



Callaghan Innovation Annual Report

2024/2025

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1. Foreword

Tēnā koutou katoa

We are pleased to present Callaghan Innovation's annual report for 2024/25. Callaghan Innovation provided its full suite of products to innovative businesses in New Zealand up until January 2025, with the aim of advancing research and development (R&D) and commercialisation to lift productivity and economic growth. We are proud to have supported over 1,500 unique organisations between July and December 2024 with our fund, upskill, connect, solve and grow products.

In January 2025, the Government announced that Callaghan Innovation is to be disestablished and selected functions distributed to other parts of the science, innovation and technology (SI&T) system. Callaghan Innovation's disestablishment is one change within a broad set of reforms across New Zealand's SI&T system, aiming to set a clear direction, lift economic growth and position New Zealand for the future. From the date of the announcement we commenced disestablishment and transfer activities, which impacted on the annual work programme in flight. We reflect over the full 2024/25 year with pride for what we achieved and look forward to 2025/26 with purpose to action Callaghan Innovation's transfer and disestablishment plan.

Callaghan Innovation is focused on supporting innovative customers and delivering impact for New Zealand. In 2024/25 we were thrilled to see significant milestones for the RDTI, passing \$7b of R&D supported in its first six years of operation and \$1b of tax credits issued, helping businesses innovate and contribute to a stronger, more productive economy that benefits all New Zealanders. We are pleased the RDTI will continue beyond 2024/25, with our customer engagement and assessment functions to be transferred to MBIE and remain available for businesses to apply for and use.

In addition to the RDTI other functions will transfer to entities within the SI&T system by 30 June 2026, and others ceased operations in 2024/25. Callaghan Innovation are also identifying options for the future of GlycoSyn, and will continue running the Gracefield Innovation Quarter (GIQ) site until decisions around the long-term use for the site have been confirmed.

We are proud of our people who have acted with utmost professionalism during a period of great uncertainty. We would like to take this opportunity to also acknowledge a number of governance changes over this period. Jennifer Kerr finished her six-and-a-half-year tenure on Callaghan Innovation's Board on 30 June 2025, including as Board Chair since December 2023. Jennifer's steady demeanour has been greatly appreciated over the last six months, during a very uncertain period. The Board also farewelled Nicole Buisson, David Bennett and Dr Shaun Hendy. Shaun has been a staunch advocate of the science community and we thank him for his significant service to Callaghan Innovation.

As we look towards 2025/26, we are committed to working with all parties to ensure a smooth and successful transition and play our part in the broader SI&T system reform.



Elena Trout
Board Chair



Stefan Korn
Chief Executive

2. Statement of Responsibility

The Callaghan Innovation Board is responsible for the preparation of the Financial Statements and the Statement of Service Performance for the period 1 July 2024 to 30 June 2025, and the judgements used in them. This includes responsibility for any end-of-year performance information provided by Callaghan Innovation under Section 19A of the Public Finance Act 1989, whether or not that information is included in this annual report.

The Board is also responsible for establishing and maintaining a system of internal controls designed to provide reasonable assurance as to the integrity and reliability of financial reporting. In the opinion of the Board, the financial statements and statement of performance for the period from 1 July 2024 to 30 June 2025 fairly reflect the financial position and operations of Callaghan Innovation.



Elena Trout
Board Chair



Matanuku Mahuika
Deputy Chair



Stefan Korn
Chief Executive

3. About Callaghan Innovation

3.1 Who we are and what we do

Our purpose

We activate innovation, accelerate commercialisation and help businesses grow faster for a better New Zealand.

Our role

We are a Crown Entity supporting hi-tech businesses in New Zealand. We provide a single front door to the innovation system for businesses at all stages of their innovation journey – from Start-Ups to the most experienced R&D performers.

What we do

Through our efforts to fund, upskill and connect our customers, help them solve challenges and grow their innovative ideas, we improve commercial outcomes for our customers. This promotes a thriving innovation ecosystem in Aotearoa in which key players are connected and innovators can succeed, ultimately creating positive economic and social impacts for Aotearoa.

We enhance the operation of New Zealand's innovation ecosystem, working closely with our government partners, Crown Research Institutes and other organisations that help increase business investment in R&D and innovation.

Who we work with

We work closely with our innovation ecosystem partners to provide comprehensive and integrated solutions for New Zealand businesses.

We work closely with the Ministry for Business Innovation and Employment (MBIE), our key stakeholder. The Minister for Science, Innovation and Technology has responsibility for Callaghan Innovation, and MBIE monitors our performance.

Our partnership with New Zealand Trade and Enterprise (NZTE) is crucial to support global growth of innovative businesses. We work with other government agencies to reduce barriers to growth, these agencies include the Treasury, the Ministry for Primary Industries (MPI), New Zealand Growth Capital Partners, and the Ministry of Foreign Affairs and Trade (MFAT).

We continue to work closely with Regional Economic Development Agencies, Regional Business Partner networks, New Zealand Universities, Crown Research Institutes, other tertiary education organisations and other private R&D providers to enable local and national expertise, services and funding.

Technology incubators, founder business incubators, deep tech start-ups, industry associations and private sector science, engineering and technology companies and sites help us to provide a direct channel to the R&D community for New Zealand businesses.

3.2 Disestablishment of Callaghan Innovation

On 23 January 2025 the Government announced that Callaghan Innovation is to be disestablished as part of its reforms of the SI&T system. Subsequently, the Minister of Science, Innovation and Technology wrote to the Chair of the Board of Callaghan Innovation setting out his expectations about the disestablishment and indicating which of our functions the Government will continue to fund and those that will transfer to other parts of the SI&T system. Legislation to formalise Callaghan Innovation's disestablishment is expected during 2025/26.

Callaghan Innovation acted to progress the Minister's intentions from January 2025 onward. Some activities were ceased immediately, and others were progressively wound down from January to June 2025. The disestablishment has impacted the achievement of our non-financial Statement of Performance Expectations measures, set well in advance of the 2024/25 financial year, as well as progress towards strategic intentions.

The following table provides an overview of the functions which are to be transferred to other SI&T entities.

Table 1: Transfer of Callaghan Innovation functions by receiving entity

Product or service	Receiving entity
Research and Development Tax Incentive (RDTI)	MBIE
Startup and Founder Support programme	
New to R&D Grant	
Ārohia Trailblazer Grant	
Ārohia Evidence Grant	
Student Grants	
Project Grant	
R&D Loans	
Transition Support Payment	
Biotechnologies Group	New Zealand Institute for Bioeconomy Science
Bioresource Processing Alliance	
Food Innovation Network	

Measurement Standards Laboratory	New Zealand Institute for Earth Science
HealthTech Activator (HTA)	New Zealand Institute for Advanced Technology
New Zealand Product Accelerator (NZPA)	
Technology Incubator programme	

Our directions also include the request to identify options for the future of GlycoSyn, with a view to reducing the Crown's ongoing liability in this area, and to continue running the Gracefield Innovation Quarter (GIQ) site until decisions around the long-term use for the site have been confirmed.

All other products and services not mentioned above have been shut down in a safe and appropriate way.

4. Progress on strategic intentions

4.1 Progress towards strategic outcomes

2024/25 is the third year of the period covered by Callaghan Innovation's [Statement of Intent 2023 – 2027](#). The central theme to the five-year strategy was to focus on the innovators who will create the greatest social and economic impact for Aotearoa New Zealand. A high-level assessment of the outcomes sought and our progress towards those outcomes is shown below in the table below. Note the Minister waived the requirement for Callaghan Innovation to provide a new Statement of Intent in 2025 under section 139B(3) of the Crown Entities Act.

Table 2: Progress towards strategic outcomes

Strategic focus area	Our desired outcomes	High-level comments
Globally leading innovation support services We will adapt, simplify and productise our services, improving the customer experience and making our service and policy delivery more efficient and effective.	More New Zealand businesses are innovating and growing their investment in R&D	Latest R&D statistics show a \$1.1b increase in New Zealand's total R&D expenditure between 2022 and 2024, of which \$800m is attributable to businesses. ¹ Businesses are investing more in R&D. The New to R&D grant, designed to support capability build in businesses without prior experience in R&D, has been approved for 192 organisations since its inception in 2022. It is hoped these businesses will feed the RDTI pipeline and become lifelong R&D performers.
Support the commercialisation of science We facilitate connections between industry and researchers to improve the commercial application of scientific research.	More science and technology-based research is commercialised	A total of 27 organisations in 2023/24 and 2024/25 received Technology Incubation support from one of five specialist technology incubators with expertise in commercialising complex, technical solutions to global problems. Work in this area has been impacted by our disestablishment, with the closure of the Applied Technologies function. Note that more science commercialisation is a key outcome sought for New Zealand from the SI&T reform programme. This work will be continued with other SI&T entities.

