepared on the historical cost basis except for investment properties, land and buildings classified as property, plant and equipment and managed fund investments, which have been measured at fair value.

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

Functional and presentation currency

The financial report is presented in New Zealand Dollars ("NZD") and all values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated. The functional currency is NZD.

**THE NEW ZEALAND AUTOMOBILE ASSOCIATION INCORPORATED
NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025**

Summary of significant accounting policies (continued)

Significant accounting policies

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The accounting policies set out below have been applied in preparing the financial report for the year ended 30 June 2025 and in the comparative information presented in this financial report.

Accounting standards and interpretations issued but not yet effective

At the date of authorisation of these financial statements, there were no standards or interpretations in issue but not yet effective that were relevant to the Group.

New and amended accounting standards and interpretations

The following accounting standard amendment was adopted by the Group during the year. There were no other changes to the Group's accounting policies.

Disclosure of Fees for Audit Firms' Services (Amendments to PBE IPSAS 1)

Effective for accounting periods beginning on or after 1 January 2024, the amendments to PBE IPSAS 1 aim to address concerns about the quality and consistency of disclosures an entity provides about fees paid to its audit or review firm for different types of services. The enhanced disclosures are expected to improve the transparency and consistency of disclosures about fees paid to an entity's audit or review firm. This has been applied to the disclosure of fees paid to the Group's auditor. Refer to note 22.

Significant accounting policies (continued)

a) Basis of consolidation

The consolidated financial report comprises the financial report of the Association and entities controlled by the Association (its subsidiaries). Control is achieved where the Association has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive revenue and expense from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Entities controlled by the same party before and after a business combination are considered to be entities under common control, as the business combination does not result in a transfer of control. A business combination involving entities under common control involves assets and liabilities being transferred at carrying amounts, with any difference resulting in an adjustment to equity.

All subsidiaries are accounted for under the Group's policies.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation. Refer to note 19 for a full listing of subsidiaries at balance date.

Only the Group results have been presented as, under the Incorporated Societies Act 2022, parent results are not required.

b) Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The Group has no investment in associates.

c) Interest in joint ventures

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control; when the strategic financial and strategic operating policy decisions relating to the activities of the joint venture require the unanimous consent of the parties sharing control. The Group has no rights to the assets and no obligation to the liabilities of these joint ventures.

Joint venture arrangements that involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities.

The results, and assets and liabilities, of joint ventures are incorporated in the Group financial report using the equity method of accounting. Under the equity method, investments in joint ventures are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the joint venture, less any impairment in the value of individual investments. Losses of a joint venture in excess of the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture) are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

Statement of accounting policies (continued)

c) Interest in joint ventures (continued)

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the joint venture recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in surplus or deficit (refer to (d)).

Where the Group transacts with its jointly controlled entities, unrealised profits and losses are eliminated to the extent of the Group's interest in the joint venture. However, where the Group provides loans to its jointly controlled entities interest earned is recognised within the Group and it is not eliminated on consolidation. Also, where the Group charges its jointly controlled entities for service fees, for example brand fees, the service fee revenue is recognised within the Group and it is not eliminated on consolidation. There were no loans outstanding to joint ventures at the end of the financial year.

The financial statements of the joint ventures are prepared for the same reporting periods as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Refer to note 20 for a full listing of joint ventures at balance date.

d) Goodwill

Goodwill arising on the acquisition of a subsidiary or a jointly controlled entity represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary or jointly controlled entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. The recoverable amount is the higher of fair value less cost to sell and value-in-use. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the surplus or deficit on disposal.

The Group's policy for goodwill arising on the acquisition of a joint venture is described in (c) above.

Statement of accounting policies (continued)

e) Revenue from exchange transactions

Rendering of services

Revenue from the rendering of services is measured at the fair value of the consideration received or receivable, net of returns and allowances, discounts and volume rebates. Depending on contractual arrangements, revenue is recognised either when services are rendered, or when the period of cover is complete.

Subscription income

Members' subscriptions are paid annually in advance throughout the year and are allocated to revenue on a daily pro-rata time basis. The proportion of subscriptions received, which relate to the period after balance date, are included in the financial report as subscriptions in advance.

Unearned income

Advertising revenue is earned through two sources; web and publications.

Advertising revenue for publications is deferred and classified as unearned revenue on the consolidated statement of financial position until completion of delivery to the users of the publications, at which point it is recognised in surplus or deficit.

The cost of publications in development at balance date is recognised as an asset where the costs directly attributable to the development of the publication can be measured reliably. The development costs mainly comprise the direct costs of certain personnel dedicated to developing adverts and creating the content for the publications, artwork and other publication production and development costs, including appropriate and directly attributable overheads. The asset is amortised to surplus or deficit on completion of delivery of the relevant publication when the related revenue is recognised. The asset is set off against the related unearned income in the consolidated statement of financial position until recognition in surplus or deficit.

Deferred income

Deferred income from business membership is recognised in surplus or deficit over the period to which the service relates, which may be longer than a year. It is classified as a liability on the consolidated statement of financial position and allocated between current and non-current.

Sale of goods

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns and membership discounts.

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

Dividend and interest revenue

Dividend revenue from investments is recognised when the right to receive payment has been established.

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Statement of accounting policies (continued)

f) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in banks and call and term deposits less than three months, net of outstanding bank overdrafts.

g) Financial Instruments

Recognition and initial measurement

Receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through surplus or deficit, transaction costs that are directly attributable to its acquisition or issue. At initial recognition, short-term receivables and payables may be measured at the original invoice amount if the effect of discounting is immaterial.

Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at:

- amortised cost; or
- fair value through surplus or deficit (FVTSD).

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

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

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

The Group's cash and cash equivalents, short term investments, and receivables are classified as financial assets at amortised cost. The Group's investments at fair value are classified as financial assets at FVTSD on the basis they are managed, and their performance is evaluated on a fair value basis.

Cash and cash equivalents represent highly liquid investments that are readily convertible into a known amount of cash with an insignificant risk of changes in value, with original maturities of three months or less. Short term investments are those with an original maturity of more than three months. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its management model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the management model.

Financial assets – subsequent measurement and gains and losses

- Financial assets at FVTSD - These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in surplus or deficit.
- Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in surplus or deficit. Any gain or loss on derecognition is recognised in surplus or deficit.

Statement of accounting policies (continued)

g) Financial Instruments (continued)

Financial liabilities – classification, subsequent, measurement and gains and losses

All of the Group's financial liabilities meet the criteria to be classified as measured at amortised cost. These financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in surplus or deficit. Any gain or loss on derecognition is also recognised in surplus or deficit.

Impairment of non-derivative financial assets

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

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

h) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price in the ordinary course of business, less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

i) Property, plant and equipment

Carrying amount

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed by independent registered valuers and with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the balance date.

Refer to the accounting policy 'critical accounting judgments and key sources of estimation uncertainty' for methods and significant assumptions used in the valuations.

Any revaluation increase arising on the revaluation of such land and buildings is credited in equity to the asset revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in surplus or deficit, in which case the increase is credited to surplus or deficit to the extent of the decrease previously charged. A decrease in the carrying amount arising on the revaluation of such land and buildings is charged to surplus or deficit to the extent that it exceeds the balance, if any, held in the asset revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings is charged to surplus or deficit. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the asset revaluation reserve is transferred directly to retained earnings. No transfer is made from the revaluation reserve to retained earnings except when an asset is derecognised.

Statement of accounting policies (continued)

i) Property, plant and equipment (continued)

Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the item.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the consolidated statement of comprehensive revenue and expense.

Depreciation

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land.

Depreciation is calculated on a straight line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight line method. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each annual reporting period.

The following estimated useful lives are used in the calculation of depreciation.

• Buildings - Retail/Administration	50 years
• Buildings - Technical	25 years
• Leasehold Improvements	10 years
• Plant and Equipment	10 years
• Motor Vehicles	6 years
• Furniture and Fittings	5 years
• Computer Equipment	3-5 years

The residual value of assets is reassessed annually.

j) Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

k) Investment property

Investment property is property held to earn rental income. Investment property is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value with any change therein recognised in surplus or deficit.

