Atradius Crédito y Caución S.A. de Seguros y Reaseguros
New Zealand Branch

Company Directory

Nature of Business	Trade Credit Insurance
Registered Office	TMF Group, Level 11, 41 Shortland Street, Auckland, 1010, New Zealand
Company Number	1547417
IRD Number	88-865-499
Directors	Xavier FREIXES PORTES Désirée Maria VAN GORP Hugo SERRA CALDERÓN Carlos Federico HALPERN SERRA John Patrick HOURICAN José María SUNYER SENDRA Juan Ignacio GUERRERO GILABERT Joaquín GUALLAR PÉREZ Mariá Isabel GÓMEZ CAGIGAS
Branch of	Atradius Crédito y Caución S.A. de Seguros y Reaseguros, Spain
Auditor	PricewaterhouseCoopers, Sydney, Australia
Bankers	ASB Bank Limited
Solicitors	Russel McVeagh
Business Location	Auckland

No disclosure has been made in respect of section 211(a), (e) to (h) and (j) of the Companies Act 1993 following a unanimous decision by the shareholders in accordance with Section 211(3) of the Act.

Independent auditor's report

To the Directors of Atradius Crédito y Caución S.A. de Seguros y Reaseguros New Zealand Branch

Our opinion

In our opinion, the accompanying financial statements of Atradius Crédito y Caución S.A. de Seguros y Reaseguros New Zealand Branch (the Branch), present fairly, in all material respects, the financial position of the Branch as at 31 December 2025, its financial performance, and its cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards Accounting Standards (IFRS Accounting Standards).

What we have audited

The Branch's financial statements comprise:

- the statement of financial position as at 31 December 2025;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

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Liability limited by a scheme approved under Professional Standards Legislation.

Independence

We are independent of the Branch 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 (PES 1) and the *International Code of Ethics for Professional Accountants (including International Independence Standards)* issued by the International Ethics Standards Board for Accountants (IESBA Code), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with PES 1 and the IESBA Code.

Other than in our capacity as auditor we have no relationship with, or interests in, the Branch.

Our audit approach

An audit is designed to provide reasonable assurance about whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Branch, the accounting processes and controls, and the industry in which the Branch operates.

Audit Scope

Our audit focused on where the Branch made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of the key audit matter	How our audit addressed the key audit matter
Valuation of insurance contract liabilities **(Refer to Note 14)** The valuation of insurance contract liabilities is a key audit matter due to the significance of the balance and the level of judgement involved in estimating future cash flows. In particular, judgement is required in estimating future cash flows relating to incurred claims, which are recognised as part of the liability for incurred claims and are inherently uncertain, as they depend on assumptions about the amount, timing and uncertainty of claims arising from past events. The measurement of insurance contract liabilities also involves significant judgement in determining the risk adjustment, which reflects the compensation the Group requires for bearing the uncertainty in the amount and timing of future cash flows arising from non-financial risks. The methodologies and assumptions applied in determining the risk adjustment have a direct impact on the valuation of insurance contract liabilities.	Together with PwC actuarial experts, our procedures included: • Obtaining an understanding and testing the design, implementation and operating effectiveness of relevant controls over the Branch's process for valuing insurance contract liabilities. • Assessing the underlying methodology and appropriateness of significant assumptions used by management to derive future cash flows by comparing these to historical experience, industry trends and benchmarks, and other publicly available information. • Evaluating the appropriateness and reliability of relevant attributes of the data used to estimate future cash flows associated with groups of contracts, including agreeing a sample of written premiums, claims paid and claims incurred to underlying documentation. • Evaluating the relevant underlying calculations used to derive the risk adjustment, including the appropriateness of significant assumptions applied.

- Comparing the discount rates applied, including the illiquidity premium, to external market data and industry benchmarks.
- Assessing the reasonableness of the related disclosures in the financial report against the requirements of NZ IFRS and IFRS Accounting Standards.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial statements

The Directors are responsible, on behalf of the Branch, for the preparation and fair presentation of the financial statements in accordance with NZ IFRS and IFRS Accounting Standards, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-2/

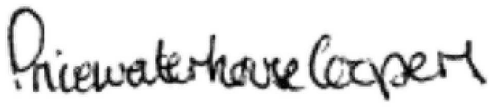
This description forms part of our auditor's report.

Who we report to

This report is made solely to the Branch's Directors, as a body. Our audit work has been undertaken so that we might state those matters which 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 Branch and the Branch's Directors, as a body, for our audit work, for this report, or for the opinions we have formed.

The Partner on the audit resulting in this independent auditor's report is Scott Hadfield.

For and on behalf of:



PricewaterhouseCoopers Sydney
22 April 2026

Atradius Crédito y Caución S.A. de Seguros y Reaseguros
New Zealand Branch

Statement of Comprehensive Income
For the Year Ended 31 December 2025
In New Zealand Dollars

	Note	2025	2024
Insurance revenue	2	8,880,955	8,501,675
Insurance service expense	3	(7,663,060)	(4,565,378)
Investment results	4	(130,092)	(153,652)
Net recoveries/(expenses) from reinsurance contracts	5	176,049	(1,120,551)
Other insurance service expense		(15,389)	(1,844)
Insurance service result		**1,248,463**	**2,660,250**
Other income from ancillary insurance activities		860,645	841,093
Investment income	6	1,380,123	1,694,337
Net insurance and investment result		**3,489,231**	**5,195,680**
Other finance income		3,250	1,416
Other operating expenses		(323,654)	(370,860)
Profit before income tax		**3,168,827**	**4,826,236**
Income tax expense	7	(955,131)	(758,139)
Profit for the year		**2,213,696**	**4,068,097**
Other comprehensive income		-	-
Total comprehensive income for the year		**2,213,696**	**4,068,097**

The accompanying notes form an integral part of these financial statements.

Atradius Crédito y Caución S.A. de Seguros y Reaseguros
New Zealand Branch

Statement of Changes in Equity
For the Year Ended 31 December 2025
In New Zealand Dollars

	Retained earnings	Result for the year	Total equity
Balance at 1 January 2024	**12,859,812**	**-**	**12,859,812**
Total comprehensive income for the year	-	4,068,097	4,068,097
Balance at 31 December 2024	**12,859,812**	**4,068,097**	**16,927,909**
Balance at 1 January 2025	**16,927,909**	**-**	**16,927,909**
Total comprehensive income for the year	-	2,213,696	2,213,696
Balance at 31 December 2025	**16,927,909**	**2,213,696**	**19,141,605**

The accompanying notes form an integral part of these financial statements.

Atradius Crédito y Caución S.A. de Seguros y Reaseguros
New Zealand Branch

Statement of Financial Position
As at 31 December 2025
In New Zealand Dollars

	Note	2025	2024
Assets			
Cash and cash equivalents	9	2,944,484	2,805,973
Receivables	10	130,889	46,878
Other assets		490,358	677,307
Current income tax assets	7	59,730	-
Deferred tax assets	7	378,528	178,847
Insurance contract assets	14	2,786,177	1,307,151
Investments	11	34,349,257	31,198,410
Property, plant and equipment	8	572	1,470
Total Assets		**41,139,995**	**36,216,036**
Equity			
Retained profit	13	19,141,605	16,927,909
Total Equity		**19,141,605**	**16,927,909**
Liabilities			
Payables	15	13,769,798	13,817,973
Other liabilities	16	2,396,218	2,458,951
Current income tax liabilities	7	-	664,052
Deferred tax liabilities	7	90,450	-
Insurance contract liabilities	14	5,504,776	2,114,974
Provisions and other accruals	24	237,148	232,177
Total Liabilities		**21,998,390**	**19,288,127**
Total Equity and Liabilities		**41,139,995**	**36,216,036**

The accompanying notes form an integral part of these financial statements.

For and on behalf of the directors who authorised the issue of these financial statements.

Joaquín Guallar Pérez
Director
Date: 22 April 2026

Hugo Serra Calderón
Director
Date: 22 April 2026

Atradius Crédito y Caución S.A. de Seguros y Reaseguros
New Zealand Branch

Statement of Cash Flows
For the Year Ended 31 December 2025
In New Zealand Dollars

	Note	2025	2024
Cash flows from operating activities:			
Cash received from insurance activities		7,234,951	8,429,906
Payments from insurance activities		(4,159,722)	(5,323,682)
Cash received from other activities		2,240,768	2,535,430
Payments/(receipts) for other activities		(238,495)	83,018
Tax paid		(1,788,145)	(1,456,464)
Net cash inflow from operating activities	23	**3,289,357**	**4,268,208**
Cash flows from investing activities:			
Head office cash pooling transfers		(150,846)	1,586,921
Purchase of cash term deposit		(33,500,000)	(30,500,000)
Bonds and cash term deposit matured		30,500,000	24,500,000
Purchase of property, plant and equipment		-	(1,287)
Net cash outflow from investing activities		**(3,150,846)**	**(4,414,366)**
Cash flows from financing activities:			
Net cash inflow / (outflow) from financing activities		-	-
Net (decrease) / increase in cash		**138,511**	**(146,158)**
Cash and cash equivalents at the beginning of the year		2,805,973	2,952,131
Cash and cash equivalents at the end of the year	9	**2,944,484**	**2,805,973**

The accompanying notes form an integral part of these financial statements.