¹ [Research and development survey: 2024 | Stats NZ](#)

Support Māori Innovation We deliver specific services, customer journeys and engagement models for Māori scientists, innovators and entities.	Māori enterprises and innovators are economically successful and supporting community outcomes	Work in this area has been impacted by our disestablishment. We stopped offering our Grow product suite to Māori innovators in 2024/25.
Shift to a high-value economy through Frontier Ventures We provide intensive, wraparound support to accelerate the growth of new and existing Frontier Ventures.	Frontier Ventures drive New Zealand's economy, productivity and export growth	While long term changes to productivity are difficult to determine over a single SOI period, we have observed annual growth in high-tech exports of 8.8% in 2024.² Work in this area has been impacted by our disestablishment. We stopped offering our Grow product suite to high potential innovators in 2024/25.
Grow high potential sectors We flexibly support areas where disruptive innovations present significant commercial and wellbeing opportunities for Aotearoa New Zealand.	High potential sectors drive New Zealand's economy, productivity and export growth	Our work in the health-tech space continues with the HealthTech Activator (HTA)³. Since inception of the HTA, we have directed or supported more than 300 healthtech companies, and hosted over 60 events, including 13 in 2024/25. Healthtech firms are highly R&D intensive and internationally focused, with export revenue making up approximately 90% of revenue.⁴ Work in this area has been impacted by our disestablishment. Sector-based work ceased in the areas of clean-tech, construction, and AI and Digital in 2024/25.

² TIN 200 Report Highlights (November 2024) [2024 TIN Report | TIN – Technology Investment Network](#)

³ The HTA is currently planned to shift to the advanced technologies PRO during 2025/26.

⁴ [2024 NZ Healthtech Report | TIN – Technology Investment Network](#)



4.2 Our 24/25 highlights

Quarter one: [Seven new Ōhria Trailblazer Grant recipients announced with funding of \\$17.5m](#). Ōhria Trailblazer Grants are awarded to trailblazing New Zealand businesses with bold ideas to succeed in global markets.

Quarter two: [GovGPT pilot active](#). GovGPT provides accurate and referenceable information from a range of different Government websites through natural language conversations, helping businesses navigate the machinery of government.

Quarter three: [Bioresource Processing Alliance \(BPA\) win at the 2025 Science NZ awards](#). The BPA transforms primary sector by-products into higher-value products, diverting over 100,000 tonnes of waste from landfill annually.

Quarter four: [Callaghan Innovation customers amongst 2025 NZ Hi-Tech Awards winners](#). The 30th anniversary of the awards were presented at TSB Arena in Wellington, where Callaghan Innovation customers stood out amongst a record number of entries, including taking the PwC Hi-Tech Company of the Year award.

Visit our [website](#) for more stories and highlights from 2024/25.

4.3 Impact reporting framework

In 2024/25, Callaghan Innovation finalised its impact reporting framework, which was intended to establish the data, metrics and approach to use to quantitatively demonstrate the impact of what we do. Work to implement the framework was paused due to the disestablishment. No further implementation work by Callaghan Innovation is anticipated; however, there may be opportunities for other SI&T entities to leverage the work that has already been completed.

5. Assessment of operations and performance

5.1 Implementing the Government's priorities

5.1.1 Baseline savings

All departments are required to set out the amount saved in their Budget 2024 Initial Baseline Exercise (IBE) and how they achieved these savings, including contractor and consultant savings.

Callaghan Innovation was not issued specific savings targets in 2024/25.

Callaghan Innovation achieved a reduction of \$11.4m in 2024/25 in expenditure on contractors and consultants, which represents 13% of total departmental workforce expenditure in 2024/25. This compares with expenditure of \$12.4m and \$20.5m for 2022/23 and 2023/24 respectively, which represents 18% and 25% of total departmental workforce expenditure in these years respectively.

5.1.2 Major spending decisions

Cabinet has established an enduring system for monitoring and reporting on major operating spending decisions of government. Eleven major spending decisions will be subject to additional reporting requirements.

This is not applicable for Callaghan Innovation in 2024/25.

5.1.3 Government targets

Nine Government Targets have been approved by Cabinet and focus the public sector on achieving improved results in health, education, law and order, work, housing and the environment.

This is not applicable for Callaghan Innovation in 2024/25.

5.1.4 Other Government and Ministerial priorities

On 23 January 2025 the Government announced that Callaghan Innovation is to be disestablished as part of its reforms of the science, innovation and technology system. Subsequently, the Minister of Science, Innovation and Technology wrote to the Chair of the Board of Callaghan Innovation setting out expectations about the disestablishment and indicating which of our functions the Government will continue to fund and wants to transfer to other Crown entities. The following section outlines our activity in 2024/25 to effect the desired direction.

For activities and functions that are transferring

- Confirmed functions shifting to MBIE or a Public Research Organisation (PRO)
- Developed a transfer plan for functions shifting to MBIE or a PRO

- Worked with MBIE and Crown Research Institutes to establish transfer protocols for functions shifting to MBIE or a PRO
- Completed an expression of interest process for GlycoSyn

For the ongoing Callaghan Innovation organisation

- Continued to run GIQ and maintain the site
- Provided input to the market sounding exercise on the future of the GIQ site
- Developed an asset position report

For activities and functions that are disestablished

- Completed lab closure and certification of approximately 30% of Applied Technologies labs across Auckland, Wellington and Christchurch⁵
- Stopped activity in areas with no funding beyond 30 June 2025, including Innovation Skills, Grow products, Māori Innovation, and any new product development
- Wound down the Applied Tech function and exited contracts with Applied Tech customers
- Exited the lease on Christchurch premises

5.1.5 Other significant Budget decisions

The following Budget decisions we consider are 'significant' as they are important to the delivery of the Government's priorities, important to Parliament and the public, and are material decisions for our department.

This is not applicable for Callaghan Innovation in 2024/25.

⁵ As at 30 June 2025

5.2 Assessment of operations

5.2.1 Deliver globally leading innovation support services

What do we want?	More New Zealand businesses innovating and growing their investment in R&D.
Why?	We aim to deliver our core products, including RDTI, grants and R&D solutions as efficiently and effectively as possible. This enables us to scale our impact for New Zealand innovators and focus our effort on providing wraparound services for target customers.
How?	We do this through defining, developing and implementing a highly defined set of products, which we deliver efficiently with significant digital assistance where appropriate.

This year we worked with 1,948 organisations across a range of sectors, life-stages and regions, offering a range of 34 discrete products. Our Net Promoter Score (NPS) is the measure we use to assess the perceived value a customer gains from experiencing a product or service. Our overall NPS surveys customers who have consumed a core product or service, including services from our business innovation advisors. The result this year is +74, exceeding our target of +60.

Callaghan Innovation administers several incentive programmes to encourage businesses and entrepreneurs to invest in R&D. Reducing some of the financial risk associated with R&D is important to develop high-value, globally relevant companies, and to help drive economic recovery and diversification in Aotearoa New Zealand.

a. Research and Development Tax Incentive (RDTI)

The RDTI provides a 15% tax credit on a business's eligible R&D spend. It came into effect in April 2019 and Callaghan Innovation manage the operational application in conjunction with Inland Revenue.

Since launch the RDTI has supported in excess of \$7 billion in R&D, representing \$1 billion in tax credits.

Our RDTI customer engagement team have supported over 1700 customers, since inception, including close to 700 customers in 2024/25.

The strategic focus for 2024/25 has been to improve the awareness and reach of the scheme. Focused effort has resulted in a more than 50% increase in the rate of enrolment in the scheme by businesses in 2024/25.

b. Other grants and funding products

Callaghan Innovation acts as a delivery agency for MBIE for any new R&D funding products. We operationalise the policy for new products while also working to continually improve performance once implemented (as we have done with the RDTI).

In addition to the RDTI our funding products include:

- **Ārohia Innovation Trailblazer Grants** – Supports the very best innovative businesses at the 'getting ready to go to market' stage of their innovation journey. Those businesses have done most of the tricky research and development for their game-changing creation (Ārohia Trailblazer does not fund R&D costs) but they need that critical funding to finally bring their new product or service to market.
- **New to R&D Grant** – Supports entrepreneurs at the start of their innovation journey.
- **Student Grants** – Aim to increase New Zealand businesses' investment in R&D to support long-term economic growth and support New Zealand tertiary students to gain and develop their technical skills in a commercial research environment, while bringing capability into New Zealand businesses.
- **Repayable Grants for Start-ups** – (part of the Technology Incubator programme, covered in the next section)

The number of grants awarded are included in the table below.

Table 3: Total number of grants awarded in 2024/25⁶

Product	Description	Number of successful applications
Ārohia Trailblazer Grant	Covers non-R&D activities and supports businesses that need critical funding to finally bring their product or service to market.	7
Ārohia Evidence Grant	Supports businesses to get the evidence, data and customer validation they need to apply for the Ārohia Trailblazer Grant.	209
New to R&D Grant	Co-funding grant (40%) offering funding support for businesses who are new to R&D.	148
Career Grant	The Career Grant funds innovative businesses to employ PhD and Masters Graduates for six months, and give them their first stepping stone toward a long and fruitful career in research and development.	126
Experience Grant	The Experience Grant funds innovative businesses to employ tertiary-level students as full-time interns over their summer break and help prepare them for their own innovative careers.	391

Our funding products will shift to MBIE in 2025/26.