Investment property revaluations are performed annually. The values are based on market values being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction, after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

In the absence of current prices in an active market, the valuations are prepared using a discounted cashflow methodology based on the estimated rental cash flows expected to be received from the property adjusted by a discount rate that appropriately reflects the risks inherent in the expected cash flows. Refer to the accounting policy critical accounting judgments and key sources of estimation uncertainty for methods and significant assumptions used in the valuations.

Investment properties are derecognised when they have been disposed of and any gains or losses incurred on disposal are recognised in the consolidated statement of comprehensive revenue and expense in the year of derecognition.

Statement of accounting policies (continued)

l) Intangible assets

Computer software acquired, which is not an integral part of a related hardware item, is recognised as an intangible asset. The costs incurred internally in developing computer software are also recognised as intangible assets where the Group has a legal right to use the software and the ability to obtain future economic benefits from that software. Acquired software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These assets have a finite life and are amortised on a straight line basis over their estimated useful life of 3 or 5 years. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period.

Cloud computing arrangements:

Cloud computing arrangements include software as a service, platform as a service, infrastructure as a service and other similar hosting arrangements (i.e. an arrangement in which an end-user of the software does not take possession of the software). The Group applies judgement to assess whether there is sufficient control in a cloud computing arrangement to permit capitalisation of the configuration and customisation costs.

The Group considers the following indicators:

- The Group has the contractual right to take possession of the software at any time during the hosting period without significant penalty;
- The Group can run software on its own hardware or can contract with another vendor to host the software;
- The Group can control who can use any software modifications and the vendor cannot make them available to other customers;
- The Group can control the frequency and acceptance of software updates.

If the cloud computing arrangement meets the criteria, then the cost of configuration and customisation is recognised as an asset. If the criteria and definition are not met, the cost of configuration and customisation is recognised as an operating expense.

However, if the configuration and customisation were performed by the software supplier, the Group also considers whether that upfront service is distinct from the cloud computing arrangement. If it is not distinct, then the operating expense may be initially treated as a prepayment and expensed over the term of the cloud computing arrangement.

m) Leased assets

Operating lease payments are recognised as an expense on a straight line basis over the lease term. In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

n) Subscriptions in advance

The proportion of subscriptions received, which relate to the period after balance date, are included in the financial report as subscriptions in advance. This balance is held separately to liabilities as the Association deems the balance to be member's funds until earned.

o) Payables from exchange transactions

Trade payables and other accounts payable are recognised when the Group becomes obliged to make future payments resulting from the purchase of goods and services. Trade payables and other accounts payable are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest rate method.

A provision for make good is recognised when there is a present obligation as a result of a property lease, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the provision can be measured reliably.

Statement of accounting policies (continued)

p) Taxation

The Group is liable for taxation on its commercial trading activities, interest and rental income under section CB33 of the Income Tax Act 2007. The Group is exempt from taxation on membership related activities.

Income tax expense

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

Current tax is based on taxable surplus for the year. Taxable surplus differs from profit as reported in the consolidated statement of comprehensive revenue and expense because it excludes items of income or expense that are deductible in other years, and it further excludes items that are never taxable or deductible. The Group's provision for current tax is calculated using tax rates that have been enacted or substantively enacted at balance date.

Deferred tax

Deferred tax is recognised on differences between the carrying amount of assets and liabilities in the financial report and the corresponding tax base used in the computation of taxable surplus and is accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from goodwill or from the initial recognition (other than as a result of a business combination) of other assets and liabilities in a transaction that affects neither taxable surplus nor accounting surplus.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable surpluses against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Statement of accounting policies (continued)

p) Taxation (continued)

Current and deferred tax for the period

Current and deferred tax movements are recognised as an expense or income in surplus or deficit, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or in determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the business combination.

Imputation credits

No disclosure is made in respect of imputation credits, since these are not utilisable by parties external to the Group.

q) Goods and services tax

Revenues, expenses, assets and liabilities are recognised net of the amount of goods and services tax ("GST"), except:

- (i) where the amount of GST incurred is not recovered from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- (ii) for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

r) Employee benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave and sick leave, when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to the reporting date.

Defined contribution plans

Contributions to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Statement of accounting policies (continued)

s) Statement of cash flows

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, cash in banks and call deposits and fixed term deposits less than three months, net of outstanding bank overdrafts. The following terms are used in the consolidated statement of cash flows:

Operating activities are the principal revenue producing activities of the Group and other activities that are not investing or financing activities.

Investing activities are the acquisition and disposal of long-term assets and other investments not included in cash equivalents.

Financing activities are activities that result in changes in the size and composition of members' funds and borrowings of the Group.

t) Foreign currency transactions

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at reporting date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in the consolidated statement of comprehensive revenue and expense in the period in which they arise.

u) Impairment

At each balance date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value-in-use.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in surplus or deficit immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying value does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in surplus or deficit, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

THE NEW ZEALAND AUTOMOBILE ASSOCIATION INCORPORATED
NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

Statement of accounting policies (continued)

Critical accounting judgments and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described above, the Board is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgments in applying accounting policies

There were no critical judgments made in applying the accounting policies above.

Judgements

Statement of Service Performance

In compiling the Consolidated Statement of Service Performance report, Management has made judgements in relation to which outcomes and outputs best reflect the achievement of performance for the Group's purpose. The Group delivers targeted outputs in accordance with its Group Strategy and budget. These outputs are designed to achieve intermediate and long-term outcomes that will enable the Group to achieve its purpose of caring for its members and the people, spaces and places that are important to them. These outputs are designed to ensure the Group can deliver on its strategic intent of being the most loved, trusted and connected brand in New Zealand. All outcomes and outputs are categorised by the Group's three strategic priorities and are outlined in the Statement of Service Performance, included within this Financial Report.

Key sources of estimation uncertainty

Fair value of land and buildings and investment property

The fair value of land and buildings, and investment properties, is determined at balance date using market values determined by independent registered valuers. In the absence of current prices in an active market, the valuations are prepared using a discounted cashflow methodology based on the estimated rental cash flows expected to be received from the property, adjusted by a discount rate (ranging from 6.07% to 8.55% (2024: 6.20% to 8.05%)) that appropriately reflects the risks inherent in the expected cash flows. The most significant property is Great South Road (including Marei Road) in Penrose (2024: Penrose) and the effective market yield was 6.86% at 30 June 2025 (2024: 6.63%). Valuations are performed by independent registered valuers who hold an annual practising certificate with the Valuers Registration Board and are members of the New Zealand Institute of Valuers. Refer to notes 8 and 11 for valuations.

Joint Ventures

Although the Group may from time to time hold less or more than a 50% ownership interest in some of its investments (refer to note 20), these are classified as joint ventures as there is a contractual arrangement pursuant to which the Group holds 50% of the voting rights and hence has joint control in all cases. The carrying value of investments in joint ventures is reviewed at balance date to determine whether any losses over and above the carrying amount of the investment should be recognised. If the Group determines there is a constructive obligation to the joint venture, then the Group will continue to recognise its share of the losses.

Impairment of Goodwill

Determining whether goodwill is impaired requires an estimation of the value-in-use of the cash-generating units to which goodwill has been allocated. The value-in-use calculation requires the Board to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Refer to note 9.