Atradius Crédito y Caución S.A. de Seguros y Reaseguros New Zealand Branch

Notes to the financial statements
For the Year Ended 31 December 2025
In New Zealand Dollars

1 Material accounting policies

Reporting Entity

Atradius Crédito y Caución S.A. de Seguros y Reaseguros New Zealand Branch (the "Branch") is a branch of Atradius Crédito y Caución S.A. de Seguros y Reaseguros (the "Company"), a trade credit insurance company registered in Spain. The ultimate parent entity is CO Sociedad de Gestión y Participación, S.A., a company incorporated in Spain. The Branch was registered on 26 August 2004. The Branch has a registered office in Auckland.

These financial statements have been approved for issue by the Board of Directors on 22 April 2026. The Directors of the Branch have the power to amend the financial statements after issue.

Statement of Compliance and Basis of Preparation

These financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practices (NZ GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), and other applicable Financial Reporting Standards as appropriate for for-profit entities. The financial statements comply with International Financial Reporting Standards. The Branch is an FMC reporting entity under the Financial Markets Conduct Act 2013 and its financial statements are prepared in accordance with the requirements of Part 7 of the Act.

The financial statements are presented in New Zealand Dollars (NZD), the functional currency of the Branch. The financial statements are prepared on the historical cost basis, with financial instruments at fair value for financial reporting purposes.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

New and Revised Standards

The following relevant standards and amendments has been adopted in 2025 and did not have a material effect on the Branch financial statements:

- Amendments to NZ IAS 1 Presentation of Financial Statements: Non-current liabilities with covenants. This is to clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability as current or non-current. The amendments are effective for reporting periods beginning on or after 1 January, 2025;
- Amendments to NZ IAS 7 Statement of Cash Flows and NZ IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (Issued on 25 May 2023).

The following relevant standard has not been early adopted by the Branch as at 31 December 2025:

- NZ IFRS 18 Presentation and Disclosure in Financial Statements (issued in May 2024) includes requirements for all entities applying IFRS for the presentation and disclosure of information in financial statements. New requirements include: new categories and subtotals in the statement of profit or loss, requires disclosures about management-defined performance measures and enhanced requirements for grouping (aggregation and disaggregation) information. It applies to an annual reporting period beginning on or after 1 January 2027 and also applies to comparative information. These amendments will have an impact on the disclosures that are presented in the consolidated financial statements.

1 Material accounting policies (continued)

Going Concern

The financial statements have been prepared on a going concern basis. During the year the Branch reported a profit of $2,213,696 (2024: profit $4,068,097) and has a retained profit of $19,141,605 (2024: profit $16,927,909).

The Branch is part of Atradius Crédito y Caución S.A. de Seguros y Reaseguros, to which the Branch relies on for operational support. The assets of the Branch are legally available for the satisfaction of debts of the entire company, not solely those appearing on the accompanying statement of financial position and its debts may result in claims against assets not appearing thereon.

Insurance Contracts

Insurance contracts are contracts under which the Branch accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. In making this assessment, all substantive rights and obligations, including those arising from law or regulation, are considered on a contract-by-contract basis. The Branch uses judgement to assess whether a contract transfers insurance risk.

Before it accounts for an insurance contract based on the guidance in NZ IFRS 17, it analyses whether the contract contains components that should be separated. NZ IFRS 17 distinguishes three categories of components that have to be accounted for separately:

- Cash flows relating to embedded derivatives that are required to be separated;
- Cash flows relating to distinct investment components; and
- Promises to transfer distinct goods or distinct services other than insurance contract services.

NZ IFRS 17 is applied to all remaining components of the contract. The Branch does not have any contracts that require further separation of insurance contracts.

In the normal course of business, the Branch uses reinsurance to mitigate its risk exposures. A reinsurance contract transfers significant risk if it transfers substantially all of the insurance risk resulting from the insured portion of the underlying insurance contracts, even if it does not expose the reinsurer to the possibility of a significant loss. All references to insurance contracts in these financial statements apply to insurance contracts issued or acquired, reinsurance contracts held unless specifically stated otherwise.

Notes to the financial statement
For the Year Ended 31 December 2025
In New Zealand Dollars

1 Material accounting policies (continued)

Measurement approach

The Branch is reporting under the general measurement model (GMM). Atradius has chosen this approach since all of its products have a significant portion of insurance contracts that have a coverage period longer than one year. Additionally, the general measurement approach allows including changes in the estimation of cash flows that are important to deal with volatile economic environments. Atradius is exposed to these material expectation changes with respect to future events as result from the changes in the credit quality of the credit exposures because of macro-economic changes.

The main reinsurance treaties that are on a risk attaching basis do cover all insurance products. As such these treaties all have a coverage period for more than one year (the coverage of the direct contracts plus one year) and are exposed to the same changes in estimates as the direct contracts.

Coverage Period

The coverage period is defined as a period during which the entity provides insurance contract services. This period includes the insurance contract services that relates to all fulfilment cash flows within the boundary of the insurance contract. During the coverage period an insured event can happen.

The Branch has defined the coverage period as the period during which the entity provides insurance contract services, which in turn is the period during which insured events can take place. The insured event for credit insurance, following the policy wording is the insolvency and/or protracted default of the buyer. As is common for the Credit Insurance market, Atradius policies do not recognise a protracted default, until the end of a waiting period.

1 Material accounting policies (continued)

Level of Aggregation

The units of account based on the combination of portfolio, year of issue and profitability. Atradius manages insurance contracts issued by product lines within one operating segment, where each product line includes contracts that are subject to similar risks. All insurance contracts within a product line represent a portfolio of contracts. Each portfolio is further disaggregated into groups of contracts that are issued within a calendar year (annual cohorts) and are: (i) contracts that are onerous at initial recognition; (ii) contracts that at initial recognition have no significant possibility of becoming onerous subsequently; or (iii) a group of remaining contracts. These groups represent the level of aggregation at which insurance contracts are initially recognised and measured. The allocation of contracts to a group after initial recognition is not subsequently reconsidered. Credit insurance business is managed at country level.

The Branch monitors the profitability of contracts within portfolios and the likelihood of changes in insurance, financial and other exposures resulting in these contracts becoming onerous at the level of the country or unit with no information available at a more granular level. The assessment of onerous at initial recognition is per portfolio performed on each set of insurance contracts. Only in very exceptional circumstances the Branch will for strategic reasons issue contracts that are onerous at initial recognition. For Credit Insurance, the Branch considers that contracts should not be grouped as onerous at initial recognition, as contracts are managed together with contracts that are yet to be recognised as result of the ability to dynamically underwrite these risks.

The Branch uses significant judgement to determine at what level of granularity the Branch has reasonable and supportable information that is sufficient to conclude that all contracts within a set are sufficiently homogeneous and will be allocated to the same group without performing an individual contract assessment.

The Branch assumes that all groups have a significant chance of becoming onerous, due to potential large expectation changes.

Portfolios of reinsurance contracts held are assessed for aggregation and measurement separately from portfolios of insurance contracts issued. Applying the grouping requirements to reinsurance contracts held, the Branch aggregates reinsurance contracts held issued within a calendar year (annual cohorts) into groups of: (i) contracts for which there is a net gain at initial recognition, if any; (ii) contracts for which, at initial recognition, there is no significant possibility of a net gain arising subsequently; and (iii) remaining contracts in the portfolio, if any.

The Branch has for their main reinsurance held contracts determined to split these in two portfolios, proportional and non-proportional, which is consistent with how the assumed reinsurance business is split into portfolios.

1 Material accounting policies (continued)

Recognition, modification, de-recognition of insurance contracts

The Branch recognises groups of insurance contracts issued from the first of the following dates:

At the beginning of the coverage period;
The date when the first payment of the policyholder is due; or
When the Branch determines that a group of contracts becomes onerous.

The Branch in general recognises the insurance contract at the beginning of the coverage period unless groups of insurance contracts are onerous once the contract is bound and if the bound date is prior to the coverage start date. For standard credit insurance business, the existence of credit limits (coverage of insured sales) determines the existence of the insurance contract, and not the policy itself.

Reinsurance contracts held are recognised as follows:

a. A group of reinsurance contracts held that provide proportional coverage (quota share reinsurance) is recognised at the later of:
b. The beginning of the coverage period of the group; and
c. The initial recognition of any underlying insurance contract;
d. All other groups of reinsurance contracts held are recognised from the beginning of the coverage period of the groups of reinsurance contracts held; unless the Branch entered into the reinsurance contract held at or before the date when an onerous group of underlying contracts is recognised prior to the beginning of the coverage period of the group of reinsurance contracts held, in which case the reinsurance contract held is recognised at the same time as the group of underlying insurance contracts is recognised.

Only contracts that individually meet the recognition criteria by the end of the reporting period are included in the groups. When contracts meet the recognition criteria in the groups after the reporting date, they are added to the groups in the reporting period in which they meet the recognition criteria, subject to the annual cohort's restriction. Composition of the groups is not reassessed in subsequent periods.

The Branch derecognises an insurance contract when it is:

a. Extinguished (that is, when the obligation specified in the insurance contract expires or is discharged or cancelled); or
b. The contract is modified and additional criteria discussed below are met.

When the Branch modifies an insurance contract as a result of an agreement with the counterparties or due to a change in regulations, the Branch treats changes in cash flows caused by the modification as changes in estimates of the fulfilment cash flow (FCF), unless the conditions for the derecognition of the original contract are met.

The Branch derecognises the original contract and recognises the modified contract as a new insurance contract if the modified terms had been included at contract inception and the Branch would have concluded that the modified contract: results in a different contract boundary; or belongs to a different group of contracts.