⁶ Excludes Fellowship grant as it is currently on hold

c. Founder & start-up

The Founder and Start-up Support Programme is intended to accelerate the growth of quality start-ups by providing intensive, wrap-around support, with access to mentors, networks and investment to fuel growth. We partner with five providers to develop and recruit participants. These providers help build entrepreneurial capability in aspiring entrepreneurs, and work to catalyse growth for start-ups. The programmes they offer are short and focus on rapid and intensive product development.

Table 4: Uptake of founder and start up programmes in 2024/25

Product	Number of customers
Founder programme	103
Accelerator programme	106
Total unique customers	207

The Founder & start up Support programme will shift to MBIE in 2025/26.

d. Research and development services (RDS)

Callaghan Innovation assists companies with their R&D ambitions and hi-tech problem-solving needs through a range of frameworks and bespoke services.

Many companies in New Zealand face a range of well-known barriers to R&D, including the high cost of developing their own in-house capability, retaining highly specialised R&D staff and sourcing access to specialised equipment.

The R&D Solutions group utilises world class scientists and engineers to deliver services to our customers via specialist teams that include:

- Applied Technology – this group consisted of capabilities from all fields of scientific discipline, from Engineering, Chemistry and Physics to Data Science, and coupled them together to develop deep tech solutions.
- Biotechnology – this group assists companies to transform biological materials into high value products.

As part of the broader SI&T system reform, it was announced that there would be no funding for the Applied Technology group beyond 30 September 2025. No new Applied Technology contracts were entered into from February 2025 onwards. The Biotechnology group is shifting to the New Zealand Institute for Bioeconomy Science in 2025/26.

Table 5: Total number of RDS commercial customers in 2024/25

Service provided	Total
Applied technology	87
Biotechnology	83
Total unique customers	161⁷

e. Measurement Standards Laboratory (MSL)

MSL is Aotearoa New Zealand's national metrology institute. Services delivered by MSL are detailed in the Measurement Standards Act 1992, and focus on ensuring that units of measurement used in New Zealand are consistent with the International System of Units. This is critical for New Zealand companies selling products and services that depend on physical measurements. Reliable measurements also support effective regulation, innovation, health and safety, and management of environment and resources.

MSL are internationally recognised for 105 distinct measurement services. They are ISO/IEC 17025 accredited, and actively participate in the following international bodies to implement the International Committee for Weights and Measures Mutual Recognition Arrangement (CIPM MRA):

- Consultative Committees for Photometry and Radiometry, Electricity and Magnetism, Mass and Related Quantities, Thermometry.
- BIPM Forum on Metrology and Digitalisation.
- Asia Pacific Metrology Program General Assembly, including seven technical committees

In 2024/25, MSL signed an Arrangement with the National Measurement Institute, Australia, renewing joint commitment to working together in common areas:

- technical and scientific exchange through virtual teams, joint projects, and facility access arrangements
- cooperation to engage with the Pacific and Indo-Pacific regions, and
- collaboration to support the indigenous interests in our respective countries.

MSL also signed an Arrangement for the first time with the National Institute of Metrology, China during Prime Minister Christopher Luxon's visit to China. This paves the way for deeper collaboration in our preparation for the future measurement needs of New Zealand.

In May 2025, it was announced that Director and Chief Metrologist Dr Annette Koo will take up the position of Director of the Bureau International des Poids et Mesures, the intergovernmental organisation that looks after measurement science and measurement standards, in September 2025. In doing so, she will be the first woman and first New Zealander to hold this role. Dr Peter McDowall has been appointed to replace Annette from 1 September.

⁷ Note: a small group of customers have both an Applied technology and a Biotechnology contract

MSL provides commercial services to customers, specifically (1) calibration reports and (2) assessments of accredited laboratories.

Table 6: Total number of MSL commercial services provided in 2024/25

Service provided	Total
External calibration reports	119
Assessments of accredited NZ laboratories	35

MSL will shift to the New Zealand Institute for Earth Science in 2025/26.

e. GlycoSyn

GlycoSyn is a specialised business unit wholly owned and operated by Callaghan Innovation. GlycoSyn specialises in the discovery, development, and manufacture of complex carbohydrates and active pharmaceutical ingredients. GlycoSyn leverages industry-leading expertise in carbohydrate chemistry, small molecules, multi-step synthesis, and good manufacturing practise (GMP) to provide a wide range of offerings for commercial, research, and various client applications.

GlycoSyn generates revenue by discovering and commercialising active compounds and undertakes pharmaceutical development and manufacturing services to domestic and international customers.

As part of the SI&T reform, Callaghan Innovation is exploring long-term sustainable options for GlycoSyn. This work began in 2024/25 and will continue into 2025/26.

f. Gracefield Innovation Quarter (GIQ)

During 2024/25 GIQ continued to provide site services and specialist facilities to support the activities of the Biotechnologies group, MSL, GlycoSyn, and a range of third-party tenants. The largest tenant is Victoria University and its Te Kāuru/Ferrier and Paihau-Robinson Research Institutes, with GIQ also hosting several other businesses operating in a diverse range of fields from cancer therapy technology through to precision optics manufacturing.

Work to shut down labs at GIQ that were occupied by the Applied Technologies group has progressed well, with 24 out of 62 applied technology labs certified as formally closed⁸. After labs have been certified as closed, a decommissioning process is undertaken, which involves the removal of hazardous substances, and cleaning and disposal of contaminated equipment. The decommissioning of the Applied Technologies labs will be completed during 2025/26.

In 2024/25 we completed a project to undertake detailed seismic assessments for buildings across the GIQ site. This up-to-date information on buildings' seismic performance, and associated risk assessments, determined that continued occupancy of GIQ buildings was appropriate. There was one exception, where it was found that G Block had a number of seismic vulnerabilities and continued occupation was not appropriate. G Block was therefore exited in May 2025. In addition, a section of A

⁸ As at 30 June 2025.

Block that had been damaged by a fire several years ago was demolished, as this structure was beginning to significantly deteriorate.

In 2024/25, we completed a market sounding exercise to understand the level and nature of demand for the GIQ site and its facilities. Callaghan Innovation continues to work with MBIE to support decision making on the future of the GIQ site.

g. Summary of products no longer available

In 2024/25 Callaghan Innovation offered a range of upskill products, designed to provide customers with the innovation, R&D and commercialisation skills needed to amplify and elevate their ideas. Funding for these products ceased on 30 June 2025 and these products are no longer available.

Table 7: Total uptake of products in 2024/25 that are no longer available

Product	Description	Number of customers/customer uptake
Beyond IP	Helping businesses gain a competitive edge by identifying and maximising IP assets.	87
Lean (Programme and Workshop)	Helping businesses prioritise activities that add value and enhance customer service	95
Aronui Industry 4.0 Smart Factory Assessment	Application of the SIRI framework to manufacturers and accelerate their industry 4.0 and digital transformations	105
Capital Education Workshop	Teaching New Zealand start-ups and early-stage businesses to successfully raise equity capital.	57
Digital Lean	Helping businesses boost their competitive advantage by incorporating new technologies (Industry 4.0) into their operations.	8
Total unique customers		338

5.2.2 Support the commercialisation of science

What do we want?	More science and technology-based research is commercialised.
Why?	Making strong connections with innovative businesses and connecting these businesses to the research sector, particularly the Universities and Crown Research Institutes, is critical for driving impact from research. Connecting researchers across the ecosystem increases the proportion of research that meets a societal or economic need and improves the chances of having research commercialised.
How?	The Technology Incubator is the key programme delivering in this area.

a. Technology Incubator

The Technology Incubator is a collaboration between the public and private sectors and is designed to provide Kiwi deep-tech startups with strong breadth and depth of commercialisation support, international and local connections, and access to investment. In 2024/25 there were five Tech Incubators run by Brandon Capital, Bridgewest Ventures, Pacific Channel, Sprout Agritech and WNT Ventures. All of these providers can provide pastoral support, as well as funding, to startups participating in the programme.

Table 8: Total number of technology incubator grants awarded in 2024/25

Service provided	Total
Pre-incubator grant	5
Repayable grant	8
Total unique customers	13

The Technology Incubator will shift to MBIE in the short-term before moving to the New Zealand Institute of Advanced Technology in 2025/26.

b. Research and Development Solutions

As noted in section 5.2.1, we closed our Applied Technologies research service function and our Biotechnologies research service will shift to the New Zealand Institute for Bioeconomy Science.

