

BIOECONOMY
SCIENCE
INSTITUTE



Manaaki Whenua
Landcare Research

2025

ANNUAL REPORT / PART TWO

We present our Annual Report in two parts. Part 1 provides an overview of Manaaki Whenua – Landcare Research, from 1 July 2025 a Group of the Bioeconomy Science Institute. It highlights our science and the contribution we are making towards creating value for New Zealand through our research, people and partnerships. In Part 2 we present our directors' report and financial statements.

PDF versions of both Part 1 and Part 2 are available for download from the Manaaki Whenua – Landcare Research website:
landcareresearch.co.nz/report



Landcare Research New Zealand Limited
[Manaaki Whenua – Landcare Research]
Annual Report 2025

Presented to the House of Representatives pursuant to
Section 44 of the Public Finance Act 1989.

ISSN [print] 1172-7942
ISSN [web] 1177-9969

landcareresearch.co.nz

Contents

Summary of financial performance	1
Financial performance	1
Summary of non-financial performance	2
Non-financial performance indicators	2
Report of the Directors for the year ended 30 June 2025	3
Remuneration and compensation	6
Group financial statements	9
Preparation disclosures	15
Notes to the financial statements for the year ended 30 June 2025	17
Statement of responsibility	41
Independent auditor’s report	42
Financial indicators (MBIE)	45
Directory	46

Summary of financial performance

Summary table of group financial performance indicators

	2023 Achieved	2024 Achieved	2025 Achieved
Revenue, \$M	114.8	118.3	97.6
EBIT, \$M	2.3	(3.1)	(2.8)
NPAT, \$M	3.1	(4.3)	(1.5)
Total assets, \$M	116.6	102.6	88.2
Return on equity	5.6%	(7.8%)	(2.9%)

Financial performance

In the 2024/25 financial year, the Manaaki Whenua – Landcare Research (MWLR) Group^a achieved total revenue of \$97.6m, a \$20.7m (17%) decrease from the previous year. This decrease was primarily due to reduced public sector funding which saw the wind-up of the National Science Challenges (2023/24 Revenue \$19.6m).

When compared with budget, the Group realised a 13% unfavourable revenue variance to budget. The key drivers of the shortfall were lower success than anticipated with MBIE Endeavour programme bids, contract delays with some of our key partners, and softer demand for carbon programmes and advisory services for Toitū. Several of the delayed contracts were finalised in the second half of the financial year; however, due to resource constraints, revenue has now been deferred to FY25/26.

Expenditure was 13% favourable to budget as subcontractor and project expenditure decreased because of contracting delays and projects being completed with internal resources. Uncertainty in funding required several cost savings initiatives to be implemented. This included a reduction in discretionary spend, freezing support staff vacancies and delivering a support change programme.

The Group has recognised a Net Loss after tax of \$1.6m, an improvement of \$1.5m against Budget.

Over the 2024/25 year, MWLR continued to better align capability with contracted work, which led to a \$5.5m decrease in the deferred work balance. By year end, with capability more evenly balanced, the drawdown of the deferred work balance has stabilised.

From 1 July 2025 MWLR has merged with three other CRIs to form the BSI Group. We expect that our positive impact for New Zealand will be amplified by the combined expertise and resources of the new organisation.

^a Landcare Research New Zealand Limited trades as Manaaki Whenua – Landcare Research and is referred to as Manaaki Whenua and as MWLR in this document.

Summary of non-financial performance

Non-financial performance indicators

Indicator	Measure	2024/25 target	2024/25 actual
End-user collaboration	Revenue per FTE from commercial sources (\$000s) ^a	>\$75	\$90.7
Research collaboration ^{a, b}	Percentage of papers co-authored (total)	85–90%	87.7%
	Co-authored with other New Zealand organisations ^b	25–30%	37.2%
	Overseas co-authors ^b	30-35%	30.3%
	Both New Zealand and overseas co-authors	15-20%	20.2%
Technology and knowledge exchange	Commercial reports per scientist FTE ^a	0.55-0.65	0.63
	Availability of data from our SSIF-funded databases, collections, and information systems (assessed by a variety of metrics appropriate to each; metrics online)	Increasing trends	
	Response rate for requests to our SSIF-funded biological collections and associated infrastructure (specimen transactions, identifications, visits)	>95%	97%
	New and improved products, processes, and services	>45	59
	Presentations to stakeholders and community groups	>120	119
Science quality	Impact of scientific publications (mean journal citation score) ^{a, b, c}	3.5–4.5	4.3
Financial indicator	Revenue per FTE (\$000s) ^a	\$225-230	\$205.5
Stakeholder engagement and feedback	Percentage of relevant end-users that have adopted knowledge and/or technology from Manaaki Whenua ^c	>80%	n/a
	Percentage of relevant funding partners and other end-users that have a high level of satisfaction in our ability to set research priorities ^c	>60%	n/a
	Percentage of stakeholders involved in a specific research team/partnership that have a high level of confidence in our ability to form the best team for the collaboration we are involved in ^c	>65%	n/a
	Staff invited to participate in stakeholder meetings or workshops	>130	144
Vision Mātauranga	Number of positive strategic partnerships with iwi and Māori organisations in which we link science and mātauranga, and address Māori goals and aspirations ^b	>100	133
Commercialisation	Number of new and existing licensing deals involving Manaaki Whenua-derived IP (including technologies, products, and services)	>35	46
High-performance culture	Staff engagement in survey evaluations	>80%	69%
	Staff retention rate	>90%	87%

^a Generic indicators required by MBIE across all CRIs are at the Manaaki Whenua Group level; the rest are at Parent level.

^b Common with or related to SSIF Programmes Investment Contract key performance indicator(s).

^c Based on an internally run stakeholder survey administered biennially (next due 2025).

^d Does not include survey respondents who were unsure.

^e Those who scored 8, 9, or 10 on a 0-10 scale.

Report of the Directors

For the year ended 30 June 2025

The Directors of Landcare Research New Zealand Limited are pleased to report that the Company fulfilled its obligations under the Crown Research Institutes Act 1992 for the year ended 30 June 2025. The disclosures relate to Landcare Research New Zealand Limited and its subsidiaries (the 'Group').

The Company is a private company limited by shares and incorporated in accordance with the Companies Act 1993.

Principal activity

Manaaki Whenua – Landcare Research's principal activity is to provide scientific research that fulfils our Core Purpose in accordance with the Crown Research Institutes Act 1992.

Operating results

Group revenue for the year decreased to \$97.6 million from \$118.3 million in the previous year. The consolidated net loss before taxation expense for the year was \$2.0 million and the consolidated net loss after tax attributable to shareholders was \$1.6 million.

Remuneration of Directors

Directors' fees are set by the shareholding Ministers annually. These fees have been increased for the first time since 1 July 2017.

	2024/25 \$	2023/24 \$
Landcare Research New Zealand Limited		
Colin Dawson ^a	90,686	70,158
John Rodwell ^b	55,734	49,825
Justine Gilliland	45,343	35,079
Marje Russ	45,343	35,079
Warren Williams	45,343	35,079
Andrea Byrom	45,343	35,079
Gray Baldwin ^c	43,393	nil
Paul Reynolds ^d	nil	43,849
Caroline Saunders ^e	nil	8,770
Enviro-Mark Solutions Limited (trading as Toitū Envirocare)		
Kirsty Campbell ^f	47,500	30,000
Justine Gilliland ^g	32,083	nil
Kevin Bowler ^h	29,167	nil
Teresa Pollard ⁱ	29,167	nil
Paul J Munro ^j	14,167	50,000
James Stevenson-Wallace	nil	nil

^a Appointed as Chair of MWLR Board from 1 July 2024. ^b Appointed as Deputy Chair of MWLR Board from 1 August 2024.

^c Appointed to the MWLR Board from 17 July 2024. ^d Retired from MWLR Board 30 June 2024. ^e Resigned from MWLR Board 30 September 2023.

^f Appointed Chair for Toitū Board from 1 September 2024. ^g Appointed to the Toitū Board from 12 July 2024.

^h Appointed to the Toitū Board from 1 September 2024. ⁱ Appointed to the Toitū Board from 1 September 2024.

^j Stepped down from Chair to Director 1 September 2024. Retired from Toitū Board on 31 October 2024.

Changes to Board composition

Gray Baldwin was appointed to the MWLR Board effective from 17 July 2024.

Justine Gilliland was appointed to the Toitū Board effective from 12 July 2024.

Kevin Bowler and Teresa Pollard were appointed to the Toitū Board effective from 1 September 2024.

Paul J Munro retired from the Toitū Board effective 31 October 2024.

Subsidiaries

The Directors of the two subsidiary companies are:

Enviro-Mark Solutions Limited trading as Toitū Envirocare

Kirsty Campbell

Justine Gilliland

Kevin Bowler

Teresa Pollard

Landcare Research US Limited

James Stevenson-Wallace

Richard Eglinton

Directors' insurance

The Company has Directors' and Officers' insurance cover in respect of any act or omission in their capacity as a Director of the company. The Company has indemnified Directors and certain employees of the Company for costs and proceedings and for liabilities incurred by the employee in respect of any act or omission in his or her capacity as an employee of the Company. The indemnity for liabilities incurred does not extend to criminal liability or liability for breach of a fiduciary duty owed to the Company.