THE NEW ZEALAND AUTOMOBILE ASSOCIATION INCORPORATED
NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

1. Revenue

	2025 \$'000	2024 \$'000
Revenue from exchange transactions:		
Membership fees and subscriptions	72,538	69,159
Sale of goods	8,776	8,174
Rendering of services to members and public	110,898	113,874
Dividends	3	5
Interest revenue (loans and receivables)	1,563	1,537
	<u>193,778</u>	<u>192,749</u>

2. Other gains/(losses)

	2025 \$'000	2024 \$'000
Revaluation of investment properties	12	15
Change in fair value of financial assets classified as measured at fair value through surplus or deficit	21,305	17,942
	<u>21,317</u>	<u>17,957</u>

3. Expenses

	2025 \$'000	2024 \$'000
Net surplus/(loss) for the year has been arrived at after charging/(crediting):		
(a) General expenses		
Depreciation of property, plant and equipment (note 8)	4,349	3,676
Amortisation of intangible assets (note 10)	3,019	2,942
Operating lease expense	4,448	3,288
Raw materials and consumables used (note 7)	4,259	4,140
(Gain)/loss on disposal of property, plant and equipment	(848)	125
Legal expenses	97	244
(b) Personnel expenses		
Employee benefits expense	106,723	96,844
Defined contribution plans	4,392	4,070

THE NEW ZEALAND AUTOMOBILE ASSOCIATION INCORPORATED
NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

4. Taxation

4a. Income tax expense

	2025 \$'000	2024 \$'000
Current tax (expense)/benefit	17	130
Deferred tax	(7)	(123)
Income tax (expense)/benefit for the year	10	7
<i>Income tax (expense)/benefit for the year can be reconciled to the accounting profit as follows:</i>		
Operating surplus/(loss) from continuing activities before tax and grants	30,819	14,803
Less Grant to NZAA Research Foundation	(500)	(250)
Less Grant to SADD Aotearoa - Students Against Dangerous Driving Charitable Trust	(400)	(400)
	29,919	14,153
Income tax using company tax rate 28%	8,377	3,963
Effect of exempt (surplus)/deficit	(11,686)	(4,225)
Effect of permanent differences	15,836	11,805
Effect of temporary differences	10	7
Effect of losses generated/(utilised) and imputation credits recognised	(12,527)	(11,543)
	10	7

4b. Deferred tax assets/(liabilities)

Deferred tax assets and liabilities are offset, only to the extent that they offset taxable temporary differences, on the face of the consolidated statement of financial position where they relate to entities within the same taxation group.

The following is the analysis of temporary differences relating to deferred tax balances (after offset) for statement of financial position purposes:

	1 July 2024 \$'000	Charge to surplus or deficit \$'000	Charge to equity \$'000	30 June 2025 \$'000
Gross deferred tax liabilities				
Property, plant and equipment	(1,109)	(112)	-	(1,221)
Investment property	(86)	(3)	-	(89)
Tax liabilities	(1,195)	(115)	-	(1,310)
Set off of deferred tax liabilities	1,195	115	-	1,310
Net tax liabilities	-	-	-	-
Gross deferred tax assets				
Employee provisions	1,434	89	-	1,523
Doubtful debts provision	46	(16)	-	30
Inventory provisions	24	(7)	-	17
Other	501	(94)	-	407
Deferred tax assets not recognised	(803)	136	-	(667)
Tax assets	1,202	108	-	1,310
Set off of deferred tax assets	(1,195)	(115)	-	(1,310)
Net tax assets	7	(7)	-	-

THE NEW ZEALAND AUTOMOBILE ASSOCIATION INCORPORATED
NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

4b. Deferred tax assets/(liabilities) (continued)

	1 July 2023 \$'000	Restated Charge to surplus or deficit \$'000	Charge to equity \$'000	30 June 2024 \$'000
Gross deferred tax liabilities				
Property, plant and equipment	(1,482)	373	-	(1,109)
Investment property	(82)	(4)	-	(86)
Tax liabilities	(1,564)	369	-	(1,195)
Set off of deferred tax liabilities	1,564	(369)	-	1,195
Net tax liabilities	-	-	-	-
Gross deferred tax assets				
Employee provisions	1,414	20	-	1,434
Doubtful debts provision	8	38	-	46
Inventory provisions	69	(45)	-	24
Other	365	136	-	501
Deferred tax assets not recognised	(292)	(511)	-	(803)
Tax assets	1,564	(362)	-	1,202
Set off of deferred tax assets	(1,564)	369	-	(1,195)
Net tax assets	-	7	-	7

The Group has unrecognised New Zealand tax losses of approximately \$67.9 million (2024: \$51.3 million). Deferred tax assets have not been recognised as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised. Refer statement of accounting policies section (p) Taxation.

THE NEW ZEALAND AUTOMOBILE ASSOCIATION INCORPORATED
NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

5. Other financial assets

	2025 \$'000	2024 \$'000
Fixed term deposits ≥ 3 months but ≤ 12 months	15,200	-
Investment managed funds	275,943	254,638
	<u>291,143</u>	<u>254,638</u>

Investment managed funds represent the Group's investment in three diversified portfolios managed by Milford Funds Limited, Amova Asset Management New Zealand Limited (previously known as Nikko Asset Management New Zealand Limited) and Russell Investment Group Limited. Collectively, the portfolios consist of equities, bonds, unit trusts and fixed interest investments. They can be liquidated within the short-term.

6. Sundry receivables and prepaid expenses

	2025 \$'000	2024 \$'000
Sundry receivables - from exchange transactions	6,531	5,374
Credit Loss provision	(108)	(164)
Prepayments	4,713	4,383
Taxation receivable	23	-
Other	2,762	2,108
	<u>13,921</u>	<u>11,701</u>

The average credit period on sales of goods and service is 60 days (2024: 60 days). Interest is charged only when a customer goes beyond their agreed credit period. The Group provides for doubtful debts on a customer by customer basis. Payment terms are determined by contractual arrangements.

The receivables balance is made up of a large number of low-value receivables; there are no customers who represent more than 22% (2024: 19%) of the total balance of trade receivables. Before accepting a new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer.

Included in the Group's sundry receivables balance are receivables with a carrying amount of \$935,000 (2024: \$897,000) which are past due at the reporting date but for which a provision for doubtful debts has not been recognised, as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

	2025 \$'000	2024 \$'000
<u>Ageing past due sundry receivables that are not impaired</u>		
30-60 days	570	563
60-90 days	233	317
90+ days	132	17
	<u>935</u>	<u>897</u>

THE NEW ZEALAND AUTOMOBILE ASSOCIATION INCORPORATED
NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

6. Sundry receivables and prepaid expenses (continued)

	2025 \$'000	2024 \$'000
<u>Movement in the credit loss provision</u>		
Balance at beginning of the period	164	29
Impairment losses recognised on receivables	159	164
Amounts written off as uncollectable	(25)	(9)
Amounts recovered during the year	(137)	-
Impairment losses reversed	(53)	(20)
Balance at end of period	<u>108</u>	<u>164</u>

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The Board believes that there is no further credit provision required in excess of the allowance for doubtful debts.

The impairment recognised represents the difference between the carrying amount of these trade receivables and the present value of the expected proceeds. The Group does not hold collateral over these balances. The net carrying amount is considered to approximate their fair value.

The credit loss provision of \$108,000 (2024: \$164,000) is applicable to invoices aged 30+ days (2024: 30+ days).

7. Inventories

	2025 \$'000	2024 \$'000
Retail stock	1,238	854
Consumables	160	180
	<u>1,398</u>	<u>1,034</u>

The cost of inventories recognised as an expense during the period was \$4,259,000 (2024: \$4,140,000). The cost of inventories recognised as an expense includes \$62,000 (2024: \$86,000) in respect of write-downs of inventory to net realisable value, which has decreased by \$24,000 compared to the previous year (2024: decrease of \$161,000).