5.2.3 Support Māori Innovation

What do we want?	Māori enterprises and innovators are economically successful and supporting community outcomes.
Why?	Māori businesses are growing faster, innovating more and investing more in R&D than other New Zealand businesses, and have huge untapped potential.¹⁰ New Zealand has many high-growth, Māori-led innovative businesses that are maximising on the potential of technology. The Māori economy is worth around \$70 billion dollars, growing at a rate of 10% per year and is on track to reach \$100 billion before 2030. Forming genuine partnerships with products and services that are tailored to supporting Māori innovators will help to unlock the potential of the Māori economy, contributing to positive social, cultural, environmental and economic outcomes.
How?	• Provide intensive, wraparound support to Māori innovators as one of our target customer groups. • Re-design and deliver specific services, customer journeys and engagement models for Māori scientists, innovators and entities. • Be more present in Māori spaces (i.e. marae, wānanga and kura). • Identify opportunities for Māori to participate in the design of new or amended products and services. • Partner with existing Māori networks in lieu of establishing our own.

Māori innovators and Frontier Ventures (see next section) are our two target customer groups, who we provide intensive, wraparound support to. Our Grow products (see next section) were specifically designed to address the needs of our target customers to accelerate their innovation and growth journeys.

In addition to the Grow products offered, in 2024/25 we developed a mentoring programme for Māori businesses, connecting innovators early in their journeys with experienced Māori innovators. The programme was piloted over October – December 2024.

Table 9: Total number of Māori customers supported in 2024/25

Service provided	Total
Number of Māori organisation customers	151
Percent of total customers	8%

In 2024/25, we offered five Grow products, designed specifically for Frontier Ventures and Māori Innovators.

Funding ceased for this programme on 30 June 2025 as part of the broader SI&T system reforms.

5.2.4 Shift to a high-value economy through FVs

What do we want?	Frontier Ventures drive New Zealand's economy, productivity and export growth.
Why?	Frontier Ventures are identified as key drivers of productivity and export revenue and an area where Aotearoa underperforms. Frontier Ventures are at, or have the potential to be at, the 'Innovation Frontier' – characterised by high investment in R&D, high productivity, and a global, export-driven focus.
How?	Frontier Ventures are highly innovative and R&D intensive entities, often with novel and disruptive ideas and innovations, with global growth aspirations. As one of our target customer groups (along with Māori innovators) Frontier Ventures get exclusive and intensive wraparound support through our Grow product offering, complemented by a dedicated Customer Navigator to guide them through their journey with us. We work more closely with Frontier Ventures (and Māori innovators) than our other customers, connect them to their peers and will tailor products and services specifically to address their needs.

In 2024/25, we offered five Grow products, designed specifically for Frontier Ventures and Māori Innovators.

This programme of work ceased on 23 May 2025 as part of the broader SI&T system reforms.

Table 10: Customer uptake of Grow products in 2024/25

Product	Description	Number of customers/customer uptake
Explore	Initial conversations with a business to understand their specific needs from our innovation advisory product portfolio.	198
Next Level	Intensive wraparound support to accelerate a business' growth using experts with deep innovation, product development and sector-based knowledge	46
R&D Roadmapping	Support to develop an innovation roadmap to achieve an R&D vision	6
Strategy Innovation	Support to design and test entirely new strategies to evaluate possibilities and choose a winning strategy	2
Strategy Mapping	Support the development of strategy, identifying key capabilities and assumptions, embedding strategic tools and capability in a business	29
Total unique customers		237⁹

⁹ Total may not add as customers are counted once in the overall total but may consume more than one product

5.2.5 Grow high potential sectors

What do we want?	High potential sectors drive New Zealand's economy, productivity and export growth.
Why?	High potential sectors are identified as key drivers of productivity and export revenue and an area where Aotearoa underperforms.
How?	Flexibly support areas where new disruptive innovations present both significant commercial and wellbeing opportunities for New Zealand. Our support of these sectors is reflected largely through our Activator model, which provides sector specific support to address innovation challenges and accelerate commercialisation. Cross-functional delivery teams support our high potential sectors, led by people with sector expertise and private sector experience.

a. HealthTech Activator (HTA)

The HTA is a coordinated, ecosystem-wide support mechanism for early-stage founders and companies in New Zealand's healthtech sector. HTA aims to connect the sector, support capability building programmes and services, provide resources and de-risk and accelerate the commercialisation of a new healthtech product.

At the close of 2024/25 over 1,400 subscribers are using the HTA portal. Since inception we have delivered over 68 events, including 13 in 2024/25, and supported more than 300 healthtech companies.

The HTA will shift to the New Zealand Institute for Advanced Technology in 2025/26.

b. Summary of products no longer available

Activity in the following areas stopped in 2024/25, with no funding available for these products beyond 30 June 2025 as part of wider SI&T system reforms.

Table 11: Sector highlights in 2024/25 (activity not being transferred)

Product	Description	2024/25 delivery
AI	Our AI support places special emphasis on innovative partnerships that accelerate AI discoveries, our approach combines the strengths of government, academia, and industry.	Launched the AI Activator and pilot GovGPT product. Within two weeks of launch, four information sessions were held on GovGPT, attracting over 600 registrants. These sessions showcased the broad interest in AI, 29 public agencies attended, with participation from key stakeholders across government agencies and private sectors.
Web3	Our support for Web3 is via Web3NZ: a peer-to-peer learning platform – part information library, part social network – that's been created to drive forward Web3 technologies to build a more open and democratic internet for all.	Hosted the annual Web3NZ awards in December 2024, celebrating the trailblazers of Web3 and blockchain innovation in New Zealand.
CleanTech	Our support for Cleantech is via the Cleantech Mission – a partnership with Auckland Unlimited, NZGCP, SfTI National Science Challenge, Auckland UniServices, Ara Ake, KiwiNet and The MacDiarmid Institute, supported by NZTE, that we lead to deliver, partner with and advocate for initiatives to bolster New Zealand's CleanTech ecosystem.	Led an international trek to the US and Europe for 14 Cleantech companies, in October and November 2024, building connections between New Zealand businesses and customers and investors essential for internationalising and achieving scale.
Construction	Our support for the construction sector is delivered via a cross-functional group that enables the construction sector to start or improve their innovation practices, in order to increase productivity. Areas of focus include manufacturing and advanced automation, decarbonisation of buildings, waste minimisation and digital tools.	Delivered two sold-out AI in construction events to over 90 industry leaders and senior professionals from the architecture, engineering and construction sector.

6. Statement of Service Performance

This Statement of Service Performance reports on Callaghan Innovation's performance, including progress against our Statement of Performance Expectations for the year ended 30 June 2025.

This report has been prepared in accordance with the Crown Entities Act 2004, which includes the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP). This Statement of Service Performance complies with Public Benefit Entity Reporting Standards.

6.1 Introduction

Objective

Callaghan Innovation's main objective is to support science and technology-based innovation and its commercialisation by businesses, primarily in the manufacturing sector and services sector, to improve their growth and competitiveness.

Operations

We partner with ambitious businesses of all sizes, providing a range of innovation and R&D products to suit each stage of growth. Our people empower innovators by connecting people, opportunities, and networks. We also provide tailored technical solutions, skills, and capability development programmes, and grants co-funding. We enhance the operation of Aotearoa's innovation ecosystem, working closely with government partners, Crown Research Institutes, and other organisations that help increase business investment in research and development (R&D) and innovation.

We operate on a "product-based" business model which enables a highly defined value exchange with our customers. Callaghan Innovation receives funding from the Crown via appropriations, to deliver these products to achieve our objectives.

Disestablishment

On 23 January 2025 the Government announced that Callaghan Innovation is to be disestablished as part of its reforms of the Science, Innovation and Technology (SI&T) system. Subsequently, the Minister of Science, Innovation and Technology wrote to the Chair of the Board of Callaghan Innovation setting out his expectations about the disestablishment and indicating which of our functions the Government will continue to fund and those that will transfer to other parts of the SI&T system. Legislation to formalise Callaghan Innovation's disestablishment is expected during 2025/26.

Callaghan Innovation acted to progress the Minister's intentions from Q3 2024/25 onward. Some activities were immediately ceased and others were progressively shut down over Q3 and Q4. This impacted the achievement of non-financial Statement of Performance Expectations measures, set well in advance of the 2024/25 financial year. Refer to Table 1 of the Annual Report for an overview of

Callaghan Innovation products and services being transferred to other SI&T entities. All other products and services ceased as part of the disestablishment.

The measures set in the Statement of Performance Expectations, are based on the 2024/25 Vote Business, Science, and Innovation. They have been developed in collaboration with leaders in Strategy, Government Engagement, Insights and Product. Our measures are reviewed by our Executive Leadership Team and Board, before being approved by the Ministry of Business, Innovation and Employment (MBIE). These measures provide a faithful representation of what Callaghan Innovation has achieved, using the funding from the ten appropriations in the 2024/25 financial year, whilst also being aligned to our focus areas as stated in our SOI. The baselines and targets are set based on historical performance and best practice guidelines.