Dividends

No dividends have been declared or paid in respect of the 2025 financial year.

Directors' interests

Any business the Group has transacted with organisations in which a Director has an association has been carried out on a commercial 'arms-length' basis.

Compliance

The Directors confirm that the Company has operated in accordance with the Crown Research Institutes Act 1992 and the Companies Act 1993 during the year. The activities undertaken by the Company in the year are in accordance with the Landcare Research Statement of Core Purpose.

No Directors acquired or disposed of equity securities in the company during the year; and the Board has received no notices from Directors of the company requesting to use company information received in their capacity as Directors which would not otherwise have been available to them.

Donations

The Group made \$44,984 of donations during the year (2024: \$8,145). These donations largely relate to payments to charitable organisations in connection with the Rural Decision Makers Survey which is completed every second year.

Auditors

Anthony Smith of Deloitte Limited has been appointed as the audit service provider on behalf of the Auditor-General. The Auditor-General is the statutory auditor pursuant to section 14 of the Public Audit Act 2001 and section 21 of the Crown Research Institutes Act 1992. Their audit remuneration and fees are detailed in note 2 of the 'Notes to the financial statements'.

Events subsequent to balance date

On 1 July 2025, Landcare Research New Zealand Limited amalgamated with The New Zealand Institute for Plant and Food Research Limited, AgResearch Limited and New Zealand Forest Research Institute Limited by way of a short-form amalgamation in accordance with the New Zealand Companies Act 1993. The amalgamation occurred after the reporting date and is therefore a non-adjusting subsequent event under NZ IAS 10 Events after the Reporting Period.

As a result of the amalgamation, Landcare Research New Zealand Limited ceased to exist as a separate legal entity. All assets, liabilities, rights, and obligations of Landcare Research New Zealand Limited, as well as those of The New Zealand Institute for Plant and Food Research Limited and AgResearch Limited, were transferred to New Zealand Forest Research Institute Limited, which continues as the amalgamated company under a new name, New Zealand Institute for Bioeconomy Science Limited.

This event does not affect the recognition or measurement of assets and liabilities as at 30 June 2025.

Signed for and on behalf of the Board



Barry Harris
Chair



Kim Wallace
Deputy Chair

11 September 2025

11 September 2025

Remuneration and compensation

Executive Remuneration

Executive Remuneration will be managed within the terms and conditions of the Executive Remuneration policy summarised below. This policy sets out remuneration elements and design principles informing the remuneration arrangements for executive management. Remuneration practices throughout MWLR should be transparent in the way in which they are determined and administered and will always conform to sound corporate governance principles.

Governance

The People & Culture Committee, a committee of the MWLR Board, oversees the application and implementation of the Executive Remuneration policy.

Basic pay principles

Pay principles offer clarity and guide decisions around executive remuneration that ensure fair, competitive and appropriate pay for the markets in which MWLR operates.

MWLR's executive pay principles aim to pay Executives at a level commensurate with their contribution to MWLR and appropriately based on skill, experience and performance achieved.

The level of remuneration paid is considered appropriate for motivation and retention of the calibre of executive required to ensure the successful formation and delivery of MWLR's strategy and management of the environments in which it operates.

Executive remuneration is set having regard to typical pay levels at companies of a similar size and role complexity.

When reviewing remuneration, the Committee considers all relevant factors, including:

- Prevailing market and economic conditions
- Organisational performance and individual experience and contribution
- Internal equity and pay parity
- Accurate benchmark position and job size
- Market benchmark survey results
- Public Service Commission guidance.

Executive pay position and structure

MWLR participates in industry and profession-based market salary surveys using external remuneration consultants to understand what the market is paying for roles like ours.

The base salary and Total Remuneration Position in Range of individual executives are reviewed against the All Organisations Base Salary Market Median Line and the All Organisations Total Remuneration Market Median Line.

MWLR aims to position executive remuneration at the appropriate Position in Range (PIR) of the relevant All Organisations Market Median Line. Experienced executives are positioned at a 90-120% PIR.

Total executive remuneration for the 2024/25 financial year excluding CEO remuneration was \$3,116,522 (FY2023/24: \$2,778,596). This includes the remuneration of the 11 leadership team individuals including the CEO of Toitū Envirocare.

Leadership team remuneration and compensation	2024/25	2023/24
MWLR	3,088,859	2,950,868
Toitū	2,560,422	1,637,018
	5,649,281	4,587,886

The number of people that undertook executive positions decreased to 12 people in 2024/25 from 13 last year (2023/24). The reduction is due to 2 resignations and 2 redundancies, offset by 3 appointments this year. These movements are reflected in the below banding table based on payment received pro-rata for the portion of the year they were engaged for.

FY2024/25 Chief Executive's Remuneration Structure

The total cost to MWLR of the remuneration package paid or payable to the Chief Executive:

	2024/25	2023/24
James Stevenson-Wallace	523,357	522,821

No annual increment in the CEO's package has been made at the time of publishing this report, consistent with our practice for senior managers' remuneration in the current year. Therefore, in 2024/25 the CEO's total remuneration is \$523,357 including \$616 benefits relating to insurance.

Employee remuneration

In accordance with section 152(1)(c) of the Crown Entities Act 2004, the number of employees who received remuneration and other benefits totalling \$100,000 or more, in \$10,000 bands, is shown below. This relates to the MWLR Group including Toitū Envirocare and BioHeritage National Science Challenge.

Remuneration Band	Group		Parent	
	Number of employees		Number of employees	
	2024/25	2023/24	2024/25	2023/24
\$520,000 - \$529,999	1	1	1 ^a	1
\$420,000 - \$429,999	1	-	1	-
\$350,000 - \$359,999	-	1	-	-
\$330,000 - \$339,999	1 ^b	-	-	-
\$320,000 - \$329,999	1	-	-	-
\$310,000 - \$319,999	1	1	1	1
\$300,000 - \$309,999	2	-	1	-
\$290,000 - \$299,999	-	2	-	2
\$280,000 - \$289,999	2	2	2	2
\$270,000 - \$279,999	-	2	-	-
\$260,000 - \$269,999	1	1	1	1
\$250,000 - \$259,999	1	1	1	1
\$240,000 - \$249,999	-	3	-	2
\$220,000 - \$229,999	2	1	1	1
\$210,000 - \$219,999	2	1	1	-
\$200,000 - \$209,999	3	1	3	1
\$190,000 - \$199,999	8	3	7	2
\$180,000 - \$189,999	12	8	10	7
\$170,000 - \$179,999	8	8	8	7
\$160,000 - \$169,999	20	12	16	9
\$150,000 - \$159,999	16	20	14	14
\$140,000 - \$149,999	18	18	14	16
\$130,000 - \$139,999	48 ^c	21	41	18
\$120,000 - \$129,999	33	46	26	45
\$110,000 - \$119,999	60	51	50	36
\$100,000 - \$109,999	58	73	48	64
Total	299	277	247	230

^a Chief Executive of Landcare Research New Zealand Limited.

^b Previous Chief Executive of Toitū Envirocare Limited (Annual salary pro-rata from 1 July 2024 to 30 August 2024).

^c New Chief Executive of Toitū Envirocare Limited (Annual salary pro-rata from 17 February 2024 to 30 June 2025).

This table includes 14 redundancies and 2 termination payments to employees in 2024/25 (2023/24: nil redundancy, 1 terminations). Staff remuneration is measured based on their remuneration received pro-rata for the portion of the year they were employed for.

Group Financial Statements

For the year ended 30 June 2025

Statement of comprehensive income for the year ended 30 June 2025

	Note	GROUP		
		30 Jun 25 Actual \$000s	30 Jun 25 Budget \$000s	30 Jun 24 Actual \$000s
Revenue from operations	1	96,548	110,500	115,837
Finance income	1	1,035	800	2,478
Total revenue		97,583	111,300	118,315
Finance costs	2	253	228	220
Operating expenses	2	99,377	114,257	118,956
Total expenses		99,630	114,485	119,176
Profit / (Loss) before tax		(2,047)	(3,185)	(861)
Income tax (benefit)/expense	20	(471)	(227)	3,468
Profit / (Loss) after tax		(1,576)	(2,958)	(4,329)
Other comprehensive income				
Change in the fair value of investments		82	-	-
Total comprehensive income		(1,494)	(2,958)	(4,329)

The accompanying notes form part of these financial statements.