THE NEW ZEALAND AUTOMOBILE ASSOCIATION INCORPORATED
NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

8. Property, plant and equipment

	Freehold Land at fair value \$'000	Buildings at fair value \$'000	Leasehold Improvements at cost \$'000	Plant and Equipment at cost \$'000	Furniture and Fittings at cost \$'000	Motor Vehicles at cost \$'000	Computer Equipment at cost \$'000	Work in Progress at cost \$'000	Total \$'000
Gross carrying amount									
Balance at 1 July 2023	13,831	6,806	6,955	3,503	10,896	10,399	4,173	662	57,225
Net additions/(transfers)	-	554	3,040	41	1,547	2,323	880	(231)	8,154
Disposals	-	-	(830)	(587)	(2,337)	(719)	(4)	-	(4,477)
Revaluation increase/(decrease)	(182)	(843)	-	-	-	-	-	-	(1,025)
Reclassified as held for sale	-	-	-	-	-	-	-	-	-
Balance at 30 June 2024	13,649	6,517	9,165	2,957	10,106	12,003	5,049	431	59,877
Net additions/(transfers)	-	609	354	21	499	4,463	672	66	6,684
Disposals	-	-	(442)	(70)	(668)	(2,827)	(33)	-	(4,040)
Revaluation increase/(decrease)	69	(455)	-	-	-	-	-	-	(386)
Balance at 30 June 2025	13,718	6,671	9,077	2,908	9,937	13,639	5,688	497	62,135
Accumulated depreciation									
Balance at 1 July 2023	-	-	6,200	2,468	9,820	5,506	2,356	-	26,350
Depreciation expense	-	188	270	153	491	1,660	914	-	3,676
Eliminated on disposals	-	-	(754)	(373)	(2,274)	(590)	(2)	-	(3,993)
Eliminated on revaluation	-	(188)	-	-	-	-	-	-	(188)
Reclassified as held for sale	-	-	-	-	-	-	-	-	-
Balance at 30 June 2024	-	179	5,716	2,248	8,037	6,576	3,268	-	25,845
Depreciation expense	-	-	422	133	612	2,051	952	-	4,349
Eliminated on disposals	-	-	(423)	(70)	(657)	(2,649)	(33)	-	(3,832)
Eliminated on revaluation	-	(179)	-	-	-	-	-	-	(179)
Balance at 30 June 2025	-	-	5,715	2,311	7,992	5,978	4,187	-	26,183
Carrying amount									
As at 30 June 2024	13,649	6,517	3,449	709	2,069	5,427	1,781	431	34,032
As at 30 June 2025	13,718	6,671	3,362	597	1,945	7,661	1,501	497	35,952

25

Public

THE NEW ZEALAND AUTOMOBILE ASSOCIATION INCORPORATED
NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

8. Property, plant and equipment (continued)

Valuation of land and buildings

Land and buildings were last revalued by independent registered valuers as at 30 June 2025. The total value as per each valuer was as follows:

	Date of Inspection	2025 \$'000	2024 \$'000
Colliers	1 July 2025	7,700	7,450
CBRE	2 July 2025	3,726	3,645
CBRE	30 June 2025	1,110	1,150
Steve Binnie Valuation	18 June 2025	968	921
CBRE	7 July 2025	1,550	1,530
Alexander Hayward	30 June 2025	2,525	2,510
CBRE	5 June 2025	510	510
CBRE	8 July 2025	2,300	2,450
		20,389	20,166

Had the Group's land and buildings been measured on a historical cost basis, their carrying amounts would have been as follows:

	2025 \$'000	2024 \$'000
Freehold land	1,870	1,870
Buildings	3,147	3,345
	5,017	5,215

Public

26

THE NEW ZEALAND AUTOMOBILE ASSOCIATION INCORPORATED
NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

9. Goodwill

	2025 \$'000	2024 \$'000
Cost		
Balance at 1 July	10,911	10,911
Balance at 30 June	10,911	10,911
Accumulated impairment losses		
Balance at 1 July	(7,793)	(7,793)
Balance at 30 June	(7,793)	(7,793)
Carrying amount		
As at 1 July	3,118	3,118
As at 30 June	3,118	3,118

Allocation of goodwill to cash-generating units

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units ("CGU") that are expected to benefit from that business combination. After recognition of impairment losses, the carrying amount of goodwill had been allocated as follows:

	2025 \$'000	2024 \$'000
New Zealand Automobile Association Inc	3,118	3,118
	3,118	3,118

The Group tests goodwill annually for impairment or more frequently if there are indicators that goodwill might be impaired.

For the CGU above, the recoverable amounts of the CGU are determined based on a value-in-use calculation which uses cash flow projections based on financial budgets approved by the Board. The period used is a five-year period and the discount rate used is 10% per annum (2024: 10% per annum).

For the CGU the cash flow projections during the budget period are based on the same expected gross margins and price inflation during the budget period. The cash flows beyond that five-year period have been extrapolated using a 2% per annum growth rate (2024: 2% per annum) which is less than the projected long-term average growth rate. The Board believes that any reasonably possible change in the key assumptions upon which the recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the CGU.

THE NEW ZEALAND AUTOMOBILE ASSOCIATION INCORPORATED
NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

10. Other intangible assets

	Computer Software \$'000
<i>Gross carrying amount</i>	
Balance at 1 July 2023	26,917
Additions	244
Disposals	(3)
Balance at 30 June 2024	27,158
Additions	5,888
Disposals	(259)
Balance at 30 June 2025	32,787
<i>Accumulated amortisation and impairment</i>	
Balance at 1 July 2023	18,931
Amortisation expense	2,942
Eliminated on disposals	(3)
Balance at 30 June 2024	21,870
Amortisation expense	3,019
Eliminated on disposals	(259)
Balance at 30 June 2025	24,630
<i>Carrying amount</i>	
As at 30 June 2024	5,288
As at 30 June 2025	8,157

11. Investment properties

	2025 \$'000	2024 \$'000
<i>At fair value</i>		
Balance at 1 July	300	285
Change in fair value	12	15
Balance at 30 June	312	300

The Association holds the freehold title to all investment properties.

Valuation of investment properties

All investment properties were valued by independent registered valuers as at 30 June 2025. The total value per each valuer was as follows:

	Date of Inspection	2025 \$'000	2024 \$'000
CBRE	2/07/2025	312	300
		312	300

THE NEW ZEALAND AUTOMOBILE ASSOCIATION INCORPORATED
NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

12. Payables

	2025 \$'000	2024 \$'000
Trade payables - from exchange transactions	11,017	9,896
Accrued expenses	10,299	7,780
Taxation payable	-	65
Goods and services tax ("GST") payable	83	61
Other	4,020	3,368
	<u>25,419</u>	<u>21,170</u>

The average credit period on purchases is up to one month. No interest is charged on trade payables as the Group always pays by the due date. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

13. Clawback provision

The clawback provision relates to the expected clawback of commission earned on life insurance policies within the first twelve months of the policy.

	2025 \$'000	2024 \$'000
Balance at 1 July	1,227	841
Movement for period	(323)	386
Balance at 30 June	<u>904</u>	<u>1,227</u>

14. Make good provision

The make good provision relates to make good requirements under property leases.

	2025 \$'000	2024 \$'000
Balance at 1 July	345	226
Movement for period	4	119
Balance at 30 June	<u>349</u>	<u>345</u>

15. Deferred income

This is deferred income relating to business subscriptions. Income is recognised in surplus or deficit over the period to which the service relates which may be for more than a year.

	2025 \$'000	2024 \$'000
<i>This is disclosed as:</i>		
Current portion	4,186	4,441
Non-current portion	3,079	3,217
	<u>7,265</u>	<u>7,658</u>

THE NEW ZEALAND AUTOMOBILE ASSOCIATION INCORPORATED
NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

16. Unearned revenue

Unearned revenue represents the deferral of licence fees received and the impact on the consolidated statement of financial position of deferring the advertising revenues and directly attributable development costs relating to undistributed publications.

	2025 \$'000	2024 \$'000
<i>This is disclosed as:</i>		
Current portion	106	119
	<u>106</u>	<u>119</u>

17. Asset revaluation reserve

The asset revaluation reserve arises on the revaluation of land and buildings. Where revalued land or buildings are sold, the portion of the asset revaluation reserve that relates to that asset, and is effectively realised, is transferred directly to accumulated comprehensive revenue and expenses.

	2025 \$'000	2024 \$'000
Balance at 1 July	13,386	14,223
Increase on revaluation of properties	709	126
Decrease on revaluation of properties	(916)	(963)
Balance at 30 June	<u>13,179</u>	<u>13,386</u>

18. Accumulated comprehensive revenue and expense

	2025 \$'000	2024 \$'000
Balance at 1 July	337,928	323,825
Net surplus for the year ended attributable to the Association acting in the interest of members	29,929	14,160
Share of other comprehensive revenue and expense of joint ventures	(89)	(57)
Balance at 30 June	<u>367,768</u>	<u>337,928</u>

In the event the Association is wound up, the residual assets are to be applied towards an entity having substantially similar objectives and activities.