Certain performance measures and performance standards have changed from the Statement of Performance Expectations, to align with the Supplementary Estimates of Appropriations for 2024/25.

6.2 Available appropriations

Callaghan Innovation received funding from ten appropriations in the 2024/25 financial year, these are split between multi-category, annual and multi-year appropriations.

The majority of Callaghan Innovation's operational funding comes from the 'Callaghan Innovation Operations: Multi-Category Appropriation (MCA)'. We also administer funding programmes aimed at helping businesses invest in more R&D and a range of R&D grants to add scale to businesses' own R&D investments for greater impact. Our R&D grants are structured to meet a range of business needs, whether young start-ups or established R&D performers.

The following table shows the funding made available by the Crown through the 2024/25 Estimates and Supplementary Estimates of Appropriations, compared with the amounts recognised by Callaghan Innovation.

	Estimates 2024/25	Supplementary Estimates 2024/25	Actual 2024/25	Difference to Supplementary Estimates 2024/25
\$000's				
<i>Annual Multi-Category Appropriation</i>				
Callaghan Innovation Operations MCA				
<i>Non-Departmental Output Expenses:</i>				
Building Business Innovation	34,293	34,293	34,317	(24)
Business Innovation Support Programme Management	17,946	17,946	17,946	-
Research and Development Services and Facilities for Business and Industry	33,605	33,605	29,362	4,243
<i>Non-Departmental Other Expenses:</i>				

\$000's	Estimates 2024/25	Supplementary Estimates 2024/25	Actual 2024/25	Difference to Supplementary Estimates 2024/25
Cessation and transfer of activities	-	11,088	9,130	1,958
Total Multi-Category Appropriation	85,844	96,932	90,756	6,176
Multi-Year Appropriations				
New to R&D Grant	29,152	30,730	10,642	20,088
R&D Project Grant	400	3,052	655	2,397
Technology Incubator Programme	21,554	23,866	7,457	16,409
Innovation Trailblazer Grant	25,767	29,278	17,424	11,854
Other Annual Appropriations				
Student Grant	12,000	16,499	14,035	2,464
Transitional Support to R&D Performing Businesses	-	69,285	(1,158)	70,443
Founder and Start-up Support	2,860	2,860	2,859	1
Future-proofing New Zealand's Manufacturing Sector by Driving Industry 4.0 Uptake and Skills Development	-	-	230	(230)
Public Sector Pay Adjustment – Business, Science and Innovation Remuneration Cost Pressure	2,000	2,000	2,000	-
National Measurement Standards	8,986	8,986	8,986	-

6.3 Callaghan Innovation Operations: Multi-Category Appropriation

The multi-category appropriation enables us to broker and provide innovation services to businesses and deliver programmes enhancing New Zealand's innovation system. Together, this encourages businesses to innovate and develop new and improved products, processes, and services.

The funding in this appropriation is separated into four categories, three output expense categories and one other expense category:

Non-departmental output expenses:

- a. Building Business Innovation
- b. Business Innovation Support Programme Management
- c. Research and Development Services and Facilities for Business and Industry

Non-departmental other expenses:

- d. Cessation and transfer of activities

Funding and performance expectations have been set for each output category within the appropriation as well as for the MCA as a whole.

The financial performance presented in the table below is for the MCA as a whole and is an aggregation of the financial performances of the three categories, which are presented separately under each category. Major variances of actual against budget are explained under the financial performance table of each category.

Financial performance				
\$000's	2024/25 Actual	2024/25 Budget	2023/24 Actual	2023/24 Budget
Revenue				
Crown revenue - Appropriation	90,126	91,605	81,301	85,868
Crown revenue - National Science Challenge	629	-	15,532	7,974
Crown revenue - Other	-	-	426	-
Commercial revenue	15,157	18,600	14,984	17,586
Other revenue	2,132	4,986	4,695	4,101
Total revenue	108,044	115,191	116,938	115,529
Expenses	96,965	116,928	118,660	113,487
Net surplus/(deficit)	11,079	(1,737)	(1,722)	2,042

Performance measures				
	2024/25 result	2024/25 performance standard	2023/24 result	2023/24 performance standard
Total number of organisations working with ¹⁰ Callaghan Innovation this financial year	1,943	2,000	2,183	2,000
Net Promoter Score (NPS) ¹¹ of all surveyed organisations ¹²	+75	+60	+76	+60

The total number of organisations working with Callaghan Innovation in 2024/25 was impacted by the announcement of Callaghan Innovation's disestablishment. In 2024/25 we began to close functions that were not funded beyond 30 June 2025. This activity included no longer actively promoting products, and no longer signing new contracts for service delivery. This impacted the achievement of the performance target for 2024/25.

Our NPS result has remained consistently high over the last five years indicating a consistent high quality product service performance. The performance standard of +60 was set in 2019/20 when NPS for the previous years had been in the 50s (+53 2017/18 and +57 2018/19). Since 2019/20 there was strong direction from ELT to capture NPS more fully across our delivery, resulting in a more complete view of service experience across our product and service portfolio.

a. Building Business Innovation

This category funds activities that increase business investment in R&D or raise awareness of its value, both of which are core roles for us. Through this appropriation, we help businesses innovate and grow faster and build the effectiveness and skills within New Zealand's innovation system.

¹⁰ 'Working with' reflects any organisations that has consumed a product or service from Callaghan Innovation during the financial year.

¹¹ Net Promoter score measures how likely an organisation is to recommend Callaghan Innovations services to a colleague or organisation using a scale of 0=Not at all likely to 10=Extremely likely. Responses are grouped in three categories: Promoters (9-10 scores), Passives (7-8 scores) and Detractors (0-6 scores). NPS is then calculated by subtracting the percentage of Promoters from the percentage of Detractors and reporting this as a score.

¹² All organisations who consume a product or service during the financial year are provided with a request for feedback.

Financial performance				
\$000's	2024/25 Actual	2024/25 Budget	2023/24 Actual	2023/24 Budget
Revenue				
Crown revenue - Appropriation	34,317	34,293	35,117	35,117
Crown revenue - Other	-	-	176	-
Commercial revenue	79	1,300	173	195
Other revenue	34	785	959	870
Total revenue	34,430	36,378	36,425	36,182
Expenses	20,329	26,526	24,072	24,958
Net surplus	14,101	9,852	12,353	11,224

Commercial revenue is below budget in the year due to lower revenue across the Commercialisation, Digital Whare and Construction groups, due to the disestablishment of these functions in line with Ministerial direction. Expenses were likewise below budget due to a reduction in contractor and personnel spend across multiple functions, largely driven by disestablishment efforts.

Note in the 2024/25 budget the allocation of indirect overhead revenue is shown under other revenue. But the allocation of indirect revenue is shown net under expenses in the 2024/25 actual column. Reversing the change made in the 2024/25 actual results would have put other revenues slightly behind, but broadly in line with 2024/25 budget.

Performance measures				
	2024/25 result	2024/25 performance standard	2023/24 result	2023/24 performance standard
Number of organisations who used Innovation Skills products or services	338	350	491	350
Net Promoter Score for Innovation Skills products or services	+54	+60	+61	+60

The number of customers who used Innovation Skills products or services was impacted by the disestablishment process, which began in January 2025. At that point, we no longer promoted Innovation Skills products or services. Shortly after, they were no longer available for customers to start, while in-progress contracts were concluded. The overall NPS value for Innovation Skills in 2024/25 was affected by customers who used the Lean Innovation Skills product. Our regular product management processes had already identified that Lean was no longer fit for purpose and this product was retired during 2024/25.

Innovation Skills products and services have wrapped up and will not continue beyond 30 June 2025.

b. Building Innovation Support Programme Management

This category funds the cost of managing customer engagement with the RDTI, and the grants that Callaghan Innovation is responsible for. It also covers negotiating, managing, and monitoring the related contracts with these businesses or individuals.

This category funds the efficient and effective application and contracting of research, science and technology outputs and grants to maximise their returns to New Zealand.

Financial performance				
\$000's	2024/25 Actual	2024/25 Budget	2023/24 Actual	2023/24 Budget
Revenue				
Crown revenue - Appropriation	17,946	17,946	17,946	17,946
Other revenue	-	601	764	818
Total revenue	17,946	18,547	18,710	18,764
Expenses	12,536	16,471	15,632	16,796
Net surplus	5,410	2,075	3,078	1,968

Revenue has tracked in line with Budget, noting in the 2024/25 budget the allocation of indirect overhead revenue is shown under other revenue. But the allocation of indirect revenue is shown net under expenses in the 2024/25 actual column. Reversing the change made in the 2024/25 actual results would have put other revenues slightly behind, but broadly in line with 2024/25 budget.

Expenditure was \$3.9m below budget primarily due to FTE savings and wider overhead reductions driven by disestablishment efforts.