Statement of financial position as at 30 June 2025

		GROUP		
		30 Jun 25	30 Jun 25	30 Jun 24
		Actual	Budget	Actual
	Note	\$000s	\$000s	\$000s
ASSETS				
Current assets				
Cash and cash equivalents	3	23,096	6,255	14,336
Trade and other receivables	4	10,690	6,845	13,577
Inventories		22	450	316
Other financial assets	3	-	16,654	21,073
Contract assets	5	2,558	5,333	4,425
Finance lease receivable		57	64	70
Property held for sale		203	-	-
Tax receivable		180	-	406
Derivative financial instruments		1	-	-
Total current assets		36,807	35,601	54,203
Non-current assets				
Property, plant and equipment	6	44,792	47,045	43,891
Right-of-use assets	7	5,562	3,977	3,868
Patents and intellectual property		402	363	367
Intangible assets		601	-	175
Investments	8	82	-	-
Deferred tax asset	20	-	681	-
Finance lease receivable		-	127	57
Total non-current assets		51,439	52,193	48,358
Total assets		88,246	87,794	102,561
LIABILITIES				
Current liabilities				
Trade and other payables	9	5,768	9,933	12,762
Employee benefit liabilities	10	5,108	5,782	6,673
Contract liability (revenue in advance)	12	17,174	16,817	22,663
Lease liability - current	11	526	494	291
Tax payable		(33)	(1)	-
Total current liabilities		28,543	33,025	42,389
Non-current liabilities				
Employee benefit liabilities	10	485	736	597
Lease liability - non-current	11	5,504	4,134	3,896
Deferred tax liability	20	2,479	-	2,950
Total non-current liabilities		8,468	4,870	7,443
Total liabilities		37,011	37,895	49,832
NET ASSETS		51,235	49,899	52,729

The accompanying notes form part of these financial statements.

Statement of financial position as at 30 June 2025, continued

		GROUP		
		30 Jun 25	30 Jun 25	30 Jun 24
		Actual	Budget	Actual
	Note	\$000s	\$000s	\$000s
EQUITY				
Ordinary shares	13	10,515	10,515	10,515
Retained earnings	13	40,720	39,384	42,214
Total equity		51,235	49,899	52,729

The accompanying notes form part of these financial statements.



Barry Harris
Chair

11 September 2025



Kim Wallace
Deputy Chair

11 September 2025

Statement of changes in equity for the year ended 30 June 2025

	GROUP		
	30 Jun 25 Actual \$000s	30 Jun 25 Budget \$000s	30 Jun 24 Actual \$000s
Balance at 1 July	52,729	52,857	57,058
Total income/(expense) for the year ended 30 June	(1,494)	(2,958)	(4,329)
Balance at 30 June	51,235	49,899	52,729

The accompanying notes form part of these financial statements.

Statement of cash flows for the year ended 30 June 2025

	GROUP		
	30 Jun 25 Actual \$000s	30 Jun 25 Budget \$000s	30 Jun 24 Actual \$000s
Cashflows from operating activities			
Receipts from customers	95,308	126,299	100,345
Interest received	1,485	2,838	2,434
Payments to suppliers and employees	(101,857)	(123,701)	(114,236)
Interest paid	(253)	(228)	(220)
Tax refund/(paid)	(250)	51	(1,209)
Net cash generated from / (used in) operating activities	(5,567)	5,259	(12,886)
Cashflows from investing activities			
Sale of property, plant and equipment	84	-	18
Purchase of property, plant and equipment	(6,436)	(8,314)	(4,492)
Sale/(Purchase) of short-term investments	21,073	-	21,591
Net cash generated from / (used in) investing activities	14,721	(8,314)	17,117
Cashflows from financing activities			
Repayment of lease liabilities	(394)	(465)	(291)
Net cash generated from / (used in) financing activities	(394)	(465)	(291)
Net increase/(decrease) in cash	8,760	(3,520)	3,940
Cash, cash equivalents at beginning of year	14,336	9,775	10,396
Cash, cash equivalents at end of year	23,096	6,255	14,336

The accompanying notes form part of these financial statements.

Statement of cash flows for the year ended 30 June 2025, continued

Reconciliation of Statement of Cash Flows for the year ended 30 June 2025

	GROUP	
	30 Jun 25 Actual \$000s	30 Jun 24 Actual \$000s
Reconciliation of net profit after tax to net cash flow from operating activities		
Profit / (loss) after tax	(1,494)	(4,329)
Add / (less) non-cash items:		
Depreciation and amortisation	4,871	5,246
Movement in non-current employee entitlements	(112)	(27)
Increase / (decrease) in deferred tax	(471)	3,574
Add / (less) items classified as investing or financing activities:		
Movement in financial assets	(25)	70
(Gain) /loss on sale of assets	(84)	-
Movement in lease liability	543	-
Add / (less) movements in working capital items:		
Inventory	294	(62)
Trade and other receivables	4,316	(4,843)
Interest receivable	450	(44)
Trade and other payables	(6,801)	(1,359)
Employee benefit liabilities	(1,565)	604
Revenue in advance	(5,489)	(11,716)
Net cash inflow/(outflow) from operating activities	(5,567)	(12,886)

Preparation disclosures

Reporting entity

Landcare Research New Zealand Limited, trading as Manaaki Whenua – Landcare Research (MWLR) is a Crown Research Institute governed by the Crown Research Institutes Act 1992, Crown Entities Act 2004, Companies Act 1993 and the Public Finance Act 1989. The Manaaki Whenua – Landcare Research Group ('the Group') consists of Landcare Research New Zealand Limited and its subsidiaries, Landcare Research US Limited (100% owned) and Enviro-Mark Solutions Limited (trading as Toitū Envirocare) (100% owned). Landcare Research New Zealand Limited and Enviro-Mark Solutions Limited are incorporated and domiciled in New Zealand; Landcare Research US Limited is incorporated and domiciled in the USA.

These audited financial statements of the Group are for the year ended 30 June 2025 and were authorised by the Board of MWLR on 11 September 2025.

Nature of activities

The core purpose of the Group is to drive innovation in New Zealand's management of terrestrial biodiversity and land resources in order to both protect and enhance the terrestrial environment and grow New Zealand's prosperity.

Basis of preparation

The Financial Statements of the Group comply with New Zealand Equivalents to IFRS Accounting Standards (NZ IFRS) and other applicable financial reporting standards, including generally accepted accounting practice, as appropriate for Tier 1 for-profit entities. The financial statements also comply with IFRS Accounting Standards (IFRS).

The Group's financial statements are prepared on a disestablishment basis due to the New Zealand Institute for Bioeconomy Science Limited short-form amalgamation, which occurred on 1 July 2025 as disclosed in Note 24. This change does not affect the value of assets and liabilities as at 30 June 2025.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, with the exception of the disestablishment basis mentioned above.

The consolidated financial statements have been prepared on a historical cost basis, with the exception of derivative financial instruments and unlisted investments that have been measured at fair value. The financial statements are presented in New Zealand dollars, the functional currency of the Group, and all values are rounded to the nearest thousand dollars (\$000).

Foreign currency transactions are translated into the functional currency, using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in the profit or loss.

Subsidiaries

Where the Group has the capacity to control the financing and operating policies of an entity so as to obtain benefits from its activities, all such entities are consolidated as subsidiaries within the Group financial statements. This power exists where the Group controls the majority voting power on the governing body, or where such policies have been irreversibly predetermined by the Group, or where the determination of such policies is unable to materially impact the level of potential ownership benefits that arise from the activities of the subsidiary.

The Group measures the cost of a business combination as the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, in exchange for control of the subsidiary plus any costs directly attributable to the business combination. Any excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill. If the Group's interest in the net fair value of the identifiable assets, liabilities and

contingent liabilities recognised exceeds the cost of the business combination, the difference will be recognised immediately in the profit or loss.

Basis of consolidation

The purchase method is used to prepare the consolidated financial statements; this involves adding together like items of assets, liabilities, equity, income and expenses on a line-by-line basis. All significant intragroup balances, transactions, income and expenses are eliminated on consolidation.

MWLR's investment in its subsidiaries is carried at cost less impairment in its 'Parent entity' financial statements.

New accounting standards and interpretations

No new accounting standards or interpretations that became effective for the year ended 30 June 2025 had an impact on the Group.

Certain new accounting standards and amendments have been issued that are not mandatory for the year ended 30 June 2025 and have not been early-adopted by the Group. The Group has assessed that these are not likely to have an effect on its financial statements.

Critical accounting estimates and assumptions

In preparing these financial statements the Group has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Critical judgements in applying the Group's material accounting policies

The Directors and Management have exercised the following critical judgements in applying the Group's material accounting policies for the year ended 30 June 2025:

1. One performance obligation

NZ IFRS 15 introduced the concept of identifying and quantifying distinct performance obligations within contracts. The Group has concluded that for the majority of contracts it is difficult to identify distinct benefits that are not interrelated to other contracted deliverables. Therefore, the Group has made the judgement that each research contract represents one performance obligation.

2. Input method

NZ IFRS 15 permits either output or input methods for revenue recognition over time. The Group has made the judgement that the input method (labour hours input plus operating costs) is a more accurate method of measuring progress toward satisfaction of a performance obligation.

3. Impairment of Property, Plant and Equipment

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, the Group estimates the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Change in accounting policies

The accounting policies detailed above have been applied in the preparation of these financial statements for the year ended 30 June 2025 and have been consistently applied throughout the year. There have been no changes in accounting policies in comparison with the prior year.