1 Material accounting policies (continued)

When an insurance contract is derecognised from a group of insurance contracts, the Branch adjusts the FCF to eliminate the present value of future cash flows and risk adjustment for non-financial risk relating to the rights and obligations removed from the group and adjust the CSM and the number of coverage units for the expected remaining insurance contract services, to reflect the number of coverage units removed.

Measurement

Fulfilment Cash flows

Fulfilment cash flows (FCF) consist of a best estimate and a risk adjustment.

The estimate consists of estimates of the future cash flows within the contract boundary of the contracts that the Branch expects to collect from premiums and to pay out for claims, benefits and expenses, adjusted to reflect the timing and the uncertainty of those amounts. The estimate corresponds to a probability weighted average of future outcomes, with prudent choices being made as to possible scenarios and likelihoods thereof.

The estimates are determined from the perspective of the Branch, and consistent with observable market prices for market variables where relevant. It considers circumstances as at measurement date in as far relevant and known to the Branch and reflect conditions existing at the measurement date.

An explicit risk adjustment for non-financial risk is estimated separately from the other estimates.

The estimates of future cash flows are adjusted using the current discount rates to reflect the time value of money and the financial risks related to those cash flows, to the extent not included in the estimates of cash flows. The discount rates reflect the characteristics of the cash flows arising from the groups of insurance contracts, including timing, currency and liquidity of cash flows. The determination of the discount rate that reflects the characteristics of the cash flows and liquidity characteristics of the insurance contracts requires significant judgement and estimation.

In the measurement of reinsurance contracts held, the probability-weighted estimates of the present value of future cash flows include the potential credit losses and other disputes of the reinsurer to reflect the non-performance risk of the reinsurer. The Branch has set the potential credit loss at zero based on the high-level quality of the reinsurance panel.

Where appropriate and proportionate methodology and data exists, the Branch estimates cash flows at the level of group of contracts or lower. However, where estimate relate to more severe events, that do not occur at the level of the group of contracts and that occur with sufficient frequency to allow for robust modelling at that level of granularity the Branch models the estimates related to the possible events at a higher level, combining information from multiple portfolios, and then allocating such estimates to Group level.

The Branch uses consistent assumptions to measure the estimates of the present value of future cash flows for the group of reinsurance contracts held and such estimates for the groups of underlying insurance contracts.

1 Material accounting policies (continued)

Contract boundary

The Branch uses the contract boundary to determine what cash flows should be considered in the measurement of groups of insurance contracts.

Cash flows are within the boundary of an insurance contract if they arise from the substantive rights and obligations that exist during the period in which the policyholder is obligated to pay premiums, or the Branch has a substantive obligation to provide the policyholder with insurance contract services. A substantive obligation ends when:

c. the Branch has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price level that fully reflects those risks;
d. both of the following criteria are satisfied:
   i. the Branch has the practical ability to reassess the risks of the portfolio of insurance contracts that contains the contract and, as a result can set a price that fully reflects the risk of that portfolio; and
   ii. the pricing of the premiums up to the date when risks are reassessed does not consider the risks that relate to periods after the reassessment date.

For Credit Insurance, the buyer limits can be withdrawn and as such has unlimited re-underwrite ability. The Branch has for practical purposes defined the contract boundary to be at month end. The contract boundary is extended with the notice period that applies for withdrawal of the buyer limits.

Cash flows outside the insurance contracts boundary relate to future insurance contracts and are recognised when those contracts meet the recognition criteria.

Atradius determines that the premiums receivable from the intermediary are future cash flows within the boundary of an insurance contract. When the policyholder pays the premiums to the intermediary, Atradius continues to treat the premiums receivable from the intermediary as future cash flows within the boundary of an insurance contract and includes them in the measurement of a group of insurance contracts until recovered in cash.

Reinsurance

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

The Branch main proportional reinsurance agreements renew on an annual basis. Atradius treats these reinsurance contracts as a series of annual contracts that cover underlying business that are based on risk attachment principles attached to the agreement, instead of issued within a year. Estimates of future cash flows arising from all underlying contracts issued and expected to be issued within the reinsurance contracts' one-year boundary are included in the measurement of the reinsurance contracts. Estimates of future cash flows arising from all underlying contracts issued and expected to be issued within the reinsurance contracts boundary are included in the measurement of the reinsurance contracts.

1 Material accounting policies (continued)

The excess of loss reinsurance contract held provides coverage for claims incurred based on the attachment principle. Thus, all cash flows arising from claims incurred and expected to be incurred based on the attachment principle are included in the measurement of the reinsurance contracts held. The main contracts do include mandatory reinstatement reinsurance premiums. These are inside the contract boundary.

Any cash flow that is not directly attributable to a portfolio of insurance contracts, such as some product development and training costs, are recognised in other operating expenses as incurred.

Insurance acquisition costs

Acquisition cash flows are cash flows that arise from costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) and that are directly attributable to the portfolio of insurance contracts to which the group belongs. Insurance acquisition cash flows are allocated to groups of insurance contracts on a systematic and rational basis.

Insurance acquisition cash flows not directly attributable to a group of contracts but directly attributable to a portfolio of contracts are allocated to groups of contracts in the portfolio or expected to be in the portfolio. Atradius recognises an asset for directly attributable acquisition costs that relate to broker commissions. These balances are directly linked to prepaid premium for which the premium is not yet part of a recognised group of insurance contracts. There is no risk that these acquisition costs cannot be recovered since when the related insurance contract never gets recognised, both the related prepaid premium and the broker commissions are refunded.

Other pre-recognition cash flows within the contract boundary

Before a group of insurance contracts is recognised, the Branch could recognise assets or liabilities for cash flows related to a group of insurance contracts other than insurance acquisition cash flows, either because of the occurrence of the cash flows or because of the requirements of another IFRS standard. Cash flows are related to the group of insurance contracts if they would have been included in the FCF at initial recognition of the group if they had been paid or received after that date. Such assets or liabilities (referred to as 'other pre-recognition cash flows') are included in the carrying amount of the related portfolios of insurance contracts issued or in the carrying amount of the portfolios of reinsurance contracts held.

1 Material accounting policies (continued)

Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows. It reflects the compensation that the Branch requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Branch fulfils insurance contracts. The Branch takes diversification benefits into account.

For the calculation of the risk adjustment, the Branch uses the Cost of Capital method. The Costs of Capital is calibrated to the risk margin, where per product a factor is established that captures the ratio of the risk adjustment to the expected claims cash flows. This factor is then used to derive the respective risk adjustment per contract.

For reinsurance contracts held, the risk adjustment for non-financial risk represents the amount of risk being transferred by the Group to the reinsurer. A factor is constructed from the claims cash flow weighted average of the direct business being ceded.

Discount rate

The Branch measures the value of money over time using discount rates that reflect the liquidity characteristics of insurance contracts and the characteristics of cash flows, consistent with current market prices and excluding factors influencing the market prices of the reference assets but not affecting the flows of insurance contracts. The discount rate is calculated using the "bottom-up" approach based on the risk-free curve and applying an illiquidity premium, when relevant. The Branch has applied an illiquidity premium of zero.

The observable market information is available for up to 20 years. For the unobservable period, the yield curve was interpolated between an ultimate rate and the last observable point using the Smith-Wilson method. The yield curve that are used to discount the estimates of future cash flows are as follows:

	2025				2024			
Currency	1 year	5 years	10 years	20 years	1 year	5 years	10 years	20 years
NZD	2.81 %	3.51 %	4.03 %	4.54 %	3.63 %	3.76 %	4.12 %	4.48 %
USD	3.29 %	3.38 %	3.72 %	4.08 %	3.98 %	3.70 %	3.71 %	3.71 %

1 Material accounting policies (continued)

Contractual Service Margin

The contractual service margin (CSM) is a component of the carrying amount of the asset or liability for a group of insurance contracts issued representing the unearned profit that will be recognised as it provides insurance contract services in the future.

At initial recognition, the CSM is an amount that results in no income or expenses (unless a group of contracts is onerous, or insurance revenue and insurance service expenses are recognised as in (d) below) arising from:

a. The initial recognition of the FCF;
b. Cash flows arising from the contracts in the group at that date;
c. The derecognition of any insurance acquisition cash flows asset; and
d. The derecognition of any other pre-recognition cash flows. Insurance revenue and insurance service expenses are recognised immediately for any such assets derecognised.

When the above calculation results in a net outflow, the group of insurance contracts issued is onerous. A loss from onerous insurance contracts is recognised in profit or loss immediately, with no CSM recognised on the balance sheet on initial recognition, and a loss component is established in the amount of loss recognised.

For groups of reinsurance contracts held, any net gain or loss at initial recognition is recognised as the CSM unless the net cost of purchasing reinsurance relates to past events, in which case the Branch recognises the net cost immediately in profit or loss. For reinsurance contracts held, the CSM represents a deferred loss that the Branch will recognise as a reinsurance expense as it receives insurance contract services from the reinsurer in the future and is calculated as the sum of:

a. The initial recognition of the FCF; and
b. Cash flows arising from the contracts in the group at that date;
c. The amount derecognised at the date of initial recognition of any asset or liability previously recognised for cash flows related to the group of reinsurance contracts held (other pre-recognition cash flows); and
d. Any income recognised in profit or loss when the entity recognises a loss on initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to that group.

A loss-recovery component is established or adjusted within the remaining coverage for reinsurance contracts held for the amount of income recognised in (d) above. This amount is calculated by multiplying the loss recognised on underlying insurance contracts by the percentage of claims on underlying insurance contracts that the Branch expects to recover from the reinsurance contracts held that are entered into before or at the same time as the loss is recognised on the underlying insurance contracts.