THE NEW ZEALAND AUTOMOBILE ASSOCIATION INCORPORATED
NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

19. Subsidiaries

Details of the Group's significant subsidiaries at 30 June 2025 are as follows:

Name of Subsidiary	Place of Incorporation	Principle activity	Ownership interest and voting rights (%)	
			2025	2024
The New Zealand Automobile Association Limited	New Zealand	Brand Licensing	100	100
AA Auto Service Limited	New Zealand	Vehicle Servicing Franchise	100	100
AA Driver Training Limited	New Zealand	Driver Training Franchise	100	100
NZAA Assets Limited	New Zealand	Non Trading	100	100
AA2002 Limited (formerly AA Finance Limited)	New Zealand	Non Trading	100	100
AA Smartfuel Limited	New Zealand	Non Trading	100	100
AA Tourism Publishing Limited	New Zealand	Non Trading	100	100

20. Investments accounted for using the equity method

Investments in joint ventures

Name of Joint Venture	Financial year end	Place of Incorporation	Voting rights on significant transactions (%)		Ownership interest (%)	
			2025	2024	2025	2024
AA Insurance Limited	30 June	New Zealand	50	50	32	32
AA Battery Service Limited	30 June	New Zealand	50	50	60	60
AA Home Limited	30 June	New Zealand	50	50	66	66
AA Finance Limited	30 June	New Zealand	50	50	50	50

Although the Group holds less or more than 50% ownership interest in three of the investments, they are classified as a joint venture as there is a contractual arrangement under which the Group holds 50% of the voting rights and hence has joint control in all cases. The Group has no rights to the assets and no obligation to the liabilities of these joint ventures.

Subsequent event – purchase of remaining shares of AA Battery Service Limited
On 1 July 2025, The New Zealand Automobile Association Limited purchased the remaining shares of AA Battery Service Limited it did not own, making it a wholly owned subsidiary from that date. This did not require adjustment to the carrying value of the investment as at 30 June 2025. Refer to note 29.

Public

31

THE NEW ZEALAND AUTOMOBILE ASSOCIATION INCORPORATED
NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

20. Investments accounted for using the equity method (continued)

Summarised financial information in respect of the Group's joint ventures is set out below:

	2025 \$'000	2024 \$'000
Current assets	637,879	598,147
Non-current assets	24,707	21,112
Total assets	662,586	619,259
Current liabilities	388,723	386,718
Non-current liabilities	16,310	12,495
Total liabilities	405,033	399,213
Net assets	257,553	220,046
Group's share of net assets of joint ventures	88,932	77,214
	2025 \$'000	2024 \$'000
Total revenue	1,058,191	921,797
Total expenses	(884,316)	(812,339)
Total net surplus/(losses)	173,875	109,458
Group's share of net surplus/(losses) of joint ventures	56,797	36,512

Movement in the carrying amount of the Group's investments in joint ventures:

	2025 \$'000	2024 \$'000
Carrying value of joint ventures		
Carrying value at 1 July	77,214	74,060
Increase in shares	-	4,186
Share of net surplus/(losses)	56,797	36,512
Share of other comprehensive revenue and expense of joint ventures	(89)	(57)
Fair value adjustment on acquisition	-	(4,112)
Transfer of joint venture to subsidiary	-	(147)
Dividends received	(44,990)	(33,228)
Carrying value at 30 June	88,932	77,214

Public

32

THE NEW ZEALAND AUTOMOBILE ASSOCIATION INCORPORATED
NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

20. Investments accounted for using the equity method (continued)

	2025 \$'000	2024 \$'000
The carrying value is comprised of:		
Cost	30,742	30,742
Share of joint venture post-acquisition reserves	51,449	39,731
Goodwill	6,741	6,741
	<u>88,932</u>	<u>77,214</u>
Joint venture share of net surplus/(losses)		
Share of surplus before taxation	77,718	50,365
Share of taxation expense	(20,921)	(13,853)
	<u>56,797</u>	<u>36,512</u>

21. Related parties

The Association is an incorporated society acting in the interest of its members.

Equity interest in related parties

Details of interests in subsidiaries and joint ventures are disclosed in notes 19 and 20 respectively.

Related party transactions and outstanding balances

Transactions with and amounts outstanding between the Group and related parties are as per the following tables.

Any amounts outstanding are unsecured and will be settled in cash. No expense has been recognised in either period for bad or doubtful debts in respect of the amounts owed by related parties.

Following the purchase of the remaining shares of AA Smartfuel Limited by The New Zealand Automobile Association Limited on 28 March 2024, any transactions are within the Group. The following tables show in the comparative period only transactions which occurred prior to the purchase, and any balances relating to those transactions which were outstanding as at 30 June 2024.

THE NEW ZEALAND AUTOMOBILE ASSOCIATION INCORPORATED
NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

21. Related parties (continued)

Related Party	Type of Transaction	2025	
		Amount during the year (\$'000)	Balance at 30 June (\$'000)
<i>Joint Ventures:</i>			
AA Insurance Limited	Amount Owed to NZAA	1,454	3
	Amount Owed to AA Insurance Limited		
	Service Commission and Operational Funding	14,732	
AA Battery Services Ltd	Amount Owed to NZAA	27	257
	Amount Owed to AA Battery Services		
	Purchase of Battery Stock	(2,552)	
	Service Commission and Operational Funding	1,785	
	Operational Activities provided by AA Battery Services	(3,898)	
AA Finance Limited	Amount Owed to NZAA	1	1
	Administrative Services and Operational Activities	2	
AA Home Limited	Amount Owed to NZAA	238	52
	Amount Owed to AA Home Limited		
	Administrative Services and Operational Activities	671	

THE NEW ZEALAND AUTOMOBILE ASSOCIATION INCORPORATED
 NOTES TO THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2025

21. Related parties (continued)

Related Party	Type of Transaction	2025	
		Amount during the year (\$'000)	Balance at 30 June (\$'000)
<i>Other related parties:</i>			
Staff Superannuation Schemes	Employer Contribution Expenses	(4,392) (889)	
New Zealand Automobile Association Research Foundation	Amount Owed to NZAA		4
	Service Provider and Operational Funding Grant to NZAA Research Foundation	199 (500)	
SADD Aotearoa - Students Against Dangerous Driving Charitable Trust	Amount Owed to NZAA		3
	Service Provider and Operational Funding Grant to Students Against Dangerous Driving Aotearoa	87 (400)	
			35
	Public		

THE NEW ZEALAND AUTOMOBILE ASSOCIATION INCORPORATED
 NOTES TO THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2025

21. Related parties (continued)

Related Party	Type of Transaction	2024	
		Amount during the year (\$'000)	Balance at 30 June (\$'000)
<i>Joint Ventures:</i>			
AA Insurance Limited	Amount Owed to NZAA		1,019
	Amount Owed to AA Insurance Limited		-
	Service Commission and Operational Funding	14,025	
AA Battery Services Ltd	Amount Owed to NZAA		144
	Amount Owed to AA Battery Services		177
	Purchase of Battery Stock	(2,321)	
	Service Commission and Operational Funding	1,780	
	Operational Activities provided by AA Battery Services	(3,811)	
AA Smartfuel Limited	Service Provider and Operational Funding	325	
	Brand Licensing and Program Fees	(137)	
AA Finance Limited	Amount Owed to NZAA		2
	Administrative Services and Operational Activities	247	
AA Home Limited	Amount Owed to NZAA		156
	Amount Owed to AA Home Limited		96
	Administrative Services and Operational Activities	345	
			36
	Public		

THE NEW ZEALAND AUTOMOBILE ASSOCIATION INCORPORATED
NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

21. Related parties (continued)

Related Party	Type of Transaction	2024	
		Amount during the year (\$'000)	Balance at 30 June (\$'000)
<i>Other related parties:</i> Staff Superannuation Schemes	Employer Contribution Expenses	(4,070) (893)	
New Zealand Automobile Association Research Foundation	Amount Owed to NZAA	83 (250)	1
SADD Aotearoa - Students Against Dangerous Driving Charitable Trust	Amount Owed to NZAA	86 (472)	1

37

Public

THE NEW ZEALAND AUTOMOBILE ASSOCIATION INCORPORATED
NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

21. Related parties (continued)

Key management personnel remuneration

The Group classifies its key management personnel into one of two classes:

- Members of the Board; or
- Chief executive officer and senior executive officers, responsible for the operation of the Group's operating segments, and reporting to the governing body.