Notes to the financial statements for the year ended 30 June 2025

1. Revenue

	GROUP	
	30 Jun 25 Actual \$000s	30 Jun 24 Actual \$000s
Revenue from operations consisted of the following items:		
Accounted for under NZ IAS 20 Government Grant		
MBIE SSIF funding	27,445	26,926
Accounted for under NZ IFRS 15: Revenue		
MBIE Other funding	12,631	36,804
Research contracts with other customers		
Crown Research Institutes	187	1,607
New Zealand Other	34,027	25,962
International	3,811	4,375
Total	38,025	31,944
Finance income		
Bank deposits	1,026	2,463
Finance leases	9	15
Total	1,035	2,478
Rental income	1,047	1,088
Subsidiary income (Enviro-Mark Solutions Limited)	16,993	18,364
Gain on sale/(disposal) of non-current assets	155	535
Other income	252	176
Total revenue	97,583	118,315
Total revenue (exclude finance interest income):	96,548	115,837

Strategic funding

MWLR and the Crown are parties to a Strategic Science Investment Fund – Programmes Investment Contract (SSIF Contract) under which the Crown contracts MWLR to perform research activities that support MWLR's Statement of Core Purpose (SCP). Specific SCP outcomes, and their associated delivery programmes, are agreed annually with Shareholding Ministers and documented in MWLR's Statement of Corporate Intent. For financial reporting purposes this Strategic Funding is treated as a Government Grant in terms of NZ IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance*.

Rendering of services – research contracts with other customers

MBIE Non-SSIF and "Research contracts with other customers" is revenue that relates to scientific research contracts with government departments, local government within New Zealand and overseas, and commercial customers. These scientific research contracts are characterised by interrelated scientific research obligations that work towards an overarching scientific objective. MWLR's performance obligation to these clients is to carry out ongoing research towards the overarching scientific objective. Each contract is viewed as one performance obligation. The transaction price allocated to the performance obligation is determined based on the fixed consideration outlined in the contract billing schedule. Research hours input incurred, plus operating costs incurred (input method) are used as the basis for over time revenue recognition and are a faithful depiction of scientist progression towards research conclusions.

Contract liability

Payment terms for research contracts are established via the expressed terms of the contract and payment is made on this predetermined periodic basis. Payment terms are intended to compensate for the fulfilment of performance obligations over a 12-month or shorter period. As revenue is recognised over time, there may be some short-term timing differences between payment and revenue recognition. Upfront payments will result in a contract liability (revenue in advance) while performance obligation progression in advance of payment will result in an accrual of revenue or a contract asset.

Commercialisation revenue

Commercialisation revenue relates to our work around identifying and developing opportunities to commercialise research outputs which may provide benefit to other entities.

Rental income

Rental income relates to property rental from our shared sites around New Zealand.

Carbon credits revenue

In financial year 2025 the subsidiary company received \$2,984,473 (2024: \$4,491,223) revenue for sale of carbon credits. It has been determined that control is not transferred to the customer over time and therefore point in time revenue recognition is more appropriate. Therefore, revenue is recognised upon invoicing when a present right to payment is evident.

Gain on disposal of assets

The gain or loss on disposal is the difference between net consideration received and the carrying amount of the portion disposed within the fixed asset register.

2. Total expenses

	GROUP	
	30 Jun 25 Actual \$000s	30 Jun 24 Actual \$000s
Profit before income tax has been arrived at after charging the following expenses:		
Finance costs		
Interest on leases	253	220
Employee remuneration	59,448	59,065
Superannuation contributions	2,050	1,977
Employee entitlements (decrease)/increase	(1,400)	530
Fees incurred for services provided by the audit firm:		
Audit of the group annual financial statements	237	196
Directors' fees	524	383
Depreciation and amortisation of property, plant, equipment and intangibles	4,871	5,246
Impairment of plant, equipment and intangibles	6	6
Loss on sale/disposal of non-current assets	71	47
Site and property expenses	427	487
Cost of sales	3,190	4,492
Subcontracting costs	9,752	28,741
Software services and licenses	3,969	2,611
Other services	1,906	2,499
Other expenses	14,326	12,676
Total expenses	99,630	119,176

Provisions

The Group recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive), as a result of a past event, that probable expenditures will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) are capitalised as part of the cost of that asset in accordance with NZ IAS 23 Borrowing Costs. All other borrowing costs are expensed in the period they occur.

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

3. Cash and cash equivalents

	GROUP	
	30 Jun 25 Actual \$000s	30 Jun 24 Actual \$000s
Cash and cash equivalents		
Cash at bank and in hand	23,096	11,294
Short-term deposits (maturity dates <3 months from date of acquisition)	-	3,042
Total cash and cash equivalents	23,096	14,336
Other financial assets		
Short-term deposits	-	21,073

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the Statement of Financial Position.

The carrying value of short-term deposits with maturity dates of three months or less approximates their fair value.

Cash at bank and short-term deposits includes research contracts where funding is received in advance that is unspent and subject to performance obligations that have yet to be carried out. The balance of unspent revenue is outlined in Note 12 Contract liability.

4. Trade and other receivables

	GROUP	
	30 Jun 25 Actual \$000s	30 Jun 24 Actual \$000s
Trade debtors	7,717	10,643
Sundry debtors	115	-
Bank deposit accrued interest	4	454
Prepayments	2,910	2,509
Total	10,746	13,606
Less provision for impairment of receivables	(56)	(29)
Total trade and other receivables	10,690	13,577
Movements in the provision for impairment of receivables are as follows:		
As at 1 July	29	29
Movement in provision	27	-
As at 30 June	56	29
Age of trade debtors:		
Current (30 days or less)	6,645	8,055
Outstanding (greater than 30 days)	1,072	2,588
Total trade debtors	7,717	10,643

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost, using the effective interest method, less any provision for impairment.

The Group applies the NZ IFRS 9 simplified approach to measuring expected credit losses to determine any provision for impairment of receivables. A provision of \$56,000 has been made for the Group (2024: \$29,000).

The carrying value of trade and other receivables approximates their fair value. The carrying value of loans to related parties approximates their fair value.

Apart from the Ministry of Business, Innovation and Employment, which is Government owned, there is no concentration of credit risk to receivables outside the Group, as the Group has a large number of customers.

5. Contract assets

	GROUP	
	30 Jun 25	30 Jun 24
	Actual	Actual
	\$000s	\$000s
Contract assets	2,558	4,425

The contract asset balance represents where MWLR has satisfied a performance obligation but cannot recognise a receivable until other obligations are satisfied. The majority of the 2025 contract asset balance is expected to be billed in financial years 2026 and 2027.

6. Property, plant and equipment

	GROUP					
	Land \$000s	Buildings \$000s	Plant & equipment \$000s	Library assets \$000s	Capital work-in- progress \$000s	Total \$000s
2025						
Cost at 1 July 2024	1,564	37,811	52,635	8,924	635	101,569
Accumulated depreciation and impairment charges	-	(11,275)	(38,056)	(8,347)	-	(57,678)
Net book value at the beginning of the year	1,564	26,536	14,579	577	635	43,891
Year ended 30 June 2025						
Net book value at the beginning of the year	1,564	26,536	14,579	577	635	43,891
Additions	-	875	2,977	-	1,649	5,501
Disposals	-	(243)	(943)	-	-	(1,186)
Transfers	-	2	131	-	(133)	-
Accumulated depreciation on disposals	-	212	935	-	-	1,147
Fair value impairment	-	-	(6)	-	-	(6)
Reclassified as "assets held for sale"	-	-	-	-	(203)	(203)
Current year depreciation	-	(757)	(3,588)	(7)	-	(4,352)
Net book value at the end of the year	1,564	26,625	14,085	570	1,948	44,792
At 30 June 2025						
Cost	1,564	38,445	54,794	8,924	1,948	105,675
Accumulated depreciation	-	(11,820)	(40,709)	(8,354)	-	(60,883)
Net book value at the end of the year	1,564	26,625	14,085	570	1,948	44,792

Property, plant and equipment, continued

	GROUP					
	Land \$000s	Buildings \$000s	Plant & equipment \$000s	Library assets \$000s	Capital work-in- progress \$000s	Total \$000s
2024						
Cost at 1 July 2023	1,564	37,693	49,566	8,924	250	97,997
Accumulated depreciation and impairment charges	-	(10,583)	(34,649)	(8,340)	-	(53,572)
Net book value at the beginning of the year	1,564	27,110	14,917	584	250	44,425
Year ended 30 June 2024						
Net book value at the beginning of the year	1,564	27,110	14,917	584	250	44,425
Additions	-	79	3,536	-	634	4,249
Disposals	-	(1)	(676)	-	-	(677)
Transfers	-	40	209	-	(249)	-
Accumulated depreciation on disposals	-	1	675	-	-	676
Current year depreciation	-	(693)	(4,082)	(7)	-	(4,782)
Net book value at the end of the year	1,564	26,536	14,579	577	635	43,891
At 30 June 2024						
Cost	1,564	37,811	52,635	8,924	635	101,569
Accumulated depreciation	-	(11,275)	(38,056)	(8,347)	-	(57,678)
Net book value at the end of the year	1,564	26,536	14,579	577	635	43,891

Property, plant and equipment consists of:

Operational assets – these include land, buildings, library books, plant and equipment, and motor vehicles.

Restricted assets – these are collections and databases, held by the Group, that provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.

Certain buildings are on leased land with various restrictions on sale of the buildings.

Property, plant and equipment are shown at cost, less accumulated depreciation and impairment losses. Assets are not reported with a financial value in cases where they are not realistically able to be reproduced or replaced, when they do not generate cash flows and where no market exists to provide a valuation.