Performance measures				
	2024/25 result	2024/25 performance standard	2023/24 result	2023/24 performance standard
Number of new Student Grant applications received during the financial year	364	600	731	700
Percentage of Student Grant applications who have received a decision within 30 working days of receipt of the completed application	93%	90%	100%	90%
Number of New to R&D Grant applications received during the	147	40	Baselined established	Baselined established by

financial year			by 30 June 2024	30 June 2024
Percentage of RDTI applicants who agree that they have had a good level of guidance and support with the application process ¹³	94%	80%	98%	60%
Percentage of general approval applications that are processed and a recommendation made to Inland Revenue within 37 working days ¹⁴ of receiving the application from Inland Revenue	93%	80%	80%	80%
Percentage of organisations who are enrolled in RDTI (via MyIR) that Callaghan Innovation have proactively engaged ¹⁵ with	100%	80%	100%	75%

In 2024/25 the performance standard for the number of new student grant applications received during the financial year was lowered to 600, to more accurately reflect the number of grants available for the appropriation. The value of each student grant is based on a maximum number of hours supported and the current living wage rate. As the living wage rate increases annually, but the appropriation does not, each year the total number of student grants available decreases.

In addition, the performance standard for the number of new student grant applications received during the financial year has not been met for 2024/25. In June 2024, we opened applications for 2024/25 grants and over 200 applications were received. This was done because we were launching Forge, a new grant management system, later in the calendar year. Applications were opened early as a risk mitigation for business continuity as Forge was launched. These were counted in last year's SSP measure for the number of new student grant applications received during the financial year, even though they sought funding from the 2024/25 appropriation. The applications' approval dates were 1 July 2025.

We have also observed larger R&D performing businesses applying for more than one student grant in the same application, which count as a single application for the performance metric.

These factors mean that the performance standard was not met, but the student grant appropriation

¹³ Good level of guidance is measured through survey responses using a 1-5 scale from extremely dissatisfied to extremely satisfied. Scores of 4 and 5 are used to recognise good level of Guidance and the number of these scores is measured against the number of respondents.

¹⁴ 37 working days reflected the average time to make a recommendation when this measure was initially set.

¹⁵ The RDTI Customer Engagement team contacts businesses who have enrolled in the scheme in the myIR portal as the next step in their RDTI journey. Engagement is deemed proactive if completed within 5 working days of their enrolment.

is, and continues to be, fully allocated and the number of students in placements remains stable.

The New to R&D Grant opened in December 2022. We monitored results for 12 months to enable us to establish a reporting baseline, which took effect from 30 June 2024. Improvements to the scheme have been well-received by the innovation community, with application numbers over three times higher than the performance standard in 2024/25.

The RDTI performance measure, percentage of general approval applications that are processed and a recommendation made to Inland Revenue within 37 days, has improved significantly from its inception in March 2022 (when it was 35%) and has met target for the last two years.

c. Research and Development Services and Facilities for Business and Industry

This category funds research and technical expertise and facilities to businesses and industry. This category funds services that meet the R&D needs of businesses by helping to de-risk innovation and get products or services to markets quicker, so businesses can realise value faster and gain a greater return on investment.

We connect businesses and industries to product and process development capabilities, data and analytics expertise, open labs, engineering workshops and pilot plants, to help them innovate and grow. We also connect businesses with other research providers, where they have complementary technical expertise. Our point of difference is our deep links to all parts of the innovation system and our ability to move quickly to connect businesses with the relevant help they need.

Our customers range in size and maturity from start-ups to multinational corporations, in public and private sectors, and across a host of industries.

Financial performance				
\$000's	2024/25 Actual	2024/25 Budget	2023/24 Actual	2023/24 Budget
Revenue				
Crown revenue - Appropriation	28,733	33,605	28,238	32,805
Crown revenue - National Science Challenge	629	-	15,532	7,974
Crown revenue - Other	-	-	250	-
Commercial revenue	15,078	16,735	14,812	17,391
Other revenue	2,098	1,793	2,973	2,413
Total revenue	46,538	52,133	61,804	60,583
Expenses	54,486	60,811	78,956	71,733
Net deficit	(7,948)	(8,678)	(17,152)	(11,150)

National Science Challenge funding ended in 2023/24, but the wrap-up activity ran into 2024/25.

Within the budget values above, we have appropriation funding and equal and offsetting costs of \$5.2m per annum relating to the Bioresource Processing Alliance and New Zealand product accelerator. For accounting purposes, we are considered an Agent for these schemes and the related

revenue and costs are not included in the actual results above. (2023/24: \$5.5m)

The reduction in the net deficit movement in the year of \$0.7m is due to lower than budgeted depreciation. The reduced deficit of \$9.2m compared to last year is due to significant one-off restructuring and digital costs being incurred in 2023/24.

Performance measures				
	2024/25 result	2024/25 performance standard	2023/24 result	2023/24 performance standard
Number of organisations with a Research Development Solutions project this financial year	161	250	227	250
Net Promoter Score from Research Development Solutions	+80	+50	+59	+50

Our sales pipeline for RDS products was impacted by the disestablishment news. Although the biotechnologies group will be shifting to the New Zealand Institute for Bioeconomy Science, the applied tech group stopped signing new contracts for RDS projects from February 2025, in anticipation of shut-down by 30 September 2025. The full year count of organisations with an RDS project this financial year is made up of biotech customers (Q1 + Q2 + Q3 + Q4) and applied tech customers (Q1 + Q2 + Q3 only). In addition, marketing and promotional activity paused in Q3 2024/25, but has since been reinstated for the biotechnologies group. This impacted the overall number of organisations with a RDS project this financial year and achieving the performance standard.

The Net Promoter Score for RDS continues to show steady improvement over time, up from +50 in 2021/22 to +80 in 2024/25, reflecting an ongoing focus on process improvement positively impacting on customer experience.

d. Cessation and transfer of activities

This category is limited to costs associated with the cessation and transfer of activities required to disestablish Callaghan Innovation and redistribute its most important functions to other parts of the science, innovation and technology system and ceasing others. Funding was allocated to Callaghan Innovation in the Supplementary Estimates Budget 2024/25, Vote Business, Science and Innovation.

Financial performance				
\$000's	2024/25 Actual	2024/25 Budget	2023/24 Actual	2023/24 Budget
Revenue				
Crown revenue - Appropriation	9,130	-	-	-
Total revenue	9,130	-	-	-
Expenses	9,614	-	-	-

Financial performance				
\$000's	2024/25 Actual	2024/25 Budget	2023/24 Actual	2023/24 Budget
Net deficit	(484)	-	-	-

There was a small net deficit as disestablishment costs, which include costs for contract exit fees, severance pay and asset disposals, exceeded the appropriation allocation.

Performance measures				
	2024/25 result	2024/25 performance standard	2023/24 result	2023/24 performance standard
Functions ceased or are transferred as outlined in the Implementation Plan	Achieved	Achieved	N/A	N/A

All products that are not being transferred to other entities in the SI&T system ceased as planned. This included shut down of innovation advisory, innovation skills, and some sector-based products. The applied technologies group received temporary funding to support concluding commercial customer contracts by 30 September 2025.

6.4 Multi-Year Appropriations

New to R&D Grant 2023-2028

This appropriation provides funding for private businesses to undertake R&D and capacity building activity. It is intended to encourage businesses without R&D capabilities and experience to build R&D programmes and provide a smooth transition to the R&D Tax Incentive once that programme is established.

This category funds the grant component of New to R&D, while the cost of supporting and administering the grant is covered under the Business Innovation Support Programme Management category.

Financial performance				
\$000's	2024/25 Actual	2024/25 Budget	2023/24 Actual	2023/24 Budget
Revenue				
Crown revenue - Targeted Business Research and Development Funding MCA - New to R&D Grant	-	-	-	10
Crown revenue - New to R&D Grant 2023-28 MYA Appropriation	10,642	29,152	3,770	15,625
Total revenue	10,642	29,152	3,770	15,635
Grant expenses	10,642	29,152	3,770	15,625
Net surplus	-	-	-	-

New to R&D is a multi-year appropriation New to R&D Grant 2023-2028, with a total value of \$104.7m across 2023/24 to 2027/28, confirmed in The Supplementary Estimates of Appropriation 2023/24. The Supplementary Estimates of Appropriation 2024/25 reduced the value of the appropriation for 2024/25 by \$11m.

Actual revenue and expenditure were down \$18.5m against budget, due to lower-than-expected demand and a slow ramp up of the New to R&D Grant. Revised settings to increase the amount of R&D which can be co-funded has seen an improvement in take up for the grant from Q4 2023/24. A further change to the eligibility threshold went live in Q2 2024/25 to increase the number of businesses seeking the grant. Economic conditions continue to prove challenging for customers to source their portion of the co-funding.