When underlying insurance contracts are included in the same group with insurance contracts issued that are not reinsured, the Group applies a systematic and rational method of allocation to determine the portion of losses that relates to underlying insurance contracts.

1 Material accounting policies (continued)

Subsequent measurement

The carrying amount at the end of each reporting period of a group of insurance contracts issued is the sum of:

a. The LRC, comprising:
    i. The FCF related to future service allocated to the group at that date; and
    ii. The CSM of the group at that date; and
b. The liability for incurred losses (LIC), comprising the FCF related to past service allocated to the group at the reporting date.

The carrying amount at the end of each reporting period of a group of reinsurance contracts held is the sum of:

a. The remaining coverage, comprising:
    i. The FCF related to future service allocated to the group at that date; and
    ii. The CSM of the group at that date; and
b. The incurred claims, comprising the FCF related to past service allocated to the group at the reporting date.

Changes in fulfilment cash flows

The FCF are updated by the Branch for current assumptions at the end of every reporting period, using the current estimates of the amount, timing and uncertainty of future cash flows and of discount rates.

The way in which the changes in estimates of the FCF are treated depends on which estimate is being updated:

a. Changes that relate to current or past service are recognised in profit or loss; and
b. Changes that relate to future service are recognised by adjusting the CSM or the loss component within the liability for remaining coverage (LRC) as per the policy below.

The following adjustments relate to future service and thus adjust the CSM:

a. Experience adjustments – arising from premiums received in the period that relate to future service and related cash flows;
b. Changes in estimates of the present value of future cash flows in the LRC, except those described in the following paragraph; and
c. Changes in the risk adjustment for non-financial risk that relate to future service.

The adjustments above are measured using discount rates determined on initial recognition (the locked-in discount rates).

1 Material accounting policies (continued)

The following adjustments do not adjust the CSM:

a. Changes in the FCF for the effect of the time value of money and the effect of financial risk and changes thereof;
b. Changes in the FCF relating to the LIC;
c. Experience adjustments – arising from premiums received in the period that do not relate to future service and related cash flows, and
d. Experience adjustments relating to insurance service expenses.

The Branch does not have any products with complex guarantees and does not use derivatives as economic hedges of the risks

Changes to the contractual service margin

For insurance contracts issued, at the end of each reporting period the carrying amount of the CSM is adjusted by the Branch to reflect the effect of the following changes:

a. The effect of any new contracts added to the group.
b. Interest accreted on the carrying amount of the CSM.
c. Changes in the FCF relating to future service are recognised by adjusting the CSM. Changes in the FCF are recognised in the CSM to the extent that the CSM is available. When an increase in the FCF exceeds the carrying amount of the CSM, the CSM is reduced to zero, the excess is recognised in insurance service expenses and a loss component is recognised within the LRC. When the CSM is zero, changes in the FCF adjust the loss component within the LRC with correspondence to insurance service expenses. The excess of any decrease in the FCF over the loss component reduces the loss component to zero and reinstates the CSM.
d. The effect of any currency exchange differences.
e. The amount recognised as insurance revenue for insurance contract services provided during the period, determined after all other adjustments above

For reinsurance contracts held, at the end of each reporting period, the carrying amount of the CSM is adjusted by the Branch to reflect the effect of the following changes:

a. The effect of any new contracts added to the group.
b. Interest accreted on the carrying amount of the CSM.
c. Income recognised in profit or loss when the entity recognises a loss on initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to that group. A loss recovery component is established or adjusted within the remaining coverage for reinsurance contracts held for the amount of income recognised.
d. Reversals of a loss-recovery component other than changes in the FCF of reinsurance contracts held.
e. Changes in the FCF, to the extent that the change relates to future service, unless the change results from a change in FCF allocated to a group of underlying insurance contracts that does not adjust the CSM for the group of underlying insurance contracts.
f. The effect of any currency exchange differences.
g. The amount recognised in profit or loss for insurance contract services received during the period, determined after all other adjustments above.

1 Material accounting policies (continued)

Income referred to in (c) above is calculated by multiplying the loss recognised on underlying insurance contracts by the percentage of claims on underlying insurance contracts that the Branch expects to recover from the reinsurance contract held that is entered into before or at the same time as the loss is recognised on the underlying insurance contracts.

For the purposes of (c)–(e) above, when underlying insurance contracts are included in the same group with insurance contracts issued that are not reinsured, Atradius applies a systematic and rational method of allocation to determine the portion of losses that relates to underlying insurance contracts.

Interest accretion on the CSM

Under the GMM, interest is accreted on the CSM using discount rates determined at initial recognition per individual new business subgroup that are applied to nominal cash flows that do not vary based on the returns of underlying items.

The CSM is adjusted for changes in the FCF, measured applying the discount rates as specified in the Changes in fulfilment cash flows section above.

Release of the CSM to profit or loss

The amount of the CSM recognised in profit or loss for insurance contract services in the period is determined by the allocation of the CSM remaining at the end of the reporting period over the current and remaining expected coverage period of the group of insurance contracts based on coverage units.

The total number of coverage units in a group is the quantity of service provided by the contracts in the group over the expected coverage period. The coverage units are determined at each reporting period-end prospectively by considering:

a. The quantity of benefits provided by contracts in the group;
b. The expected coverage period of contracts in the group; and
c. The likelihood of insured events occurring, only to the extent that they affect the expected coverage period of contracts in the group.

The Branch determines coverage units for Credit Insurance based on the (expected exposure) of the insurance contracts. The Branch has determined that, for the credit insurance contracts, the coverage units are determined based on the estimated payment behaviour of companies in a B2B relation.

The Branch reflects the time value of money in the allocation of the CSM to coverage units, using discount rates determined at initial recognition that are applied to nominal cash flows that do not vary based on the returns of underlying items.

For reinsurance contracts held, the CSM is released to profit or loss as insurance contract services are received from the reinsurer in the period. Coverage units for the proportional reinsurance contracts held are based on the insurance coverage provided by the reinsurer. The coverage period for these contracts is determined based on the coverage period of all underlying contracts whose cash flows are included in the reinsurance contract boundary.

1 **Material accounting policies (continued)**

Onerous contracts – Loss component

When adjustments to the CSM exceed the amount of the CSM, the group of contracts becomes onerous and the Branch recognises the excess in insurance service expenses, and it records the excess as a loss component of the LRC.

When a loss component exists, the Branch allocates the following between the loss component and the remaining component of the LRC for the respective group of contracts, based on the ratio of the loss component to the FCF relating to the expected future cash outflows:

a. Expected incurred claims and other directly attributable expenses For the Year;
b. Changes in the risk adjustment for non-financial risk for the risk expired; and
c. Finance income (expenses) from insurance contracts issued.

The amounts of loss component allocation in (a) and (b) above reduce the respective components of insurance revenue and are reflected in insurance service expenses.

Decreases in the FCF in subsequent periods reduce the remaining loss component and reinstate the CSM after the loss component is reduced to zero. Increases in the FCF in subsequent periods increase the loss component.

Reinsurance contracts held – Loss-recovery component

A loss-recovery component is established or adjusted within the asset for remaining coverage for reinsurance contracts held for the amount of income recognised in profit or loss when the Branch recognises a loss on initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to that group.

Subsequently, the loss-recovery component is adjusted to reflect changes in the loss component of an onerous group of underlying insurance contracts discussed in the onerous contracts – Loss component section above. The loss-recovery component is further adjusted, if required, to ensure that it does not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that Atradius expects to recover from the group of reinsurance contracts held.

The loss-recovery component determines the amounts that are presented as a reduction of incurred claims recovery from reinsurance contracts held and are consequently excluded from the reinsurance expenses determination.

Insurance service result from insurance contracts issued

As the Branch provides insurance contract services under the group of insurance contracts, it reduces the LRC and recognises insurance revenue. The amount of insurance revenue recognised in the reporting period depicts the transfer of promised services at an amount that reflects the portion of consideration that Atradius expects to be entitled to in exchange for those services.

1 Material accounting policies (continued)

Insurance revenue

The insurance revenue comprises the following:

1. Amounts relating to the changes in the LRC:
   a. Claims and other directly attributable expenses incurred in the period measured at the amounts expected at the beginning of the period, excluding:
      i. Amounts allocated to the loss component;
      ii. Insurance acquisition expenses; and
      iii. Amounts related to the risk adjustment for non-financial risk (see (b));
   b. Changes in the risk adjustment for non-financial risk, excluding:
      i. Changes included in insurance finance income (expenses);
      ii. Changes that relate to future coverage (which adjust the CSM); and
      iii. Amounts allocated to the loss component;
   c. Amounts of the CSM recognised for the services provided in the period;
   d. Experience adjustments arising from premiums received in the period other than those that relate to future service; and
   e. Other amounts, including any other pre-recognition cash flows assets derecognised at the date of initial recognition.
2. Insurance acquisition cash flows recovery is determined by allocating the portion of premiums related to the recovery of those cash flows based on the passage of time over the expected coverage of a group of contracts.

Insurance service expenses
Insurance service expenses include the following:

a. Incurred claims, excluding investment components reduced by loss component allocations;
b. Other incurred directly attributable expenses, including amounts of any other pre-recognition cash flows assets (other than insurance acquisition cash flows) derecognised at the date of initial recognition;
c. Insurance acquisition cash flows amortisation;
d. Changes that relate to past service – changes in the FCF relating to the LIC;
e. Changes that relate to future service – changes in the FCF that result in onerous contract losses or reversals of those losses; and
f. Insurance acquisition cash flows assets impairment.