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that the future economic benefits or service potential associated with the item will flow to the Group and the cost of the item can be measured reliably. In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

Disposals

Gains and losses are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in profit or loss.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Group and the cost of the item can be measured reliably.

Impairment of property, plant and equipment

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, the Group estimates the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Depreciation

Depreciation is provided on the Group's property, plant and equipment, other than land, at rates that will write off the cost of the assets to their estimated residual values over their useful lives. All depreciable assets are depreciated on a straight-line basis. The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year end.

Depreciation rates

Buildings	10 – 60 years	1.67 - 10%
Plant and equipment	2 – 50 years	2 – 50%
IT equipment	2 - 8 years	12.5 – 50%
Motor vehicles	4 – 7.4 years	8.33 - 25%
Furniture and fittings	5 – 60 years	1.67- 20%
Rare books collection	100 years	1%

Heritage assets

Heritage collection assets are those assets held for the duration of their physical lives because of their unique scientific importance. The Crown, when establishing Crown Research Institutes in 1992, transferred various national databases and reference collections to individual Institutes at nil value. Many of these databases and collections were specifically identified by the Foundation for Research, Science and Technology as being of significant national importance, and they have covenants attached to them that guide how they are to be managed.

MWLR has the following nationally significant collections and databases that have been defined as heritage assets:

- The New Zealand Arthropod Collection (NZAC), including the New Zealand National Nematode Collection (NZNNC) and associated database NZACbugs, BUGS bibliography and Pacific database
- The New Zealand Fungal & Plant Disease Herbarium (PDD)
- The International Collection of Micro-Organisms from Plants (ICMP) and associated NZ Fungi Database
- The Allan Herbarium
- The National Vegetation Survey Databank (NVS)
- The 'Ngā Tipu Whakaoranga' Ethnobotany Database and New Zealand Flax and Living Plant collections.

The nature of these heritage assets and their significance to the science and research that MWLR undertakes make it necessary to disclose them.

No reliable valuation is able to be obtained for these assets, and so they remain at nil value.

A rare books collection, previously considered to be part of the reference collections, was introduced in financial year 2003 on a market value basis. This value has been accepted as deemed cost, and no impairment has been identified. Refer to Note 19 for Group policy on impairment assessment of these assets.

7. Right-of-use assets

	GROUP			
	Land	Buildings	Plant & equipment	Total
2025	\$000s	\$000s	\$000s	\$000s
Gross carrying amounts				
Balance at 1 July 2024	4,098	1,242	143	5,483
Additions	-	410	66	476
Modifications	260	1,398	-	1,658
Disposals	-	-	(7)	(7)
Balance at 30 June 2025	4,358	3,050	202	7,610
Depreciation and impairment				
Balance at 1 July 2024	530	1,014	71	1,615
Depreciation on disposal	-	-	(7)	(7)
Depreciation	128	265	47	440
Balance at 30 June 2025	658	1,279	111	2,048
Carrying amount at 30 June 2025	3,700	1,771	91	5,562

	GROUP			
	Land	Buildings	Plant & equipment	Total
2024	\$000s	\$000s	\$000s	\$000s
Gross carrying amounts				
Balance at 1 July 2023	4,098	1,277	311	5,686
Modifications	-	82	-	82
Disposals	-	(117)	(168)	(285)
Balance at 30 June 2024	4,098	1,242	143	5,483
Depreciation and impairment				
Balance at 1 July 2023	409	827	206	1,442
Depreciation on disposal	-	(51)	(168)	(219)
Depreciation	121	238	33	392
Balance at 30 June 2024	530	1,014	71	1,615
Carrying amount at 30 June 2024	3,568	228	72	3,868

The Group as a lessee

For any new contracts entered into, the Group assesses whether a contract is or contains a lease. A lease is defined as 'a contract or part of a contract, that conveys the right-to-use an asset for a period of time in exchange for consideration'. To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the group.

The Group has the right to obtain substantially all of the economic benefits from the use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract.

The Group has the right to direct the use of the identified asset throughout the period of use.

The Group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a Right-of-Use asset and a Lease Liability on the balance sheet. The Right-of-Use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease term, and any lease payments made in advance of the lease commencement date.

The Group depreciates the Right-of-Use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of lease liability are made up of fixed payments and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any re-assessment or modification.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit or loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases using the practical expedients. Instead of recognising a right of use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

In the statement of financial position, right-of-use assets have been disclosed separately and the liability from leases is classified as Lease Liabilities.

The Group as a lessor

As a lessor the Group classifies its leases as either operating or finance leases.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset and classified as an operating lease if it does not.

The Group has leases for land and buildings and related facilities, IT equipment and some vehicles. With the exception of short-term leases, each lease is reflected on the balance sheet as a Right-of-Use asset and a Lease Liability. The Group classifies its Right-of-Use assets in a consistent manner to its Property, Plant and Equipment (see Note 6).

Leases of land and buildings generally have a lease term ranging from 1 to 78 years. Ground leases have

remaining lease terms ranging between 20 years and 72 years. Office equipment generally has a lease term ranging from 1 to 5 years.

Each lease generally imposes a restriction that unless there is a contractual right for the Group to sublet the asset to another party, the right-of-use asset can only be used by the Group. Leases are non-cancellable. For leases of buildings the Group must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease.

The following table describes the nature of the Group's leasing activities by type of right-of-use asset recognised on the balance sheet.

Right-of-use asset	Number of right-of-use assets leased	Range of remaining lease term (years)	Average remaining lease term (years)	Number of leases with extension options	Number of leases with termination options
Land	4	20 - 72	44	3	2
Buildings	3	1 – 8	5	-	-
Motor vehicles	6	1 – 2	2	-	-
Plant and equipment	2	5	1	-	-

The use of extension and termination options gives the Group added flexibility in the event it has identified more suitable premises in terms of costs and/or location. The Group includes the extension or termination options where it is reasonably certain to be exercised. The Group subsequently reviews this if there is a significant event or change in circumstances beyond its control.

8. Investments

MWLR has 100% interest in Landcare Research US Limited and Enviro-Mark Solutions Limited trading as Toitū Envirocare.

The subsidiaries and associate company are unlisted companies, and accordingly, there are no published price quotations to determine the fair value of these investments; therefore, they are accounted at cost less impairment.

MWLR has a share investment in CropX Technologies Limited that is reflected at fair value of \$82,000 as at 30 June 2025 determined on recent sales.

9. Trade and other payables

	GROUP	
	30 Jun 25 Actual \$000s	30 Jun 24 Actual \$000s
Trade payables	1,710	8,724
GST & PAYE	1,015	914
Sundry creditors and accruals	3,043	3,124
Total trade and other payables	5,768	12,762

The carrying value of trade and other payables approximates their fair value.

Goods and Service Tax (GST)

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are stated on a GST-inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the Statement of Financial Position. The net GST paid to or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the Statement of Cash Flows.

10. Employee benefit liabilities

	GROUP	
	30 Jun 25	30 Jun 24
	Actual	Actual
	\$000s	\$000s
Accrued pay	577	1,850
Annual leave	3,916	4,055
Long service leave	985	1,211
Time in lieu	107	142
Sick leave	8	12
Total employee benefit liabilities	5,593	7,270
Comprising:		
Current	5,108	6,673
Non-current	485	597
Total	5,593	7,270

Entitlements that are payable beyond 12 months, such as long service leave and retirement leave, have been calculated on an actuarial basis by Eriksen and Associates Limited as at 30 June 2025. The calculations are based on:

Likely future entitlements accruing to staff, based on years of service, years to entitlement, likelihood staff will reach the point of entitlement and contractual entitlements information; and

Present value of estimated future cash flows using the following key assumptions:

- Discount rates of 3.23%-5.20% (2024: 4.54%-5.33%) based on the risk-free rates as calculated from the yields on New Zealand Government Bonds
- Salary inflation factor of 2.5% (2024: 3.0%) based on the expected long-term increase in remuneration of employees.

Short-term benefits

Employee benefits that the Group expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned to but not yet taken at balance date, retirement and long-service leave entitlements expected to be settled within 12 months, and sick leave.

The Group recognises a liability for sick leave to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date; to the extent that the Group

anticipates leave entitlements will be used by staff to cover those future absences. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

The Group recognises a liability and an expense for one-off payments where contractually obliged or where there is a past practice that has created a constructive obligation.

All actuarial gains and losses that arise subsequent to the transition date in calculating the Group's obligation with respect to long service leave, retirement gratuities and sick leave are recognised as an expense in the profit or loss.

Superannuation schemes

Defined contribution schemes: obligations for contributions to defined-contribution superannuation schemes are recognised as an expense in the profit or loss as incurred.

Defined benefit schemes: the Group makes contributions to the Government Superannuation Fund, which is a multi-employer defined benefit scheme. Insufficient information is available to use defined benefit accounting, as it is not possible to determine from the terms of the scheme the extent to which the profit or loss will affect future contributions by individual employers, as there is no prescribed basis for allocation. The scheme is therefore accounted for as a defined contribution scheme.