Performance measures				
	2024/25 result	2024/25 performance standard	2023/24 result	2023/24 performance standard
Number of organisations with active New to Research and Development grants this financial year	134	48	Baseline established	Baseline established

The New to R&D Grant opened in December 2022. We monitored results for 12 months to enable us to establish a reporting baseline, which took effect as the performance standard from 1 July 2024. The new grant is now embedded in our product portfolio and the performance standard was achieved in 2024/25.

R&D Project Grant 2023-2028

This appropriation is intended to support existing financial commitments to private businesses who have already been accepted into the R&D Project Grant programme, and exists to honour those commitments until the expiry of the grant.

Financial performance				
\$000's	2024/25 Actual	2024/25 Budget	2023/24 Actual	2023/24 Budget
Revenue				
Crown revenue - R&D Project Grant 2023-2028 Appropriation	655	400	2,348	5,000
Total revenue	655	400	2,348	5,000
Grant expenses	655	400	2,348	5,000
Net surplus	-	-	-	-

New R&D Project Grants are no longer being awarded and have not been awarded since 2022/23. However, Callaghan Innovation is still required to assess and pay claims for existing commitments. Actual revenue and expenditure was \$0.255m higher than budget, but within the overall funding of the MYA.

This appropriation exists to honour existing contractual commitments and not for the issuance of new grants, therefore an exemption was granted under s15D(2)(b)(ii) of the Public Finance Act 1989, as the end-of-year performance information for the appropriation is not likely to be informative in light of the nature of the transaction.

Technology Incubator Programme 2023-2028

This funding is for technology incubators and early-stage technology based businesses. It is intended to support the creation of innovative companies based on complex technology.

Financial performance				
\$000's	2024/25 Actual	2024/25 Budget	2023/24 Actual	2023/24 Budget
Revenue				
Crown revenue - Appropriation (Grant & Incubator funding)	7,457	21,554	10,365	14,886
Total Revenue	7,457	21,554	10,365	14,886
Grant & Incubator expenses	7,457	21,554	10,365	14,886
Net surplus	-	-	-	-

Actual revenue and expenditure were down \$14.097m against budget due to lower-than-expected demand driven by tough economic conditions impacting the programme pipeline.

Performance measures				
	2024/25 result	2024/25 performance standard	2023/24 result	2023/24 performance standard
Number of organisations or individuals awarded a repayable grant from the Tech Incubator programme during the financial year	13	15	14	20

In 2024/25, the performance standard was reduced to more accurately reflect the number of customers we can support with the appropriation amount. The programme remains popular amongst the incubator and innovator community although the performance standard was not met in 2024/25. We observed an uptick in activity in tech incubator partners in Q4, and expect this activity to flow through to Q1 2025/26 and boost overall numbers.

Innovation Trailblazer Grant 2023-2028

This appropriation provides funding for businesses to undertake innovation activities that are not R&D. It supports non-R&D activities associated with innovation that have the potential to create spill-overs to the rest of the economy.

Financial performance				
\$000's	2024/25 Actual	2024/25 Budget	2023/24 Actual	2023/24 Budget
Revenue				
Crown revenue - Appropriation (Grant Funding)	17,424	25,767	9,278	6,250
Total revenue	17,424	25,767	9,278	6,250
Grant expenses	17,424	25,767	9,278	6,250
Net surplus	-	-	-	-

Actual revenue and expenditure were \$8.343m below budget. Rephasing of the MYA in 2023/24 changed the expected Grant allocations and the initial round of applications for the Ārohia Trailblazer Grant was successfully completed in 2023/24 with eight funding applications being approved. A further seven funding applications were successfully approved in 2024/25. The Ārohia Trailblazer Grant is contestable and recipients are selected using a rigorous application process; whereas the Ārohia Evidence Grant is based on eligibility criteria and applications are assessed every two weeks. Applications for the Evidence Grant are received at any time throughout the year until funding has been fully allocated.

There was a reduction of \$13.3m in the 2024/25 year of the MYA, as confirmed in the Supplementary Estimates for 2024/25.

Performance measures				
	2024/25 result	2024/25 performance standard	2023/24 result	2023/24 performance standard
Number of new Ārohia – Innovation Trailblazer Grant applications received during the financial year*	94	195	-	Baseline established by 30 June 2024
Number of organisations with active Ārohia – Innovation Trailblazer Grants this financial year*	216	100	-	Baseline established by 30 June 2024

*These numbers include counts of both Ārohia Innovation Trailblazer (formerly Full Grant) and the Ārohia Evidence Grant (formerly the Seed Grant). Applicants may apply for the Evidence Grant, Trailblazer Grant or both components at the same time.

The Ārohia Innovation Trailblazer Grant opened in December 2022. We monitored results for 12 months to enable us to establish a reporting baseline, which took effect as the performance standard

from 1 July 2024. The number of Ārohia – Innovation Trailblazer Grant applications received during the financial year was impacted by the disestablishment announcement and ongoing uncertainty around the availability of funding in the MYA.

6.5 Other Annual Appropriations

Student Grant

This appropriation provides funding for students to work in research and development active businesses. Our R&D Experience, Career and Fellowship Grants (Student Grants) are intended to support undergraduate and graduate students to work in a commercial R&D environment as interns in New Zealand's commercial R&D facilities, a win-win solution for both industry and the students.

This appropriation funds the grant component of the Student Grant, while the cost of supporting and administering the grant is covered under the Business Innovation Support Programme Management category.

Financial performance				
\$000's	2024/25 Actual	2024/25 Budget	2023/24 Actual	2023/24 Budget
Revenue				
Crown revenue - Targeted Business Research and Development Funding MCA - Student	-	-	8,896	14,990
Crown revenue - Student Grant	14,035	12,000	4,104	-
Total revenue	14,035	12,000	13,000	14,990
Grant expenses	14,035	12,000	13,000	14,990
Net surplus	-	-	-	-

Student grant funding was previously included in a Targeted Business Research and Development multi-category appropriation in 2022/23. From 2024/25, student grants were changed to a stand-alone annual appropriation, Student Grant. The historical structure is noted for comparison purposes only.

There was a confirmed expense transfer of \$4.5m to carry forward funding into 2024/25.

Actual revenue and expenditure were up \$2.035m against budget but lower than the total available funding due to the expense transfer. A combination of cost and revenue recognition falling into 2025/26 in R&D Career Grants and commitments not met under R&D Experience Grants where customers were unable to source students for vacancies, have been the drivers of this shortfall.

Performance measures				
	2024/25 result	2024/25 performance standard	2023/24 result	2023/24 performance standard
Number of organisations with active Student grants this financial year	476	500	516	500

Our Student Grants continue to have strong demand and while the result for 2024/25 is in line with the performance standard, it is not quite at target. The appropriation is fully subscribed and numbers of students in placements remains stable. Careful management of the appropriation showed that more student placements could be funded, so on-going promotion activity focused on both businesses that did not have an active student grant, as well as re-engaging businesses with active student grants for additional placements.

Transition Support to R&D Performing Businesses

The R&D Tax Incentive (RDTI) is a broad-based mechanism to support and incentivise R&D across the economy. The RDTI came into effect in April 2019, and effectively replaced the Growth Grant support programme.

To support customers transitioning between the two schemes an RDTI Transition Support Payment will be available for eligible Growth Grant customers. This payment ensures continuity of financial support for customers while changes to the R&D eligibility criteria are bedded in.

The RDTI Transition Support Payment was originally intended to only be available for one financial year, but was extended to 30 June 2024 and Callaghan Innovation accepted applications up to this date. Due to delays in the issuing of eligibility confirmation letters by Inland Revenue, payments to customers who have submitted applications will be made in 2024/25, if they have met the eligibility criteria for payment.

The funding for this appropriation ends in 2023/24. For accounting purposes it remains open until uncommitted funds are transferred out to the RDTI in 2024/25 as per the original ministerial intent.

Financial performance				
\$000's	2024/25 Actual	2024/25 Budget	2023/24 Actual	2023/24 Budget
Revenue				
Crown revenue - Appropriation (Grant Funding)	(1,158)	-	12,715	57,000
Total revenue	(1,158)	-	12,715	57,000
Grant expenses	(1,158)	-	12,715	57,000
Net surplus	-	-	-	-

2023/24 was the final year of the Transition Support programme and was expected to see higher usage, however significantly more R&D was eligible under RDTI than was anticipated, and the high

level of applications for transition support has not materialised. At the end of 2023/24 \$2.9m of provision was provided for to cover a number of potential applications that were still being assessed by the IRD, the decision was made to keep the scheme open through 2024/25 to allow these applications to be made. The actual uptake was slightly lower than the provision resulting in negative revenue and expenses. The Supplementary Estimates 2024/25 carried forwards the remaining funding from 2023/24 of \$69.2m into 2024/25, though none of this funding was required.