The amortisation of insurance acquisition cash flows is reflected in insurance service expenses in the same amount as insurance acquisition cash flows recovery reflected within insurance revenue, as described above.

Other expenses not meeting the above categories are included in other operating expenses in the consolidated statement of profit or loss.

1 Material accounting policies (continued)

Insurance service result from reinsurance contracts held

The Branch presents financial performance of groups of reinsurance contracts held on a net basis in net income (expenses) from reinsurance contracts held, comprising the following amounts:

a. Reinsurance expenses;
b. Incurred claims recovery, excluding investment components reduced by loss-recovery component allocations;
c. Other incurred directly attributable expenses;
d. Changes that relate to past service – changes in the FCF relating to incurred claims recovery;
e. Effect of changes in the risk of reinsurers' non-performance; and amounts relating to accounting for onerous groups of underlying insurance contracts issued:
   i. Income on initial recognition of onerous underlying contracts;
   ii. Reversals of a loss-recovery component other than changes in the FCF of reinsurance contracts held; and
   iii. Changes in the FCF of reinsurance contracts held from onerous underlying contracts.

Reinsurance expenses are recognised similarly to insurance revenue. The amount of reinsurance expenses recognised in the reporting period depicts the transfer of received insurance contract services at an amount that reflects the portion of ceding premiums that Atradius expects to pay in exchange for those services.

Reinsurance expenses comprise the following amounts relating to the changes in the remaining coverage:

a. Claims and other directly attributable expenses recovery in the period, measured at the amounts expected to be incurred at the beginning of the period, excluding:
   i. Amounts allocated to the loss-recovery component;
   ii. Repayments of investment components; and
   iii. Amounts related to the risk adjustment for non-financial risk (see (b))
b. Changes in the risk adjustment for non-financial risk, excluding:
   i. Changes included in finance income (expenses) from reinsurance contracts held;
   ii. Changes that relate to future coverage (which adjust the CSM); and
   iii. Amounts allocated to the loss-recovery component.
c. Amounts of the CSM recognised for the services received in the period; and
d. Experience adjustments – arising from premiums paid in the period other than those that relate to future service.

Ceding commissions that are not contingent on claims of the underlying contracts issued reduce ceding premiums and are accounted for as part of reinsurance expenses. Ceding commissions that are contingent on claims of the underlying contracts issued reduce incurred claims recovery.

Notes to the financial statements
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1 Material accounting policies (continued)

Insurance finance income or expenses

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

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

The main amounts within insurance finance income or expenses are:

a. Interest accreted on the FCF and the CSM;
b. The effect of changes in interest rates and other financial assumptions; and
c. Foreign exchange differences.

The Branch disaggregates changes in the risk adjustment for non-financial risk between insurance service result and insurance finance income or expenses.

The groups of insurance contracts, including the CSM, that generate cash flows in a foreign currency are treated as monetary items.

Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is the compensation that is required for bearing the uncertainty about the amount and timing of cash flows that arises from non-financial risk as the insurance contract is fulfilled. Because the risk adjustment represents compensation for uncertainty, estimates are made on the degree of diversification benefits and expected favourable and unfavourable outcomes in a way that reflects the Branch's degree of risk aversion. The Branch estimates an adjustment for non-financial risk separately from all other estimates.

The risk adjustment is calculated at the Branch Group level and then allocated down to each group of contracts in accordance with their risk profiles. The cost of capital method was used to derive the overall risk adjustment for nonfinancial risk.

In the cost of capital method, the risk adjustment is determined by applying a cost rate to the present value of projected capital requirement relating to non-financial risk. The cost rate is set at 6% per annum, representing the return required to compensate for the exposure to non-financial risk. The capital requirement is determined at a 99.5% confidence level, and it is projected in line with the run-off of the business. The diversification benefit is included to reflect the diversification in contracts sold across geographies, because this reflects the compensation that the entity requires.

The resulting amount of the calculated risk adjustment corresponds to the confidence level of 86% (2024: 87.5%). The methods and assumptions used to determine the risk adjustment for non-financial risk were not changed in 2025 and 2024.

Notes to the financial statements
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1 Material accounting policies (continued)

Other income from ancillary insurance activities

Fee revenue is from services provided in relation to the trade credit insurance product and is recognised in the period the services are provided.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash in transit, and other short-term highly liquid investments with original maturities of three months or less that are subject to an insignificant risk of changes in their fair value.

Property, plant and equipment

Owned assets
The Branch owns no land or buildings. Items of plant and equipment are stated at cost, less accumulated depreciation and impairment losses.

Depreciation
All depreciation is charged to the Statement of Comprehensive Income. Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of any residual amounts, over their useful lives. The assets' useful lives are reviewed and adjusted if appropriate at each balance date. An asset's carrying amount is written down immediately to its recoverable amount if it is considered that the carrying amount is greater than its recoverable amount. The following rates are used for depreciation of assets acquired.

Fixtures and Fittings	16.67%
Computer Hardware	33.33%

The residual value of assets is reassessed annually.

1 Material accounting policies (continued)

Investments

The business model for the Branch's portfolio of investments, which comprise interest-bearing assets that represent solely payments of principal and interest (SPPI), is to manage and evaluate the portfolio on a fair value basis, in accordance with the investment strategy. The Branch is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. In accordance with NZ IFRS 9, the Branch's portfolio of financial assets is categorised as fair value through profit or loss on initial recognition.

Investments are initially recorded at fair value, being cost of acquisition excluding transaction costs, and are subsequently remeasured to fair value at each reporting date. Assets that are subsequently measured at fair value through profit or loss are not subject to impairment consideration under the expected credit losses model. Fixed rate securities are valued using independently sourced valuations.

Investments of the Branch are held to back insurance liabilities and are designated at fair value through profit or loss upon initial recognition. This eliminates or significantly reduces a potential measurement inconsistency which would arise if the investments were measured at amortised cost.

Trade and other receivables

All receivables arising under an insurance contract are recognised at the amount receivable less a provision for impairment. A provision for impairment is established when there is objective evidence that the Branch will not be able to collect all amounts due according to the original term of the receivable.

Receivables within the scope of NZ IFRS 9 are managed to collect contractual cash flows and their contractual terms generate cash flows that are solely payments of principal (and interest thereon, if any). Receivables are initially recognised at fair value and are subsequently measured at amortised cost less a provision for impairment. Any increase or decrease in the provision for impairment is recognised in the profit or loss within underwriting expenses. When a receivable is uncollectible, it is written off against the provision for impairment account. Subsequent recoveries of amounts previously written off are credited against underwriting expenses.

Impairment is calculated as a provision for expected credit losses (ECL). The provision for ECL is based on the difference between the cash flows due in accordance with the contract and the cash flows that the Branch expects to receive. Any shortfall is discontinued at an approximation to the asset's original effective interest rate. The assessment of ECL reflects judgements and assumptions that take into account prior credit risk and loss history, current and expected future market conditions and individual debtor circumstances.

The Branch adopts the simplified approach permitted by NZ IFRS 9 with regard to non-insurance trade receivables and calculated the provision with reference to lifetime ECL. For all other receivables, the provision is based on the portion of lifetime ECL that result from possible default events within 12 months from reporting date, unless there has been a significant increase in credit risk since initial recognition, in which case the provision is based on lifetime ECL.

Notes to the financial statements
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1 Material accounting policies (continued)

Impairment

The carrying amounts of the Branch's assets except for investments are reviewed at each balance date to determine whether there is any indication of impairment. If such indication exists, the assets recoverable amount is estimated.

If the estimated future cash flows of an asset are less than its carrying amount, the asset is written down to its estimated recoverable amount and an impairment loss is recognised in the Statement of Comprehensive Income.

If in subsequent periods, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed and recognised in the Statement of Comprehensive Income.

Trade and other payables

Trade and other payables are stated at amortised cost. The amounts are unsecured and are usually paid within 30 days of recognition.

Other operating expenses

Operating expenses comprise of administrative expenses and commissions. Total administrative expenses are expenses associated with selling and administrative activities after reallocation of claims handling expenses to insurance claims.

Interest income and expenses

Interest income and expenses are recognised in the Statement of Comprehensive Income as it accrues, using the effective interest method.

Foreign currency

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance date are translated to NZD at the foreign exchange rate at that date. Foreign exchange differences arising on their translation are recognised in the Statement of Comprehensive Income.

Taxation

(i) Current tax
Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss For the Year. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Notes to the financial statements
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1 **Material accounting policies (continued)**

(ii) Deferred tax
Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items. Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities settled, based on the tax rates enacted or substantively enacted for each jurisdiction. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences or unused tax losses can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of the other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Current and deferred tax balances attributable to amounts recognised in other comprehensive income or directly in equity are also recognised in other comprehensive income or directly in equity.

(iii) *Goods and services tax*
Revenue and expenses are recognised net of any goods and services tax (GST). Receivables and payables are recognised inclusive of any applicable GST. Where the amount of GST incurred is not recovered from the taxation authority, it is recognised as part of the acquisition cost on an asset or as part of an item of expense.

Statement of cash flows

For the purpose of the statement of cash flows, cash is cash in bank available for use. The following terms are used in the statement of cash flows;

- operating activities are the principal revenue producing activities of the Branch;
- investing activities comprise longer term deposits held in accordance with New Zealand regulations and investments held on behalf of the Branch by Head Office; and
- financing activities comprise of lease repayments and monies contributed by Head Office.