	2025		2024	
	Remuneration \$'000	Number of Individuals	Remuneration \$'000	Number of Individuals
Members of the Board	602	10 people	639	9 people
CEO and senior executive officers	6,743	10.5 FTEs	7,457	12.32 FTEs
	<u>7,345</u>		<u>8,096</u>	

Legal consulting fees totalling \$14,450 (2024: \$44,188) were paid at market rates to a member of the Board for the provision of expert legal advice for specific matters outside of the scope of their normal duties.

Loans and advances to key management personnel amounted to \$Nil (2024: \$Nil).

22. Remuneration of auditors

	2025 \$'000	2024 \$'000
Audit of the financial statements	365	377
Taxation services		
Tax compliance services	25	46
Tax advisory services	74	75
Other services		
Transaction services	-	571
Whistleblower services	9	11
	<u>473</u>	<u>1,080</u>

The auditor of the Group is Deloitte Limited. Deloitte also carries out taxation services for the Group. Tax compliance includes review of tax calculations and returns, and assistance with maintenance of information and filing of returns with Inland Revenue. Tax advisory includes tax planning and other tax advisory services. Deloitte also carries out other services for the Group including providing a whistleblowing service. In the comparative period, Deloitte also carried out transaction services for the Group in relation to the sale of assets by AA Finance Limited to UDC Finance Limited in October 2023.

THE NEW ZEALAND AUTOMOBILE ASSOCIATION INCORPORATED
NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

23. Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, cash in banks and call deposits and fixed term deposits less than 3 months, net of outstanding bank overdrafts. Cash and cash equivalents at balance date as shown in the cash flow statement can be reconciled to the related items in the consolidated statement of financial position as follows:

	2025 \$'000	2024 \$'000
Cash on hand	24	24
Cash in banks	459	2,778
Fixed term deposits less than 3 months	700	20,400
Call deposits	12,200	11,592
Total cash and cash equivalents per statement of cash flows	13,383	34,794

24. Reconciliation of net surplus after taxation for the period to net cash

	2025 \$'000	2024 \$'000
Net surplus/(loss) for the year attributable to the Association acting in the interest of members	29,929	14,160
<i>Adjustments for non-cash items:</i>		
Depreciation expense (note 8)	4,349	3,676
Amortisation expense (note 10)	3,019	2,942
Fair value adjustment on acquisition (note 20)	-	4,112
Transfer of joint venture to subsidiary (note 20)	-	147
Share of equity accounted joint venture (surplus)/deficit (note 20)	(56,797)	(36,512)
Loss/(gain) on managed funds (note 2)	(21,305)	(17,942)
Loss/(gain) of disposal of property, plant and equipment (note 3)	(848)	125
Loss/(gain) on revaluation of investment property (note 2)	(12)	(15)
<i>Adjustments for movements in:</i>		
Sundry receivables and prepaid expenses	(2,220)	(1,012)
Inventories	(364)	(297)
Payables	4,248	1,465
Employee entitlements	770	657
Lease incentive received	(112)	578
Clawback provision	(323)	386
Make good provision	4	119
Unearned and deferred income	(406)	(149)
Subscriptions in advance	382	2,752
Net cash flows (used in)/from operating activities	(39,686)	(24,808)

THE NEW ZEALAND AUTOMOBILE ASSOCIATION INCORPORATED
NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

25. Amount, timing and uncertainty of cash flows

The Group's revenue is widely sourced across a range of services, products and industries and as such the Board considers the risk to cash flow to be minimal.

The major source of revenue for the Group is membership subscription income. This risk is mitigated as there are a large number of personal members, who pay a comparatively low subscription, so suffering a material change in membership subscription income would require a significant change in personal members.

The only significant risk to profit from membership subscription income is the cost of members' demand for road service. This risk is mitigated predominantly through the use of a fixed cost operating structure based on estimated future demand. The Group's budgets contain amounts conservatively calculated to cover the cost of such factors that in the past have generally proved more than adequate.

In addition, the method of calculating earned subscription income, being spread using a time-based formula so as to calculate that portion of the subscription applicable to the unexpired period of a membership term, adds certainty to the future revenue.

Income derived from other activities is spread across a wide range of business ventures, some involving a discretionary spend (Tourism and Vehicle Inspections) and others where expenditure is unavoidable (Warrants of Fitness, Registration, and Licensing). The spread of income amongst these categories minimises the risk to the overall revenue received from the source, particularly where the transactions tend to be of small value but involve large numbers of customers.

26. Operating lease and capital commitments

The Group as lessee:

Operating leases primarily relate to retail space with lease terms of between one month to 7 years. All operating lease contracts contain market review clauses in the event that the Group exercises its option to renew. The Group does not have an option to purchase the leased asset under any operating lease at the expiry of the lease period.

Obligations payable after balance date on non-cancellable leases are as follows:

	2025 \$'000	2024 \$'000
Within one year	4,802	4,448
Between one and five years	9,420	10,217
After five years	1,663	367
	15,885	15,032

Capital commitments

At balance date the Group had no capital commitments (2024: \$Nil).

27. Contingent assets

At balance date the Group had no contingent assets (2024: \$Nil).

THE NEW ZEALAND AUTOMOBILE ASSOCIATION INCORPORATED
NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

28. Contingent liabilities

	2025 \$'000	2024 \$'000
Contingent liabilities are categorised as follows:		
Motorway emergency telephone service indemnity bond	8	8

29. Subsequent events

On 1 July 2025, The New Zealand Automobile Association Limited purchased the remaining shares of AA Battery Service Limited it did not own, making it a wholly owned subsidiary from that date. This did not require adjustment to the carrying value of the investment as at 30 June 2025.

The Group received the following dividend post balance date from joint ventures; \$25.6 million, net of imputation credits of \$10.0 million, on 16 September 2025, being its share of a dividend declared on 8 September 2025.

30. Financial instruments

The Group manages its exposure to key financial risks, including interest rate risk, in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets whilst protecting future financial security.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk and market risk, including interest rate risk. The Group uses different methods to measure and manage the different types of risks to which it is exposed. Ageing analyses are undertaken to manage credit risk. Liquidity risk is monitored through the development of future rolling cash flow forecasts. Levels of exposure to interest rate risk are monitored and assessments are made of market forecasts for interest rates.

The Board reviews and agrees policies for managing each of the risks identified below, including the setting of limits for interest rate risk, and future cash flow forecast projections.

Capital risk management

The Group manages its capital to ensure that the Group will be able to continue as a going concern while ensuring sufficient return in order to meet its objectives. The capital structure of the Group includes cash and cash equivalents and members' funds of the Association, comprising accumulated funds and other reserves.

Credit risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, sundry receivables and prepaid expenses, and other financial assets. The Group's exposure to credit risk arises from potential default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures including an assessment of their independent credit rating, financial position, past experience and industry reputation. Risk limits are set for each individual customer in accordance with parameters set by the Board. These risk limits are regularly monitored.

Sundry receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable, with the result that the Group's exposure to bad debts is not significant.

THE NEW ZEALAND AUTOMOBILE ASSOCIATION INCORPORATED
NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

31. Financial instruments (continued)

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities. Concentration of credit risk did not exceed 5% of gross monetary assets at any time during the year. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The Group does not hold collateral over these sundry receivables.