Long service leave, retirement leave and sick leave

Entitlements that are payable beyond 12 months, such as long service leave, retirement leave and sick leave, have been calculated on an actuarial basis. The calculations are based on likely future entitlements accruing to staff, based on years of service, years to entitlement, payment history, the likelihood that staff will reach the point of entitlement, and contractual entitlements information.

MWLR removed the long service leave benefit with effect from 10 November 2022. Existing entitlements received by staff remain in place, and staff received a pro-rata long service leave provision to their next decadal anniversary.

MWLR has unlimited sick leave for employees who have been employed for more than 12 months. Employees who have been employed for less than 12 months have 10 days sick leave.

11. Lease liability

	GROUP	
	30 Jun 25 Actual	30 Jun 24 Actual
Amounts payable under leases	\$000s	\$000s
Within one year	526	291
Between one and two years	541	108
Between two and five years	1,129	276
Greater than five years	3,834	3,512
Total	6,030	4,187

Lease payments not recognised as a liability

The Group has elected not to recognise a lease liability for short-term leases (leases of expected term of 12 months or less). Payments associated with short-term leases of low-value assets are recognised as an expense in the statement of comprehensive income.

Additional profit and loss and cash flow information:

	GROUP	
	30 Jun 25	30 Jun 24
	Actual	Actual
	\$000s	\$000s
Income from subleasing office	1,047	1,209
Total cash outflow in respect of leases in the year	486	663

For interest expense in relation to leasing liabilities, refer to total expenses (Note 2).

12. Contract liability (revenue in advance)

	GROUP	
	30 Jun 25	30 Jun 24
	Actual	Actual
	\$000s	\$000s
MBIE science and commercial contracts	17,174	22,663
Total contract liability	17,174	22,663

The contract liability balance represents where payment has been received but the corresponding performance has not been carried out within the financial year. This is usually associated with upfront payments. The majority of the 2025 contract liability balance is expected to be released in financial year 2026 as work is completed and revenue is realised.

13. Equity

	GROUP	
	30 Jun 25	30 Jun 24
	Actual	Actual
	\$000s	\$000s
Equity		
Retained earnings		
As at 1 July	42,214	46,543
Profit / (loss) for the year	(1,494)	(4,329)
As at 30 June	40,720	42,214
Share capital		
As at 1 July	10,515	10,515
As at 30 June	10,515	10,515

The issued capital of MWLR is \$10,515,000, fully paid up, and equally ranking shares.

The shares have no par value.

No dividends were paid during the year ended 30 June 2025 (2024: \$Nil).

14. Capital management

The Group's capital is its equity, which comprises retained earnings and other reserves. Equity is represented by net assets.

The Group is subject to the financial management and accountability provisions of the Crown Research Institutes Act 1992, which imposes certain restrictions in relation to borrowings, acquisition of securities, issuing guarantees and indemnities and the use of derivatives.

The Group manages its equity as a by-product of prudently managing revenues, expenses, assets, liabilities, investments, and general financial dealings to ensure the Group effectively achieves its objectives and purpose, while remaining a going concern.

15. Capital commitments and operating leases

	GROUP	
	30 Jun 25 Actual \$000s	30 Jun 24 Actual \$000s
Capital commitments		
Estimated capital expenditure contracted for at balance date but not paid for or provided for	2,619	986
Operating lease commitments - Lessor		
Lease commitments under non-cancellable operating leases:		
Within one year	362	273
Later than one year and not later than two years	137	222
Later than two years and not later than five years	302	85
Later than five years	76	-

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases.

16. Contingencies

Commitments and contingencies are disclosed exclusive of GST. The Group is not aware of any contingent liabilities or contingent assets as at balance date (2024: nil).

17. Related party transactions

MWLR is the ultimate parent of the Group and controls three entities, being Landcare Research US Limited, Toitū and Manaaki Whenua Research Trust (MWRT).

MWRT is registered as a charitable entity under the Charities Act 2005. The Trust is controlled by MWLR and was formed on 9 February 2016.

MWRT audit fees to Deloitte Limited of \$2,414 (GST exclusive) (2024: \$2,390) have been paid by the Controlling Entity, MWLR.

MWRT Trustees Liability insurance of \$3,050 (GST exclusive) (2024: \$3,050) has been paid by the Controlling Entity, MWLR.

MWRT's Controlling Entity, MWLR, has provided accounting services to the Trust at no cost.

Intercompany transactions are between MWLR and its subsidiaries and Controlled Trust. No transaction between companies within the Group took place at nil or nominal value during the year, apart from the provision of accounting services to the Trust as stated previously.

MWLR has capitalised Landcare Research US Limited for a sum of USD \$50,000, but the amount has been held by the Parent company pending requirement and will be paid out on request.

	GROUP	
	30 Jun 25 Actual \$000s	30 Jun 24 Actual \$000s
Key management personnel compensation		
Salaries and other short-term employee benefits	5,558	4,971

Key management personnel includes Directors, Chief Executive Officer and other senior management personnel.

During the year transactions took place with the following organisations over which certain key management personnel and Directors have significant influence:

	GROUP					
	2025 Services received from \$000s	2024 Services received from \$000s	2025 Services provided to \$000s	2024 Services provided to \$000s	2025 Amounts (payable to)/ receivable \$000s	2024 Amounts (payable to)/ receivable \$000s
Science New Zealand	54	-	-	-	(1)	-
AgResearch Limited	536	-	2,587	-	247	-
Scion	589	-	422	-	-	-
Institute of Environmental Science Research (ESR)	103	-	5	-	-	-
Plant and Food Research	756	-	220	-	(137)	-
Research and Education Advanced Network New Zealand Limited	251	-	-	-	-	-
Environmental Protection Authority	8	60	-	-	-	-
Ministry for the Environment	-	-	3,341	-	1,355	-
Cambridge Partners Limited	-	36	8	-	-	-
K L Bowler Consulting	29	-	-	-	(3)	-
Lynn River Limited	-	-	10	-	-	-
Pollard Enterprise Limited	18	-	-	-	-	-
Ptarmigan Consulting Limited	48	-	-	-	-	-
Waka Kotahi NZ Transport Agency	-	-	32	-	-	-

MWLR also supplies to, and purchases goods and services from, entities controlled, significantly influenced or jointly controlled by the Crown. Sales to and purchases from these entities during the year ended 30 June 2025 were:

	GROUP					
	2025 Services received from \$000s	2024 Services received from \$000s	2025 Services provided to \$000s	2024 Services provided to \$000s	2025 Amounts (payable to)/ receivable \$000s	2024 Amounts (payable to)/ receivable \$000s
Crown entities, SOEs and government departments	3,720	7,357	61,685	71,979	2,010	3,996

18. Financial instruments

	GROUP	
	30 Jun 25 Actual \$000s	30 Jun 24 Actual \$000s
Financial assets		
Financial assets at fair value through profit and loss		
Foreign Exchange forward contracts	1	-
Financial assets subsequently measured at amortised cost		
Cash and cash equivalents	23,096	14,336
Trade receivables	7,717	10,643
Contract asset	2,558	4,425
Bank deposit accrued interest	4	454
Other financial assets	-	21,073
Financial liabilities measured at amortised cost		
Trade payable	1,710	8,724
Sundry creditors and accruals	3,043	3,124

The Group classifies its financial assets into the following three categories: financial assets at fair value through profit or loss, financial assets subsequently measured at amortised cost, and financial assets at fair value through other comprehensive income. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Financial assets and liabilities are initially measured at fair value plus transaction costs, unless they are carried at fair value through profit or loss in which case the transaction costs are recognised in profit or loss, or if they are trade receivables which are measured at the transaction price.

The fair value of financial instruments traded in active markets is based on quoted market prices at the

balance sheet date. The quoted market price used is the current bid price. The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The two categories of financial assets are:

Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term, or if designated as so by management. Derivatives are also categorised as held for trading or are expected to be realised within 12 months of the balance sheet date. After initial recognition they are measured at their fair values. Gains or losses on remeasurement are recognised in profit or loss. Financial assets in this category include foreign currency forward contracts.

Financial assets subsequently measured at amortised cost

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition they are measured at amortised cost using the effective interest method. Gains and losses when the asset is impaired or derecognised are recognised in profit or loss.

The two categories of financial liabilities are:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are those that are designated as fair value through profit or loss. After initial recognition, these liabilities are measured at their fair value. Gains and losses are recognised directly in profit or loss.

Financial liabilities measured at amortised cost

After initial recognition they are measured at amortised cost using the effective interest method.

Impairment of financial assets

At each balance sheet date the Group assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. Any impairment losses are recognised in profit or loss.

19. Impairment of non-financial assets

Non-financial assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicated that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits or service potential. The value in use for cash-generating assets is the present value of expected future cash flows.

If an asset's carrying amount exceeds its recoverable amount the asset is impaired and the carrying amount is written down to the recoverable amount. The total impairment loss is recognised in profit or loss.