Segment information

The Branch operates in one segment being Trade Credit Insurance.

Critical accounting judgements and estimates

The Branch makes estimates and assumptions in respect of certain key assets and liabilities. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The key areas where critical accounting estimates are applied are with regard to outstanding claim cases and with regard to statistical methods. The statistical methods are based on key variable factors being: the speed which customers submit claims, the expected average claim size and the expected fraction of cases that do not lead to a payment.

Notes to the financial statements
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2 Insurance revenue

	2025	2024
Expected incurred claims and other directly attributable expenses	4,273,469	2,656,648
Change in the risk adjustment for non-financial risk for the risk period	333,550	153,529
CSM recognised for the services provided	2,115,827	3,820,528
Experience adjustments – arising from premiums received in the period other than those relate to future service	111,860	98,740
Insurance acquisition cash flows recovery	2,029,331	1,882,597
Other amounts	16,918	(110,367)
Total insurance revenue	**8,880,955**	**8,501,675**

3 Insurance service expense

	2025	2024
Incurred claims and other directly attributable expenses	(3,265,332)	(2,353,110)
Changes that relate to past service – changes in the FCF relating to the LIC	(680,977)	(248,178)
Losses on onerous contracts and reversal of those losses	(1,687,420)	(81,493)
Acquisition expenses	(2,029,331)	(1,882,597)
Total insurance service expense	**(7,663,060)**	**(4,565,378)**

Notes to the financial statements
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4 Investment result

	Insurance contracts	Reinsurance	Total
2024			
Interest accreted	(135,476)	43,057	(92,419)
Effect of changes in FCF at current rates when CSM is unlocked at locked-in rates	(98,754)	41,103	(57,651)
Foreign exchange differences	(3,582)	-	(3,582)
Total financial income / (expenses) of insurance contracts issued recognized in P&L	(237,812)	84,160	**(153,652)**
Total financial income / (expenses) of insurance contracts issued recognized in OCI	(1,844)	-	(1,844)
Total financial income / (expenses) of insurance arising from insurance contracts issued	(239,656)	84,160	(155,496)
2025			
Interest accreted	(66,819)	(8,018)	(74,837)
Effect of changes in FCF at current rates when CSM is unlocked at locked-in rates	(146,812)	78,835	(67,977)
Foreign exchange differences	12,722		12,722
Total financial income / (expenses) of insurance contracts issued recognized in P&L	(200,909)	70,817	**(130,092)**
Total financial income / (expenses) of insurance contracts issued recognized in OCI	(15,389)	-	(15,389)
Total financial income / (expenses) of insurance arising from insurance contracts issued	(216,298)	70,817	(145,481)

5 Net revenue/(expenses) from reinsurance contracts

	2025	2024
Amounts relating to changes in the remaining coverage:		
Expected incurred claims and other directly attributable expenses recovery	(1,507,551)	(814,531)
CSM recognised for the services received	98,395	(824,982)
Experience adjustments arising from ceded premiums paid in the period other than those that relate to future service	(31,805)	(47,727)
Incurred claims recovery	1,617,010	566,689
Total net revenue/(expenses) from reinsurance contracts	**176,049**	**(1,120,551)**

6 Investment income

	2025	2024
Interest income on deposits	1,305,635	1,567,733
Other interest income	74,488	126,604
Total Investment income	1,380,123	1,694,337

7 Taxation

	2025	2024
Income tax expense		
Current taxation	1,054,639	1,227,060
Deferred taxation	(99,508)	(468,921)
Income tax expense for the year	**955,131**	**758,139**
Income tax assets and liabilities		
Net deferred tax with respect to temporary differences on IFRS17 profit	324,528	133,114
Net deferred tax with respect to other temporary differences	(47,271)	44,636
Net deferred tax asset – P&L	277,257	177,750
Net deferred tax asset - Equity	10,821	1,097
Net deferred tax asset	**288,078**	**178,847**
Corporation tax receivable/(payable)	59,730	(664,052)
Current tax receivable/(payable)	**59,730**	**(664,052)**

Comparative figures of the 2024 deferred tax breakdown have been reclassified to conform to the current year's presentation, specifically moving $188,199 from "Net deferred tax with respect to other temporary differences" to "Net deferred tax with respect to temporary differences on IFRS17 profit" to better reflect the nature of the temporary differences. This reclassification has no impact on total net deferred tax asset.

7 Taxation (continued)

	01 Jan 2025	(Charge)/ credit to income	31 Dec 2025
Deferred tax asset			
Provision for bad debts	19,776	(12,622)	7,154
Provision for employee bonuses	8,625	(2,352)	6,273
Accruals	16,234	960	17,194
Onerous contracts provision	-	12,558	12,558
IFRS17 profit difference	133,114	191,414	324,528
Temporary difference - OCI	1,098	-	10,821
Total deferred tax asset	**178,847**	189,958	**378,528**
Deferred tax liability			
Acquisition cost	87,516	(177,966)	(90,450)
IFRS17 transition	(87,516)	87,516	-
Total deferred tax liability	-	(90,450)	**(90,450)**
Net deferred tax asset / (liability)	**178,847**	**99,508**	**288,078**

7 Taxation (continued)

Pillar Two model

The New Zealand Government has enacted legislation into domestic law, to implement the Organisation for Economic Co-operation and Development's (OECD's) Global Anti-Base Erosion (GloBE) Pillar Two Rules in New Zealand. This initiative aims to achieve a global minimum effective tax rate of 15% for multinational enterprise (MNE) groups with global turnover above ER750m in two of the four preceding income years. Pillar Two rules also apply to inbound groups operating in New Zealand via a branch, subsidiary or permanent establishment. The framework's goal is to reduce profit shifting from one jurisdiction to another, in order to reduce global tax obligations in corporate structures.

The GloBE rules, as enacted in New Zealand, include:

- The Income Inclusion Rule (IIR) and Under Taxed Profits Rule (UTPR) that will apply to both New Zealand-headquartered groups and inbound groups for income years beginning on or after 1 January 2025
- The Domestic Income Inclusion Rule (DIIR) will apply for income years beginning on or after 1 January 2026.

The Qualified Domestic Minimum Top-up Tax (QDMTT) has not been enacted in New Zealand.

The Atradius group is within the scope of the OECD Pillar Two model rules and the Pillar Two legislation has been substantially enacted in other jurisdictions where Atradius operates for tax periods beginning on or after 31 December 2023. In compliance with this legislation, the Atradius Group has calculated the impact of the Top-up Tax based on an analysis of the Transitional Safe harbour rules, which rely on the country-by-country report and the financial statements of the Group entities. This analysis shows that for 2025, the effective tax rate of the branch as calculated in accordance with the Pillar Two rules is above the 15% minimum rate. The Atradius group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax, and accounts for it as a current tax when it is incurred.

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8 Property, Plant and Equipment

2024	Computer Hardware	Fixtures and Fittings	Right of Use assets	Total
At cost 1 January	2,510	-	-	2,510
Addition	1,287			1,287
Retirement & Disposal	-	-	-	-
At cost 31 December	**3,797**	**-**	**-**	**3,797**
Accumulated depreciation and impairment at 1 January	(1,573)	-	-	(1,573)
Depreciation	(754)	-	-	(754)
Impairment				
Retirement & Disposal	-	-	-	-
Accumulated depreciation and impairment at 31 December	**(2,327)**	**-**	**-**	**(2,327)**
Total property, plant and equipment, net	**1,470**	**-**	**-**	**1,470**

2025	Computer Hardware	Fixtures and Fittings	Right of Use assets	Total
At cost 1 January	3,797	-	-	3,797
Additions	-	-	-	-
Retirements & Disposals	-	-	-	-
At cost 31 December	**3,797**	**-**	**-**	**3,797**
Accumulated depreciation and impairment at 1 January	(2,327)	-	-	(2,327)
Depreciation	(898)	-	-	(898)
Impairment				
Retirement & Disposal	-	-	-	-
Accumulated depreciation and impairment at 31 December	**(3,225)**	**-**	**-**	**(3,225)**
Total property, plant and equipment, net	**572**	**-**	**-**	**572**

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9 Cash and Cash Equivalents	2025	2024
Cash at bank	2,944,484	2,805,973
	2,944,484	**2,805,973**

10 Receivables	2025	2024
Trade Receivables	130,889	46,878
	130,889	**46,878**

Trade receivables are current assets and all under 90 days old except for $22,476 (2024: $15,852) which has an allowance for doubtful debts of $5,676 (2024: $13,296) against it.

11 Investments	2025	2024
Term deposit	33,500,000	30,500,000
Investment held by Head office	849,257	698,410
	34,349,257	**31,198,410**

The investments are classified as Fair Value through Profit or Loss (FVTPL) and carried at fair value with duration of more than three months. The investment held by Head Office is a related party balance and is treated as available on demand.

Investments are measured at fair value with movements recognised in the Statement of Comprehensive Income. This includes investments held by head office and term deposits, which are at Level 1 and 2 respectively in the fair value hierarchy under NZ IFRS 13.

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12 Financial instruments

Financial Instrument - Fair Value Hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (as prices) or indirectly (derived from prices).
- Level 3: inputs for the asset that are not based on observable market data.

There were no transfers between the levels during the current and prior year. The table represents financial assets at fair value through profit or loss.