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and banking facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Contractual maturities of financial liabilities

The table below summarises the contractual maturities of financial liabilities (including interest payments) based on the remaining period at the balance date to the contractual maturity date:

	Carrying amounts \$'000	Contractual cash flows \$'000	On demand \$'000	1 to 12 months \$'000	1 to 5 years \$'000
As at 30 June 2025					
<i>Liabilities</i>					
Payables	25,336	25,336	25,336	-	-
<i>Total financial liabilities</i>	25,336	25,336	25,336	-	-
	Carrying amounts \$'000	Contractual cash flows \$'000	On demand \$'000	1 to 12 months \$'000	1 to 5 years \$'000
As at 30 June 2024					
<i>Liabilities</i>					
Payables	21,044	21,044	21,044	-	-
<i>Total financial liabilities</i>	21,044	21,044	21,044	-	-

THE NEW ZEALAND AUTOMOBILE ASSOCIATION INCORPORATED
NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

31. Financial instruments (continued)

Categories of financial assets and financial liabilities

	Financial assets at amortised costs \$'000	At fair value through surplus or deficit \$'000	Financial liabilities at amortised cost \$'000	Total \$'000
As at 30 June 2025				
<i>Assets</i>				
Cash and cash equivalents	13,383	-	-	13,383
Other financial assets	-	291,143	-	291,143
Sundry receivables	9,208	-	-	9,208
Total financial assets	22,591	291,143	-	313,734
<i>Liabilities</i>				
Payables	-	-	(25,336)	(25,336)
Total financial liabilities	-	-	(25,336)	(25,336)

	Financial assets at amortised costs \$'000	At fair value through surplus or deficit \$'000	Financial liabilities at amortised cost \$'000	Total \$'000
As at 30 June 2024				
<i>Assets</i>				
Cash and cash equivalents	34,794	-	-	34,794
Other financial assets	-	254,638	-	254,638
Sundry receivables	7,318	-	-	7,318
Total financial assets	42,112	254,638	-	296,750
<i>Liabilities</i>				
Payables	-	-	(21,044)	(21,044)
Total financial liabilities	-	-	(21,044)	(21,044)

Market risks

Foreign currency risk

The Group has exposure to foreign exchange risk through its investment in three managed funds. This exposure relates to the translation of assets invested globally.

The Group manages its foreign exchange risk exposure through its Statement of Investment Policy and Objectives for Investment Funds. Exposure is limited by putting in place hedging and an outcome of this is the additional return that may arise from the forward contracts which implement the hedging.

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 is exposed to interest rate risk primarily through its cash and investments.

THE NEW ZEALAND AUTOMOBILE ASSOCIATION INCORPORATED
NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

31. Financial instruments (continued)

Interest rate risk (continued)

The Group constantly analyses its interest rate exposure. Within this analysis, consideration is given to potential renewals of existing positions, alternative financing, alternative hedging positions and the mix of fixed and variable interest rates.

The sensitivity analysis below has been determined based on the exposure to interest rates for financial instruments at the reporting date. The analysis is prepared assuming the balances of the financial instruments outstanding at the reporting date were outstanding for the whole year. A 100 basis point increase and decrease is used in the model to assess the impact on the consolidated statement of comprehensive revenue and expense with all other variables held constant.

Equity price sensitivity analysis

The Group is exposed to equity price risks arising from equity investments.

Financial assets subject to interest rate risk

Financial assets subject to interest rate risk include cash and shares in managed funds. Risk analysis is therefore based on both changes in interest rate and equity price.

	Balance \$'000	Income impact of 1% fall in interest rate - deficit \$'000	Income impact of 1% increase in interest rate - (surplus) \$'000	Income impact of 5% fall in equity price - deficit \$'000	Income impact of 5% increase in equity price - (surplus) \$'000
As at 30 June 2025					
<i>Assets</i>					
Cash and cash equivalents	13,383	134	(134)	-	-
Other financial assets	291,143	1,490	(1,490)	7,107	(7,107)
Total	304,526	1,624	(1,624)	7,107	(7,107)

	Balance \$'000	Income impact of 1% fall in interest rate - deficit \$'000	Income impact of 1% increase in interest rate - (surplus) \$'000	Income impact of 5% fall in equity price - deficit \$'000	Income impact of 5% increase in equity price - (surplus) \$'000
As at 30 June 2024					
<i>Assets</i>					
Cash and cash equivalents	34,794	348	(348)	-	-
Other financial assets	254,638	-	-	12,732	(12,732)
Total	289,432	348	(348)	12,732	(12,732)

THE NEW ZEALAND AUTOMOBILE ASSOCIATION INCORPORATED
NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

31. Financial instruments (continued)

Fair Values

The fair value of financial assets with standard terms and conditions, and traded on active liquid markets, is determined with reference to quoted market prices. The financial asset sitting in this category is the managed fund investment which is a portfolio consisting of equities, bonds, unit trusts and fixed interest investments.

The fair values of each class of financial instruments approximates to the carrying value as stated in the financial report.

Fair value measurements recognised in the consolidated statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

Level 1 Fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at 30 June 2025	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<i>Assets</i>				
Other financial assets	15,200	275,943	-	291,143
Total financial assets	15,200	275,943	-	291,143
As at 30 June 2024	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<i>Assets</i>				
Other financial assets	-	254,638	-	254,638
Total financial assets	-	254,638	-	254,638

Reconciliation of Level 3 fair value measurements of financial assets

	2025 \$'000	2024 \$'000
Balance at beginning of period	-	-
Purchases	-	-
Sales	-	-
Gains/(losses) recognised in surplus or deficit (note 2)	-	-
Balance at end of period	-	-

Commodity and other market risk

The group has no significant exposure to commodity or other market risk.

THE NEW ZEALAND AUTOMOBILE ASSOCIATION INCORPORATED
STATEMENT OF SERVICE PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2025

About the NZAA

Founded in 1903, the New Zealand Automobile Association (NZAA) has grown from a small group of motoring enthusiasts focused on providing roadside assistance and advocating for motorists' interests, to a diversified organisation offering a wide range of products and services to Members and customers.

Today, alongside our joint venture partners, we provide insurance, vehicle finance, home tradesperson assistance, and more than 45+ Member Benefits across the mobility, wellbeing, dining, travel and entertainment sectors.

While the Association has evolved over time, our Members remain our top priority. We are, first and foremost, a Member organisation and we exist to deliver value to them.

The NZAA is continuing its strategic transformation journey in a bid to achieve our strategic intent and deliver on our purpose.

The NZAA's strategy

Our purpose:

Caring for our Members and the people, spaces and places that are important to them.

Our strategic intent:

To be the most loved, trusted and connected brand in New Zealand.

Strategic Priorities:

1. Member Loyalty and Engagement: To transform loyalty, relevancy and engagement with our Members.
2. Sustainable Mobility: To lead Members in the transition to more sustainable mobility solutions.
3. Meaningful Revenue Diversification: To establish meaningful and diversified new revenue, leveraging the power of the NZAA ecosystem.

Our key outcomes:

The outcomes and outputs of the Association are measured in relation to these three strategic priority areas.

1. Member Loyalty and Engagement

1.1. NZAA Membership

As a Membership organisation, we have two main types of Members - personal and business. Personal memberships are the foundation of the Association, so we consider the number of Members with a personal membership as a critical performance measure as we aim to grow our personal membership base over the long term.

	2025	2024
NZAA PERSONAL MEMBERSHIPS	1,116,574	1,126,504

**THE NEW ZEALAND AUTOMOBILE ASSOCIATION INCORPORATED
STATEMENT OF SERVICE PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2025**

1.2. Member advocacy

As one of the country's largest membership organisations, we are committed to representing the interests of our Members and working with the Government, industry and media to advocate on their behalf.

The Transport Policy and Advocacy team lead this engagement. To ensure they have a good understanding of Members' views, regular email surveys and research is undertaken on a wide range of topics. They also review local and international evidence and engage with the NZAA National and District Councils to develop robust positions.

The NZAA has 18 District Councils throughout the country that meet monthly to discuss transport-related issues and represent the interests of NZAA Members in their local communities.

Much of this work focusses on protecting the freedom of mobility and choice, whilst advocating for a system that is responsive, safe, reasonably priced and environmentally sustainable.

	2025 \$'000	2024 \$'000
MEMBER ADVOCACY SPEND	3,642	3,465

1.3. Community contribution

To improve road safety outcomes, the NZAA provides funding to the AA Research Foundation to enable it to deliver valuable research projects. In the 2024/25 year, projects that were completed included:

- *KiwiRAP: Have New Zealand's highest risk highways improved?*
This study was commissioned in 2024 to analyse how safety had changed on key highways in New Zealand since 2006, and to determine the effectiveness of the KiwiRAP (NZ Road Assessment Programme) initiative.
- *Safer and more efficient roadworks sites*
Roadworks happen year-round all over New Zealand due to routine maintenance, for repairs following damage from extreme weather, and for infrastructure improvements. We know that a lane closure is the most dangerous and disruptive part of roadworks. This report explores how to make this kind of work safer and more efficient with the driver in mind.
- *Everyday sustainable mobility choices*
This report, prepared by Mackie Research for the NZAA Research Foundation, explores the potential for New Zealanders to shift towards more sustainable travel options. The study focuses on everyday trips typically made by people in petrol or diesel-driven private vehicles and aims to identify conditions that would encourage the use of more sustainable modes of transport.