20. Income Tax

	GROUP	
	30 Jun 25 Actual \$000s	30 Jun 24 Actual \$000s
Components of tax expense		
Current tax	-	-
Adjustments to current tax in prior years	-	(105)
Deferred tax expense	(471)	3,453
Adjustments to deferred tax in prior years	-	120
Income tax expense	(471)	3,468
Relationship between tax expense and accounting profit		
Profit / (loss) before tax	(2,047)	(861)
Tax at 28%	(573)	(241)
Non-deductible expenditure	135	(10)
Income not subject to tax	(33)	(2)
Prior-year adjustments	3	14
Other items	(3)	(10)
Impact of removal of tax depreciation on long-life buildings	-	3,717
Total income tax expense	(471)	3,468

Enviro-Mark Solutions has imputation credits of \$0.8 million as at 30 June 2025 (2024: \$0.8 million). MWLR is not required to maintain an Imputation Credit Account pursuant to section OB1(2)(d) of the Income Tax Act 2007.

	GROUP						
Deferred tax assets/liabilities	Property, plant and equipment	Employee entitlements	Other provisions	IFRS 16	IFRS 15	Tax losses	Total
Balance at 1 July 2023	(1,544)	1,224	107	66	771	-	624
Charged to profit/(loss)	(3,647)	(6)	20	24	(129)	164	(3,574)
Balance at 1 July 2024	(5,191)	1,218	127	90	642	164	(2,950)
Charged to profit/(loss)	(382)	(22)	(13)	43	18	827	471
Balance at 30 June 2025	(5,573)	1,196	114	133	660	991	(2,479)

Income tax expense in relation to the profit or loss for the period comprises current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using rates that have been enacted or substantively enacted by balance date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of

assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised. Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill, or from the initial recognition of an asset and liability in a transaction that is not a business combination, and at the time of the transaction affects neither accounting profit nor taxable profit. Deferred tax is recognised on taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Company can control the reversal of the temporary difference, and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, using tax rates that have been enacted or substantively enacted by balance date.

Current tax and deferred tax are recognised against profit and loss, except to the extent that they relate to a business combination, or directly in equity.

Deferred tax on the removal of tax depreciation on long-life buildings

On 28 March 2024 the Taxation (Annual Rates for 2023-24, Multinational Tax, and Remedial Matters) Act passed into law. The Act removed depreciation deductions for tax purposes for commercial long-life buildings with an estimated useful life of 50 years or more, with effect from the 2023/24 income tax year. Application of the enacted tax law resulted in a \$3.72m increase in the recognition of deferred tax in the Statement of Comprehensive Income and a corresponding increase to the deferred tax liability recognised in the Statement of Financial Position in the 2023/24 income tax year.

21. Financial instrument risks

The Group has a series of policies to manage the risks associated with financial instruments. The Group is risk averse and seeks to minimise exposure from its treasury activities. Treasury and cash management policies approved by the Board do not allow any transactions that are speculative in nature to be entered into.

Market risk

Price risk

Group price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices. During the year the Group was not exposed to price risk as it did not hold financial assets held at fair value through profit and loss.

Currency risk

Group currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group operates internationally and is exposed to foreign exchange risk arising from various contract exposures, primarily with respect to the US dollar, Australian dollar, Euro and UK pound. Currency risk arises when future commercial transactions, recognised assets and recognised liabilities are denominated in a currency that is not the entity's functional currency.

The below table reflects the impact on profit after tax if foreign currencies had weakened/strengthened by 10% against the New Zealand dollar with all other variables held constant. It considers foreign exchange gains/losses on translation of foreign currencies denominated trade payables and receivables, and the foreign currencies bank accounts. The Group foreign exchange management policy is to cover the risk on any foreign currency transactions greater than \$250,000.

	GROUP			
	2025 \$000s	2025 \$000s	2024 \$000s	2024 \$000s
Appreciation/depreciation of foreign currencies	+10%	-10%	+10%	-10%
Impact on profit after tax				
US dollar	(218)	218	(3)	3
Australian dollar	(7)	7	(10)	10
Euro	(36)	36	-	-
UK pound	-	-	(10)	10

Interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate due to changes in market interest rates. Short term bank deposits which receive variable interest rates expose the Group to cash flow interest rate risk.

Contractual maturity analysis of financial liabilities, excluding derivatives

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. Future interest payments on floating rate debt are based on the floating rate on the instrument at balance date. The amounts disclosed are the contractual undiscounted cash flows and include interest payments.

	GROUP					
	Carrying amount \$000s	Contractual cashflows \$000s	Less than 1 year \$000s	1-2 years \$000s	2-5 years \$000s	More than 5 years \$000s
2024						
Creditors & other payables	12,762	12,762	12,762	-	-	-
Total	12,762	12,762	12,762	-	-	-
2025						
Creditors & other payables	5,768	5,768	5,768	-	-	-
Total	5,768	5,768	5,768	-	-	-

Credit risk

Credit risk is the risk that a third party will default on its obligation to MWLR, causing MWLR to incur a loss. MWLR has a significant concentration of credit risk with the Ministry of Business Innovation and Employment; however, the risk is mitigated as this entity is also Government owned. The Group's maximum exposure to credit risk is the amount of Receivables.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The Group aims to maintain flexibility in funding by keeping committed credit lines available.

22. Budget figures

The budget figures are those in the Statement of Corporate Intent approved by the shareholding Ministers at the beginning of the year. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Group for the preparation of the financial statements.

23. Explanation of significant variances against budget and between years

There were the following significant variances:

Statement of comprehensive income

Total Revenue for the 2024/25 year was \$97.6m which was a decrease of \$20.7m (17%) on the previous year. This decrease was primarily due to reduced public sector funding which saw the wind-up of the National Science Challenges (2023/24 Revenue \$19.6m).

When compared with budget, the Group realised a revenue shortfall of \$13.7m (13%). The key drivers of the shortfall were lower success than anticipated with MBIE Endeavour programme bids, contracting delays with some of our key partners, and softer demand for carbon programmes and advisory services for Toitū. Several of the delayed contracts were finalised in the second half of the financial year, however, due to resource constraints, revenue has now been deferred to FY25/26.

Expenses for the year totalled \$99.6 million, a decrease of \$19.6 million (16%) compared to the prior year. The reduction was primarily driven by a \$19 million (66%) decrease in subcontracting costs, reflecting a shift toward increased in-house delivery. Subcontractor costs were also influenced by the conclusion of the National Science Challenge contracts in June 2024, particularly the BioHeritage Challenge, which was hosted by Manaaki Whenua. Additional savings were realised across other project delivery-related costs, in particular travel whilst a decline in cost of goods sold was consistent with lower carbon credit sales for Toitū. General cost-saving measures in response to ongoing funding uncertainty further contributed to the overall reduction in expenses.

When compared with budget, expenditure was 13% favourable as subcontractor costs and project expenditure decreased due to contracting delays and projects being completed with internal resources. Uncertainty in funding required several cost savings initiatives to be implemented. This included a reduction in discretionary spend, freezing support staff vacancies and delivering a support change programme.

Statement of financial position

Current assets decreased by \$17.4 million (32%) compared to the prior year. This movement is primarily driven by a \$21.1 million reduction in other financial assets, as cash reserves were drawn down to fund the delivery of current contracts. Despite this, cash and cash equivalents increased by \$8.8 million, reflecting a strategic move to maintain greater liquidity. In addition, trade and other receivables, along with contract assets, declined, consistent with a more challenging contracting environment and lower levels of work in progress.

Current liabilities also reduced significantly, down 33% year-on-year, largely due to a decrease in contract liabilities (revenue in advance), as projects progressed and associated revenue was recognised—aligned with the reduction in cash reserves. Trade and other payables decreased by \$7 million (55%), reflecting the conclusion of the National Science Challenges, a reduction in subcontracting activity as more work is delivered in-house, and broader impacts from the tightening contracting environment.

When compared to budget, trade and other payables are \$4.2 million below budget, reflecting a shift toward higher levels of work being completed in-house than anticipated in the budget assumptions and the early impacts of more challenging market conditions on contract-related costs.

Non-current liabilities are \$3.6 million higher than budget, primarily due to an increase in long-term lease liabilities and deferred tax balances that were not included in the original budget assumptions.

Despite these variances, net assets remain broadly in line with budget at \$51.2 million, representing a \$1.3 million uplift to budget, and a \$1.5 million reduction compared to the prior year.

24. Events after the balance date

On 1 July 2025, Landcare Research New Zealand Limited amalgamated with The New Zealand Institute for Plant and Food Research Limited, AgResearch Limited and New Zealand Forest Research Institute Limited by way of a short-form amalgamation in accordance with the New Zealand Companies Act 1993. The amalgamation occurred after the reporting date and is therefore a non-adjusting subsequent event under NZ IAS 10 Events after the Reporting Period.

As a result of the amalgamation, Landcare Research New Zealand Limited ceased to exist as a separate legal entity. All assets, liabilities, rights, and obligations of Landcare Research New Zealand Limited, as well as those of The New Zealand Institute for Plant and Food Research Limited and AgResearch Limited, were transferred to New Zealand Forest Research Institute Limited, which continues as the amalgamated company under a new name, New Zealand Institute for Bioeconomy Science Limited.

This event does not affect the recognition or measurement of assets and liabilities as at 30 June 2025.

Statement of responsibility

The Directors are responsible for presenting financial statements for each financial year that give a true and fair view of the financial position of Landcare Research New Zealand Limited (the Company) and its subsidiaries (the Group) and of the financial performance and cash flows for that period.