	2025	2024
Level 1	849,257	698,410
Level 2	33,500,000	30,500,000
Level 3	-	-
	34,349,257	**31,198,410**

Credit risk

Financial instruments which potentially subject the Branch to a concentration of credit risk consist principally of cash, term deposits, the investment held by Head Office and receivables. Both the cash and investments are held with ASB Bank Ltd., which is rated AA-. The term deposits of $33,500,000 (2024: $30,500,000) have a maturity of less than 1 year. The other assets are in relation to the exposure to the panel of reinsurers. Atradius Crédito y Caución S.A. de Seguros y Reaseguros' reinsurance is placed with reinsurers of A rating or above, as required by Group policy. These assets are rated according to Standard & Poor's counterparty ratings, but if these are not available then A.M. Best and Moody's are used. Trade and other receivables are unrated and are based on management's assessment of high quality with no history of major defaults.

The Branch does not require collateral or other security to support the reinsurance assets with credit risk and as such, no collateral exists for any assets held by the Branch. The maximum credit risk exposure is the carrying amount of the individual assets.

Interest rate risk

The Branch has no significant exposure to interest rate risk.

12 Financial instruments (continued)

Liquidity risk

Liquidity risk is the risk that the Branch will not be able to meet its cash outflows, as they fall due, because of lack of liquid assets or access to funding on acceptable terms. To mitigate financing and liquidity risk the Branch maintains sufficient liquid assets to ensure that it can meet its obligations and cash outflows on a timely basis. Atradius Crédito y Caución S.A. de Seguros y Reaseguros also pledges continuing support.

The financial assets are all available to be liquidated at any time to meet any liabilities. The investment held by head office is at call and reinsurance payables and receivables are settled on a net basis.

The balance payable to head office being Atradius Crédito y Caución S.A. de Seguros y Reaseguros is payable on demand. The Head Office confirms however, that for the foreseeable future Atradius Crédito y Caución S.A. de Seguros y Reaseguros will not request repayment of this account until such time that the Branch can pay its debts when they fall due.

Foreign currency risk

The Branch holds bank accounts in USD and AUD, which as of 31 December 2025 had balances of USD38,550 and AUD194,913 (December 2024: USD138,490 and AUD145,704). There are no intercompany receivables but intercompany liabilities of EUR68,523 and AUD1,255 (2024: EUR61,590 and USD25,367) at 31 December 2025. The insurance liabilities are primarily denominated in New Zealand Dollars. The portion of the insurance liabilities in foreign currency if any, is subject to reinsurance. As a result, foreign currency impacts are partially offset by these contracts.

13 Retained earnings

	2025	2024
Retained earnings - opening balance	16,927,909	12,859,812
Net profit	2,213,696	4,068,097
Closing balance	**19,141,605**	**16,927,909**

Retained earnings are the accumulated amount of profits or losses at the end of the reporting period, which have not been distributed to shareholders.

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14 Insurance and reinsurance contracts

An analysis of the amounts presented on the balance sheet for insurance contract assets is included in the tables below.

Insurance contract assets	2025	2024
Direct insurance contract assets	306,023	388,990
Reinsurance contract assets	2,480,154	918,161
Total Insurance Contract assets	**2,786,177**	**1,307,151**

Composition of direct insurance contract assets

Insurance assets for remaining coverage	1,850	1,743
Insurance Acquisition assets	304,173	387,247
Total direct insurance contract assets	**306,023**	**388,990**

The insurance acquisition assets relate to the brokerage on the prepaid premium, and all are current. The acquisition cash flows are immediately recognised when the premium is recognised.

14 Insurance and reinsurance contracts (continued)

Reconciliation of the reinsurance contract assets

A reconciliation of the Reinsurance asset for remaining coverage and incurred claims is included in the following tables.

2024	Remaining coverage - Excluding loss recovery component	Remaining coverage - Loss recovery component	Incurred Claims	Total
Reinsurance contract assets as at 1 January	521,717	21,103	218,851	761,671
Net expense from reinsurance contracts	(1,775,220)	5,650	649,020	(1,120,550)
Investment Results	74,267	-	9,893	84,160
Other comprehensive income	10,445	-	5,596	16,041
Premiums paid	3,440,941	-	-	3,440,941
Amounts received	(1,512,028)	-	(752,074)	(2,264,102)
Reinsurance contract assets as at 31 December	760,122	26,753	131,286	**918,161**

2025	Remaining coverage - Excluding loss recovery component	Remaining coverage - Loss recovery component	Incurred Claims	Total
Reinsurance contract assets as at 1 January	760,122	26,753	131,286	918,161
Net expense from reinsurance contracts	(1,612,207)	388,415	1,399,840	176,048
Investment Results	52,392	-	18,425	70,817
Other comprehensive income	1,576	-	1,176	2,752
Premiums paid	3,765,471	-	-	3,765,471
Amounts received	(1,536,102)	-	(916,993)	(2,453,095)
Reinsurance contract assets as at 31 December	1,431,252	415,168	633,734	**2,480,154**

14 Insurance and reinsurance contracts (continued)

An analysis of the amounts presented on the balance sheet for insurance contract liabilities is included in the tables below.

Insurance contracts liabilities	2025	2024
Liability for incurred claims	1,810,453	461,710
Liability for remaining coverage	3,694,323	1,653,264
Total insurance contract liabilities	**5,504,776**	**2,114,974**

Reconciliation of the Insurance contract liabilities

A reconciliation of the Insurance liability for remaining coverage and incurred claims is included in the following tables.

2024	LRC - Excluding loss component	LRC – loss component	LIC	Total
Insurance contract liabilities as at 1 January	863,758	139,562	516,858	1,520,178
Amounts recognised in profit and loss				
Insurance Revenue	(8,612,043)	-	-	(8,612,043)
Insurance service expenses	1,883,758	(70,239)	2,751,859	4,565,378
Investment Results	204,277	1,572	30,322	236,171
Amounts recognised in comprehensive income	7,951	710	10,321	18,982
Current period cash flows				
Premiums received	9,405,343	-	-	9,405,343
Claims and other expenses paid	-	-	(2,296,352)	(2,296,352)
Acquisition Cash Flows Paid	(2,171,384)	-	-	(2,171,384)
Administration and other costs paid	-	-	(551,299)	(551,299)
Insurance contract liabilities as at 31 December	**1,581,660**	**71,605**	**461,709**	**2,114,974**

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14 Insurance and Reinsurance Contracts (continued)

2025	LRC - Excluding loss component	LRC – loss component	LIC	Total
Insurance contract liabilities as at 1 January	1,581,660	71,605	461,709	2,114,974
Amounts recognised in profit and loss				
Insurance Revenue	(8,864,037)	-	-	(8,864,037)
Insurance service expenses	2,029,438	1,070,350	4,563,378	7,663,166
Investment Results	118,265	16,695	65,950	200,910
Amounts recognised in comprehensive income	7,953	1,500	18,411	27,864
Current period cash flows				
Premiums received	9,390,321	-	-	9,390,321
Claims and other expenses paid	-	-	(2,720,314)	(2,720,314)
Acquisition Cash Flows Paid	(1,729,427)	-	-	(1,729,427)
Administration and other costs paid	-	-	(578,681)	(578,681)
Insurance contract liabilities as at 31 December	2,534,173	1,160,150	1,810,453	5,504,776

The tables above exclude the insurance contract assets of $1,850 in 2025 and $1,743 in 2024.

14 Insurance and reinsurance contracts (continued)

Analysis by measurement component

2024

	Present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total
Insurance contract liabilities as at 1 January	**711,887**	**119,704**	**688,587**	**1,520,178**
Changes that relate to current service				
Changes in CSM	-	-	(3,820,635)	(3,820,635)
Experience adjustments	(363,671)	-	-	(363,671)
Risk adjustment recognised for the risk period	-	(12,404)	-	(12,404)
Changes that relate to future service:				
Initial recognition	(3,908,532)	256,046	3,777,553	125,067
Changes in estimates not reflected in the CSM or loss component	1,161	-	-	1,161
Changes in estimates reflected in the CSM	125,936	8,744	(134,680)	-
Changes in estimates that result in onerous contract losses	(38,308)	(5,266)	-	(43,574)
Changes that relate to past service:				
Adjustments to LIC	246,084	(158,176)	-	87,908
Adjustments to LRC	(20,624)	-	-	(20,624)
Insurance Finance expenses	110,993	8,684	135,476	255,153
Current period cash flows	4,386,415	-	-	4,386,415
Insurance contract liabilities as at 31 December	**1,251,341**	**217,332**	**646,301**	**2,114,974**

2025

	Present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total
Insurance contract liabilities as at 1 January	**1,251,341**	**217,332**	**646,301**	**2,114,974**
Changes that relate to current service				
Changes in CSM	-	-	(2,115,720)	(2,115,720)
Experience adjustments	(1,056,856)	-	-	(1,056,856)
Risk adjustment recognised for the risk period	-	(100,013)	-	(100,013)
Changes that relate to future service:				
Initial recognition	(831,878)	533,678	1,936,462	1,638,262
Changes in estimates reflected in the CSM	191,669	16,199	(207,868)	-
Changes in estimates that result in onerous contract losses	43,677	5,481	-	49,158
Changes that relate to past service:				
Adjustments to LIC	713,298	(171,784)	-	541,514
Adjustments to LRC	(157,215)	-	-	(157,215)
Insurance Finance expenses	147,507	14,446	66,819	228,772
Current period cash flows	4,361,900	-	-	4,361,900
Insurance contract liabilities as at 31 December	**4,663,443**	**515,339**	**325,994**	**5,504,776**

14 Insurance and reinsurance contracts (continued)

Claims development table

Actual claims payments are compared with previous estimates of the undiscounted amounts of the claims in the claims development table below as at 31 December 2025. The claims development tables provide an overview of how the Branch recognised estimate of ultimate claim costs for underwriting years 2016 to 2025 have changed at successive financial year-ends. Underwriting year here means the year in which the risks occurred, and for reinsurance business it is the treaty year.