The NZAA is also a long-time supporter of Kaitiaki o Ara - Students Against Dangerous Driving (SADD), a charitable organisation that aspires to prevent loss on New Zealand roads by championing road safety amongst youth. Through funding and governance support, the NZAA enables Kaitiaki o Ara/SADD to undertake their annual work programme which is focussed on the four road safety aspirations of:

- Safer road users
- Sharing our roads
- Driver licence journey
- Safer vehicles

	2025 \$'000	2024 \$'000
GRANT TO THE AA RESEARCH FOUNDATION	500	250
GRANT TO KAITIAKI O ARA/SADD	400	400

**THE NEW ZEALAND AUTOMOBILE ASSOCIATION INCORPORATED
STATEMENT OF SERVICE PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2025**

2. Sustainable mobility

Our sustainable mobility strategic priority seeks to minimise negative environmental, social, and economic impacts of the way the NZAA and our Members get around the country. It requires us to balance current and future mobility needs by continuing to develop our core vehicle, driving and mobility related services but also extending these into sustainable mobility options as Members' use of these solutions increases.

While it encompasses several key aspects, including environmental sustainability, social equity and safety, as we are in the early days of our sustainable mobility journey our outcomes and outputs do not yet reflect the full scope of sustainable mobility and will evolve as we progress.

Currently, our roadside assistance service is one way we support mobility safety by making sure our Members are not left stranded on the roadside away from home. We also seek to support the next generation of Kiwis to be safe drivers through the provision of professional driving lessons. These lessons also support social equity by enabling Kiwis to have greater opportunity to gain a Driver Licence, which is often required to secure employment and to aid social inclusion.

2.1. Service & Benefits – Roadside Assistance

The peace of mind that the NZAA is only a phone call away when things don't go to plan is the main reason many New Zealanders choose to be NZAA Members. Therefore, the volume of roadside jobs we undertake is a critical measure of our success.

	2025	2024
ROADSERVICE JOBS – PERSONAL MEMBERS	382,798	400,198

Roadservice job numbers are based on the initial Member call out and do not include instances where an additional job leg occurs.

2.2. Service & Benefits – Driving lessons

NZAA Membership provides more than just AA Roadservice, with access to a wide range of exclusive benefits and discounts including discounted driving lessons via the AA Driving School. A structured driving lesson programme, AA Driver's Seat/ AA Te Kaiurungi, was launched in August 2022 and provides NZAA Members with significant savings on driving lessons. The programme was designed to support drivers to develop the skills needed to be safe and confident behind the wheel by learning essential practices, skills, and habits with a professional driving instructor.

	2025	2024
NO. OF DISCOUNTED DRIVING LESSONS	86,552	86,529
TOTAL MEMBER DISCOUNT \$'000	1,829	1,828

THE NEW ZEALAND AUTOMOBILE ASSOCIATION INCORPORATED
STATEMENT OF SERVICE PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2025

3. Meaningful Revenue Diversification

3.1. Revenue streams

To deliver on our purpose, strategic intent and priority areas, it is important we have diverse revenue streams and operate sustainably. We supplement income from Membership fees and subscriptions with revenue from our portfolio of commercial products and services, creating new partnerships and business models and investing wisely.

	2025 \$'000	2024 \$'000
MEMBERSHIP FEES AND SUBSCRIPTIONS	72,538	69,159
COMMERCIAL ACTIVITY	122,650	123,591
INVESTMENT INCOME / (LOSS)	21,317	17,957
SHARE OF NET SURPLUSES/(LOSSES) FROM JOINT VENTURES	56,797	36,512

Independent Auditor's Report

To the Members of the New Zealand Automobile Association Incorporated

Opinion

We have audited the consolidated financial report of the New Zealand Automobile Association Incorporated (the 'entity') and its subsidiaries ('the group'), which comprise the consolidated financial statements on pages 3 to 45, and the consolidated statement of service performance on pages 46 to 49. The complete set of consolidated financial statements comprise the statement of financial position as at 30 June 2025, and the consolidated statement of financial performance, statement of comprehensive revenue and expense, statement of changes in net assets/equity and statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial report presents fairly, in all material respects:

- the consolidated financial position of the group as at 30 June 2025, and its consolidated financial performance and cash flows for the year then ended; and
- the consolidated service performance for the year ended 30 June 2025 in that the service performance information is appropriate and meaningful and in accordance with the group's measurement bases or evaluation methods

in accordance with Public Benefit Entity Standards ('PBE Standards') issued by the New Zealand Accounting Standards Board.

Basis for opinion

We conducted our audit of the consolidated financial statements in accordance with International Standards on Auditing ('ISAs'), and the audit of the consolidated service performance information in accordance with the ISAs (NZ) and New Zealand Auditing Standard 1 (Revised) *The Audit of Service Performance Information* ('NZ AS 1 (Revised)'). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Report* 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.

Our firm carries out other assignments for the group in the area of risk advisory, taxation compliance, and taxation advice. These services have not impaired our independence as auditor of the group. In addition to this, partners and employees of our firm deal with the entity and its subsidiaries on normal terms within the ordinary course of trading activities of the business of the entity and its subsidiaries. The firm has no other relationship with, or interest in, the entity or any of its subsidiaries.

Other information

The Board of Directors are responsible on behalf of the group for the other information. The other information comprises the information in the Annual Report that accompanies the consolidated financial report and the audit report.

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

Our responsibility is to read the other information obtained prior to the date of our audit report, and consider whether it is materially inconsistent with the consolidated financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If so, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' responsibilities for the consolidated financial report

The Board of Directors are responsible on behalf of the group for:

- the preparation and fair presentation of the consolidated financial report in accordance with PBE Standards;
- the selection of elements/aspects of service performance, performance measures and/or descriptions and measurement bases or evaluation methods that present service performance information that is appropriate and meaningful in accordance with PBE Standards;
- the preparation and fair presentation of service of service performance information in accordance with the Group's measurement bases or evaluation methods, in accordance with PBE Standards;
- the overall presentation, structure and content of the service performance information in accordance with PBE Standards; and
- such internal control as the Board of Directors determine is necessary to enable the preparation of a consolidated financial report that is free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial report, the Board of Directors are responsible on behalf of the group for assessing 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 Board of Directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial report

Our objectives are to obtain reasonable assurance about whether the consolidated financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) and NZ AS 1 (Revised) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this consolidated financial report.

A further description of our responsibilities for the audit of the consolidated financial report is located on at the External Reporting Board's website at:

<https://www.xrb.govt.nz/standards/assurance-standards/auditors-responsibilities/audit-report-13-1/>

This description forms part of our auditor's report.

Restriction on use

This report is made solely to the Members, as a body, in accordance with the Rules of the Association. Our audit has been undertaken so that we might state to the 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 Members as a body, for our audit work, for this report, or for the opinions we have formed.

Deloitte Limited

Auckland, New Zealand
26 September 2025

This audit report relates to the consolidated financial report of New Zealand Automobile Association Incorporated (the 'entity') and its subsidiaries (the 'group') for the year ended 30 June 2025 included on the entity's website. The Board of Directors are responsible for the maintenance and integrity of the entity's website. We have not been engaged to report on the integrity of the entity's website. We accept no responsibility for any changes that may have occurred to the consolidated financial report since they were initially presented on the website. The audit report refers only to the consolidated financial report named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these consolidated financial report. If readers of this report are concerned with the inherent risks arising from electronic data communication, they should refer to the published hard copy of the audited consolidated financial report and related audit report dated 26 September 2025 to confirm the information included in the audited consolidated financial report presented on this website.