The Directors consider the financial statements of the Group and the Company have been prepared using appropriate accounting policies consistently applied and supported by reasonable judgements and estimates, and that all relevant financial reporting and accounting standards have been followed.

The Directors are responsible for establishing and maintaining a system of internal control designed to provide reasonable assurances as to the integrity and reliability of the financial reporting.

The Directors believe that proper accounting records have been kept, which enable, with reasonable accuracy, the determination of the financial position of the Group and facilitate compliance of the financial statements with the Companies Act 1993.

The Directors believe that they have taken adequate steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Board of Directors of Landcare Research New Zealand Limited approved and authorised the financial statements for the year ended 30 June 2025 for issue on 11 September 2025.



Barry Harris
Chair



Kim Wallace
Deputy Chair

11 September 2025

11 September 2025

Independent auditor's report

TO THE READERS OF LANDCARE NEW ZEALAND LIMITED'S GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

The Auditor-General is the auditor of Landcare Research New Zealand Limited and its subsidiaries (the Group). The Auditor-General has appointed me, Anthony Smith, using the staff and resources of Deloitte Limited to carry out the audit of the financial statements of the Group on his behalf.

Opinion

We have audited the financial statements of the Group on pages 9 to 40, that comprise the consolidated statement of financial position as at 30 June 2025, the consolidated statement of comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information.

In our opinion, the financial statements of the Group on pages 9 to 40, which have been prepared on a disestablishment basis:

- present fairly, in all material respects:
 - its financial position as at 30 June 2025; and
 - its financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand in accordance with New Zealand equivalents to IFRS Accounting Standards (NZ IFRS) and IFRS Accounting Standards (IFRS).

Our audit was completed on 11 September 2025. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the financial statements, we comment on other information, and we explain our independence.

The financial statements are prepared on a disestablishment basis

Without modifying our opinion, we draw attention to "Basis of preparation" on page 15 about the financial statements being prepared on a disestablishment basis due to the Company's short-form amalgamation with New Zealand Forest Research Institute Limited, Agresearch Limited, The New Zealand Institute for Plant and Food Research Limited under the Companies Act 1993, effective after 30 June 2025. As a result, the Company will no longer operate as a separate legal entity. This change does not affect the value of assets and liabilities as at 30 June 2025.

We consider the disestablishment basis of preparation of the financial statements and the related disclosures to be appropriate to the Company's circumstances.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

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

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible on behalf of the Group for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand.

The Board of Directors is responsible for such internal control as it determines is necessary to enable it to prepare financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible on behalf of the Group for assessing the Group's ability to continue as a going concern. The Board of Directors is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Board of Directors has to cease operations, or has no realistic alternative but to do so.

The Board of Directors' responsibilities arise from the Crown Research Institutes Act 1992.

Responsibilities of the auditor 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 it is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of these financial statements.

For the budget information reported in the financial statements, our procedures were limited to checking that the information agreed to the Group's statement of corporate intent.

We did not evaluate the security and controls over the electronic publication of the financial statements.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as

a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included on pages 1 to 8 and 45 to 46, 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. In doing so, we 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 our work, 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.

Independence

We are independent of the Group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with, or interests in, the Group.



Anthony Smith
Partner
for Deloitte Limited
On behalf of the Auditor-General
Christchurch, New Zealand

Financial indicators (MBIE)

Financial key performance indicators as required by MBIE (not part of the Audited Financial Statements)

Summary table of financial performance indicators Consolidated (\$m)

For the year ending 30 June	FY Actual 2025	FY Target 2025
Efficiency		
Operating margin	2%	2%
Return on invested capital	(5%)	(7%)
Liquidity		
Current ratio	1.3	1.1
Cash ratio	0.8	0.2
Net working-capital ratio (\$'000's)	8,264	2,577
Solvency		
Debt to EBITDA	(8.4)	(10.4)
Gearing ratio	11%	8%
Shareholder return		
Return on equity	(2.9%)	(6.3%)
Growth		
Capital replacement	130%	129%
Revenue growth	83%	89%
Underlying EBITDA growth	96%	65%

Operating margin: Profitability per dollar of revenue

Underlying EBITDA/revenue.

Return on invested capital: Efficiency and profitability of a company's capital from both debt and equity sources

Underlying EBIT/average invested capital.

Current ratio: An indicator of company's ability to pay short-term obligations

Current assets/current liabilities.

Cash ratio: An indicator of the relative ease with which a company can clear short term liabilities

Cash and cash equivalents/current liabilities.

Net working-capital ratio (\$'000s): To determine whether a company has sufficient cash or funds to continue its operations.

Current assets less current liabilities.

Debt to EBITDA: Size of debt relative to earnings

Net debt/underlying EBITDA.

Gearing ratio: Measure of financial leverage: ratio of debt (liabilities on which a company is required to pay interest) to debt plus equity

Total debt/total debt plus equity.

Return on equity: How much profit a company generates with the funds that the shareholder has invested in the company

Net profit after tax/average equity.

Capital replacement: Measure of capital investment relative to maintenance investment levels

Capital expenditure/depreciation plus amortisation expense.

Revenue growth: Change in revenue

Current year's revenue/previous year's revenue.

Underlying EBITDA growth: Change in EBITDA

Current year's EBITDA/previous year's EBITDA.

Directory

MANAAKI WHENUA – LANDCARE RESEARCH REGISTERED OFFICE

Canterbury Agriculture & Science Centre
74 Gerald Street
PO Box 69040
Lincoln 7640, New Zealand
Phone: + 3 321 9999
Website: www.landcareresearch.co.nz
NZBN Number: 9429038990496

BIOECONOMY SCIENCE INSTITUTE

(from 1 July, 2025)
REGISTERED OFFICE
Tuhiraki
19 Ellesmere Junction Road
Lincoln 7608

DIRECTORS

(from 1 July, 2025)
Barry Harris, chair
Gray Baldwin
Candace Kinser
Andrew Morrison
Kim Wallace

MANAAKI WHENUA – LANDCARE RESEARCH

CHIEF EXECUTIVE OFFICER (to 30 June 2025)
James Stevenson-Wallace

TRANSITION CHIEF EXECUTIVE

OFFICER (from 1 July, 2025)
Mark Piper

SENIOR LEADERS

Dr Lucy Baragwanath	Science Group Manager, Restoring Ecosystems
Dr Fiona Carswell	Science Group Manager, Catalysing Change
Richard Eglinton	Chief Operating Officer
Dr Nancy Garrity	General Manager, Māori Partnerships
Dr Chris Jones	Science Group Manager, Managing Invasive Species
Chris McDermott	Chief Information Officer
Dr Fraser Morgan	Science Group Manager, Land Resources & Climate Change

DIRECTORS (to 30 June, 2025)

Colin Dawson, chair
John Rodwell
Justine Gilliland
Marje Russ
Dr Warren Williams
Dr Andrea Byrom
Gray Baldwin

BANKERS: ANZ Bank New Zealand Limited

AUDITORS: Deloitte Limited, on behalf of the Auditor-General

SOLICITORS: Buddle Findlay

AUCKLAND | TĀMAKI MAKĀURAU

231 Morrin Rd, St Johns, Auckland 1072
Private Bag 92170, Auckland Mail Centre, Auckland 1142
Ph: +64 9 574 4100

HAMILTON | KIRIKIRIROA

Gate 10, Silverdale Road, University of Waikato, Hamilton 3216
Private Bag 3127, Hamilton 3240
Ph: +64 7 859 3700

PALMERSTON NORTH | TE PĀPĀIOEA

Riddet Road, Massey University,
Palmerston North 4472
Private Bag 11052, Palmerston North 4442
Ph: +64 6 353 4800

TOITŪ ENVIROCARE

Aisha Daji Punga (Chief Executive)

DUNEDIN | ŌTEPOTI

764 Cumberland Street, Dunedin 9016
Private Bag 1930, Dunedin 9054
Ph: +64 3 470 7203

LINCOLN (Head Office) | MANGŌNUI

54 Gerald Street, Lincoln 7608
PO Box 69040, Lincoln 7640
Ph: +64 3 321 9999

WELLINGTON | TE WHANGANUI A TARA

17 Whitmore Street
Wellington 6011
PO Box 10345, The Terrace, Wellington 6143
Ph: +64 4 382 6649

AUCKLAND | TĀMAKI MAKĀURAU

The Formery, 87 Albert Street,
Auckland CBD, Auckland 1010
PO Box 259, 15 Hardinge Street,
Auckland 1010
0800 366 275, info@toitu.co.nz

CHRISTCHURCH | ŌTAUTAHU

Level 2, 14 Wise Street, Addington
Christchurch 8024

WELLINGTON | TE WHANGANUI A TARA

Level 6, 17 Whitmore Street
Wellington 6143

We're building something new

On 1 July 2025, AgResearch, Manaaki Whenua – Landcare Research, Plant & Food Research and Scion came together to form the Bioeconomy Science Institute. Now, we are more than 2,200 people working to support the growth and resilience of the bioeconomy in New Zealand and beyond.

Together, our world-class science will advance innovation in agriculture, horticulture, forestry, aquaculture, biotechnology and manufacturing; protect and enhance ecosystems from biosecurity threats and climate risks; and develop new bio-based technologies and products.