Gross claims development

	UWY					
	2021	2022	2023	2024	2025	Total
Estimate of ultimate claim costs (gross of reinsurance, undiscounted, inclusive of other directly attributable expenses related to claims management						
At end of accident year	1,067,357	1,276,320	1,589,863	1,974,024	3,251,585	
1 year later	728,072	1,287,394	2,358,157	2,182,311	-	
2 years later	679,684	1,118,409	2,729,950	-	-	
3 years later	633,200	1,142,854	-	-	-	
4 years later	647,075	-	-	-	-	
5 years later	-	-	-	-	-	
Cumulative actual claim payments	687,471	1,161,463	2,794,475	2,007,969	1,572,878	8,224,256
Gross cumulative claims liabilities - 2021 to 2025	(40,396)	(18,609)	(64,526)	174,342	1,634,067	1,684,878
Gross cumulative claims liabilities - prior accident years						-
Effect of discounting						(29,693)
Effect of risk adjustment						155,268
Gross liability for incurred claims						**1,810,453**

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14 Insurance and reinsurance contracts (continued)

Net claims development

	2021	2022	UWY 2023	2024	2025	Total
At end of accident year	552,632	802,891	1,036,853	1,312,089	2,161,887	
1 year later	389,498	812,133	1,524,855	1,449,761	-	
2 years later	364,170	704,030	1,758,881	-	-	
3 years later	342,898	722,311	-	-	-	
4 years later	350,163	-	-	-	-	
5 years later	-	-	-	-	-	
Net cumulative actual claim payments	368,307	734,208	1,799,735	1,338,088	1,075,519	5,315,857
Net cumulative claims liabilities - 2021 to 2025	(18,144)	(11,897)	(40,855)	111,673	1,068,154	1,108,931
Net cumulative claims liabilities - prior accident years						
Effect of discounting						(19,584)
Effect of risk adjustment						87,368
Net liability for incurred claims						**1,176,715**

14 Insurance and reinsurance contracts (continued)

Insurance contract risk management

A key risk is the exposure to insurance risk arising from underwriting of credit insurance contracts. The insurance contracts transfer risks to the insurer by indemnifying the policyholders against adverse effects arising from the occurrence of specified uncertain events. Risk management activities can be separated into underwriting, claims management, reserving, and investment management. The objective of these risk management functions is to enhance the longer term financial performance of the overall insurance operations and to ensure capital and solvency requirements are met.

The frequency and severity of claims is affected by several factors. These include all factors that affect credit risk in general. Thus the status of the economy is a major driver for frequency and severity of claims. The Branch's business processes are designed to effectively manage the impact of many risk factors that affect frequency and severity of claims. Its affect may vary by country and sector. For trade credit risk, the behaviour of customers may affect the frequency and severity of claims as well, for instance through risks inherent to their business activities and their risk management practices. Specific events (e.g. natural disasters) may impact on frequency and severity of claims. But so do structural changes in the economy (e.g. easier access to markets to producers in low-cost countries). The specific events or structural changes which are relevant in this respect will vary over time.

These insurance risks are controlled by underwriting procedures and adequate premium rates and policy charges.

Acceptance of risk – Access to our broad worldwide database of company information allows us to thoroughly analyse risk before acceptance. Analysis of risk considers a variety of factors including industry and financial strength.

Pricing – Many years of experience enable the underwriters to calculate acceptable pricing and acceptable terms and conditions of cover.

Claims management – Claims are handled separately to the underwriting by the claims department. Settling authorities are delegated according to level of experience to ensure adequate review of the claims assessment. Claims are managed to ensure timely and correct payment in accordance with policy conditions. Claims experience is reviewed regularly and appropriate actuarial reserves are established.

14 Insurance and reinsurance contracts (continued)

Reinsurance – Risks underwritten are reinsured in order to limit exposure to losses, stabilise earnings, protect capital resources and ensure efficient control and spread the risk underwritten.

Atradius Crédito y Caución S.A. de Seguros y Reaseguros maintains quota share reinsurance and excess of loss treaties with a panel of third party reinsurers. The treaties cover the lines of business, scope of cover, territorial scope, and maximum limit/exposure. The quota share reinsurance treaties for 2025 ceded 35% in total (2024: 35%).

Reinsurance is placed with companies based on an evaluation of financial strength of the reinsurers, terms of coverage, and price. The financial position of reinsurers is monitored on an ongoing basis and periodically reviewed to ensure the reinsurers ability to fulfil their obligations to the Branch under respective existing and future reinsurance contracts. The majority of the reinsurers have a rating of at least Moody's A3.

The Moody's rating for Atradius Crédito y Caución S.A. de Seguros y Reaseguros is A1. The A.M. Best rating is A (Excellent). The branch does not require a separate grading.

Investment management – To ensure liquidity, all investments are held in cash and short-term deposits or with head office.

Concentration of insurance risk - Analysis and monitoring of claims and credit limit data is done regularly to effectively deal with concentration by various sectors including industry, geographic location and customer. The process before approval of credit limits to customers takes into account the risks associated with these sectors.

Foreign Currency Risk - The risk that the Branch will incur losses through exposure to foreign exchange movements is minor. There is, however, exposure to AUD and USD bank accounts which are managed to maintain low balances so such exposure is minimal. The reinsurance contracts are in NZD.

15 Payables

	2025	2024
Atradius Crédito y Caución S.A. de Seguros y Reaseguros	13,541,107	13,559,389
Others	228,691	258,584
	13,769,798	**13,817,973**

The majority of the amount owed to head office is in relation to capital funding $13,400,000 (2024: $13,400,000). The remainder is in relation to charges for services provided including IT, risk services and group management.

16 Other liabilities

	2025	2024
Premium deposits	2,050,882	2,459,702
Others	345,336	(751)
Total	**2,396,218**	**2,458,951**

Premium deposits are prepaid insurance revenue on not yet bound contracts.

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17 Identity of related parties

Material related party transactions

Atradius Crédito y Caución S.A. de Seguros y Reaseguros, headquartered in Spain, charged the Branch shared services during the year of $1,271,114 (2024: $1,083,292), relating to group overhead, information technology and risk services costs. All related party receivable balances are considered receivable in full.

Key personnel

During the year, the Branch did not enter into any transactions with key management personnel, their close family members and controlled entities thereof. The Branch's key management personnel are the Board of Directors, the Chief Executive Officer and their direct reports. They are remunerated through the ultimate parent company. The Branch has one employee.

18 Capital and other commitments

There are no capital and other commitments during 2025 (2024: nil)

19 Contingent assets & liabilities

There are no contingent assets and liabilities during 2025 (2024: nil)

20 Solvency requirements

Atradius Crédito y Caución S.A. de Seguros y Reaseguros has a license under the Insurance (Prudential Supervision) Act 2010. Under this Act, the entity is subject to solvency requirements issued by the Reserve Bank of New Zealand. The solvency requirements which apply under the prudential supervision regime have been met by Atradius Crédito y Caución S.A. de Seguros y Reaseguros. The Atradius Group complies with capital requirements in each regulatory regime.

21 Subsequent events

There have been no events subsequent to balance date which require disclosure in these accounts.

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22 Capital solvency

Atradius Crédito y Caución S.A. de Seguros y Reaseguros is exempted from complying with Section 55 of the Insurance (Prudential Supervision) Act 2010 (the "Act"). Instead of meeting the New Zealand Solvency Standards, Atradius Crédito y Caución S.A. de Seguros y Reaseguros needs to meet the Spanish Regulatory Solvency Capital Requirement as prescribed by Dirección General de Seguros y Fondos de Pensiones (DGSFP). The minimum solvency capital requirement for New Zealand under Spanish law is outlined below. As at 31 December, Atradius Crédito y Caución S.A. de Seguros y Reaseguros carried a positive solvency margin.

	2025	2024
	(in EUR '000)	(in EUR '000)
Actual solvency capital	2,432,577	2,484,435
Minimum solvency capital	330,753	(331,053)
Solvency margin	2,101,824	2,153,382
Solvency ratio	735%	750%

23 Reconciliation of profit for the year to net cash flows from operating activities

	2025	2024
Profit	2,213,696	4,068,097
Non-cash items		
Depreciation	898	755
Deferred tax	(109,231)	(470,019)
	(108,333)	(469,264)
Movement in working capital		
Receivables	(84,011)	84,721
Reinsurance	(1,561,993)	(156,489)
Other assets and accruals	186,948	(136,004)
Current tax	(723,782)	(228,306)
Insurance liabilities	3,472,770	517,742
Other payables and accruals	(105,938)	587,711
Net cash flow from operating activities	**3,289,357**	**4,268,208**

24 Provisions and other accruals

	2025	2024
Payroll accruals	36,741	43,847
Professional fees	194,118	179,830
Other accruals	6,289	8,500
Total	**237,148**	**232,177**

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25 Auditor's remuneration

During the year, the following fees were paid or payable for services provided by PricewaterhouseCoopers Australia (PwC) as the auditor of the Company.

	2025	2024
Audit services		
Audit of the financial report	57,951	55,097
Total services provided by PwC	**57,951**	**55,097**