Performance measure				
	2024/25 result	2024/25 performance standard	2023/24 result	2023/24 performance standard
60% of former Growth Grant recipients applied for the Research and Development Tax Incentive by 30 June 2024	Achieved	Achieved	Achieved	Achieved

Despite this performance measure being a multi-year target, the Callaghan Innovation team contacted all remaining Growth Grant customers in 2021/22, resulting in 73% of them applying for the RDTI. There are no other Growth Grant customers eligible for this transitional payment, however the appropriation remains open to allow for the outstanding IRD confirmation letters to be issued. For this reason, the reporting for this performance measure will be confirmed at the conclusion of the Transition Support Payment period. The funding for this appropriation remains open until uncommitted funds are transferred out to the RDTI in 2024/25 as per the original Ministerial Direction.

Founder and Start-up Support

This appropriation provides funding for start-up support programmes. It is intended to support the development and growth of new technology focussed business start-ups.

Financial performance				
\$000's	2024/25 Actual	2024/25 Budget	2023/24 Actual	2023/24 Budget
Revenue				
Crown revenue - Appropriation (Grant & Incubator funding)	2,859	2,860	2,836	2,717
Total Revenue	2,859	2,860	2,836	2,717
Grant & Incubator expenses	2,859	2,860	2,836	2,717
Net surplus	-	-	-	-

Actual revenue and expenditure were largely in line with budget and prior year.

Performance measures				
	2024/25 result	2024/25 performance standard	2023/24 result	2023/24 performance standard
Number of organisations that received a service from Start-up Support Services (Incubators or Accelerators)	207	150	221	150
Net Promoter Score from Incubator or Accelerator customers surveyed	+64	+50	+57	+50

The Founder and Start-up Support programme continues to be well received by the innovator community and product uptake remains strong, exceeding the performance standard. NPS remains high and has exceeded the performance target for the last two years.

Future proofing New Zealand's manufacturing sector by driving Industry 4.0 uptake and skills development.

This appropriation is limited to a package of complementary elements that target different stages of Industry 4.0 uptake. The appropriation is intended to increase the uptake of Industry 4.0 and improve the productivity and competitiveness of New Zealand firms. This appropriation finished at the end of the 2023/24 year. The historical information below is retained for completeness.

Financial performance				
\$000's	2024/25 Actual	2024/25 Budget	2023/24 Actual	2023/24 Budget
Revenue				
Crown revenue - Appropriation	230	-	1,240	1,050
Other revenue	-	-	16	-
Total Revenue	230	-	1,256	1,050
Expenses	3	-	1,203	1,050
Net surplus	227	-	52	-

The net surplus in 2024/25 is a release of revenue in advance held back at the end of 2023/24 to cover any outstanding expenses identified in 2024/25.

Public Sector Pay Adjustment – Business, Science and Innovation Remuneration Cost Pressure

This appropriation is intended to support changes in operating expenditure resulting from remuneration adjustments for the Public Sector Pay Adjustment.

Financial performance				
\$000's	2024/25 Actual	2024/25 Budget	2023/24 Actual	2023/24 Budget
Revenue				
Crown revenue - Appropriation	2,000	2,000	1,000	-
Total Revenue	2,000	2,000	1,000	-
Expenses	2,521	3,365	2,227	-
Net deficit	(521)	(1,365)	(1,227)	-

This new appropriation was established during 2023/24, as confirmed in The Supplementary Estimates of Appropriations 2023/24, and continued into 2024/25. The Crown provided funding for only part of the PSPA adjustments.

Performance measures				
	2024/25 result	2024/25 performance standard	2023/24 result	2023/24 performance standard
Pay adjustments for eligible staff in line with PSPA agreement	Achieved	Achieved	N/A	N/A

National Measurement Standards

This appropriation provides funding for our Measurement Standards Laboratory (MSL), New Zealand's national metrology institute. MSL ensures that units of measurement used here are consistent with the International System of Units and delivers services in accordance with its role assigned under the Measurement Standards Act 1992.

This is critical for New Zealand companies selling products and services that depend on accurate and internationally accepted traceable physical measurements.

Financial performance				
\$000's	2024/25 Actual	2024/25 Budget	2023/24 Actual	2023/24 Budget
Revenue				
Crown revenue - Appropriation	8,986	8,986	8,986	8,986
Commercial revenue	682	565	583	610
Other revenue	48	496	611	559
Total revenue	9,715	10,047	10,181	10,115
Expenses	12,551	13,669	13,008	12,097
Net deficit	(2,836)	(3,622)	(2,827)	(1,942)

All revenue streams have tracked close to budget for the year. Expenses were below budget due lower spend in project expenses and allocated overheads.

Note in the 2024/25 budget the allocation of indirect overhead revenue is shown under other revenue. But in the 2024/25 actual numbers the allocation of indirect revenue is shown net under expenses, Reversing the change made in the 2024/25 actual results would have put other revenues slightly ahead, but broadly in line with 2024/25 budget.

Performance measures				
	2024/25 result	2024/25 performance standard	2023/24 result	2023/24 performance standard
Provision of national measurements and standards and related services in accordance with statutory obligations under section 4 of the Measurement Standards Act 1992, reported annually to the Minister.	Achieved	Achieved	Achieved	Achieved

All technical procedures related to the maintenance of national measurement standards (in accordance with the resolutions and recommendations of the Metre Convention) independently reviewed and validated, with all external review actions completed by the end of the financial year.	Achieved	Achieved	Achieved	Achieved
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Reporting to the Minister on the provision of national measurements and standards occurs retrospectively. This occurs annually in the second quarter of the financial year, once the annual report has been authorised for issue. In 2023/24 we amended the wording of this measure to remove the words 'and accepted' from the end, to better recognise the timing of annual reporting to the Minister, which is only provided as part of the annual report.

There were 91 technical procedures in validation on 30 June 2025, 31 of which were validated or revalidated during the year. There was one outstanding nonconformity from previous audits as of 30 June 2025. The outstanding nonconformity was not overdue for resolution on 30 June 2025. Evidence to clear it has since been submitted. Our accreditation has continued uninterrupted.

Callaghan Innovation Capital Investment Appropriation

This appropriation funds capital expenditure to support the development of Callaghan Innovation's strategic infrastructure. This capital expenditure supports the purchase or development of assets by and for the use of Callaghan Innovation to ensure we have the appropriate infrastructure to enable us to provide the best possible services to business.

The major focus for Callaghan Innovation in 2023/24 was the redevelopment of the Gracefield Innovation Quarter.

Financial performance				
\$000's	2024/25 Actual	2024/25 Budget	2023/24 Actual	2023/24 Budget
Gracefield Innovation Quarter	-	-	22,900	22,900
Total Capital Contributions	-	-	22,900	22,900

There were no major capital project proposals developed during the year. Historical information is retained for completeness.

6.6 Statement of Service Performance 2025/26

Callaghan Innovation is working with MBIE and other SI&T entities to facilitate the transfer of the relevant appropriations and performance standards, which are part of the Statement of Service Performance reporting.

7. Organisational health and capability

7.1 Governance

Callaghan Innovation is governed by a Board of Directors. Our Board provides governance over our operations, and monitors organisational performance. All decisions relating to our operations are made by, or under the authority of, the Board in accordance with the Callaghan Innovation Act 2012 and the Crown Entities Act 2004.

The Minister of Science, Innovation and Technology has responsibility for Callaghan Innovation, and MBIE monitors Callaghan Innovation.

We work closely with MBIE to implement government innovation policy effectively and efficiently, incrementally improve the delivery of policy and to provide a demand-side view from our customers and the innovation ecosystem to inform policy development where this is required.

7.1.1 Board members

The following individuals made Callaghan Innovation's Board of Directors in 2024/25. Biographies of current members can be found online on Callaghan Innovation's [website](#).

- Jennifer Kerr (Board Chair)
- David Bennett (Deputy Chair)
- Nicole Buisson
- Shaun Hendy
- Matanuku Mahuika
- Sally McKechnie
- Elena Trout

Jennifer Kerr completed her term on Callaghan Innovation's Board on 30 June 2025 and the Minister appointed Elena Trout as Board Chair from 1 July 2025. Other changes to Callaghan Innovation's Board for 2025/26 include members David Bennett, Nicole Buisson and Shaun Hendy departing. The Minister appointed Steve Evans and Anna Cassels-Brown to join as board members to meet legislative requirements of between five and nine board members.

7.1.2 Executive leadership team

The following individuals make up Callaghan Innovation's Executive leadership team. Biographies can be found online on Callaghan Innovation's [website](#).

- Stefan Korn (Chief Executive)
- Cliff Hastings (Chief Innovation Expertise Officer)

- Katie McNally (Chief People Officer)¹⁶
- Florian Spoerl (Chief Product Officer)¹⁷

During the 2024/25 year, the following individuals were also part of the Executive leadership team:

- Kirsty Bellringer (Chief Financial Officer)¹⁸
- Brett Calton (Chief Product Officer)¹⁹
- Andrea Bubendorfer (Chief Science Officer)²⁰

7.2 Our people and culture

Callaghan Innovation's employee population is a community of passionate, intelligent innovators. They will continue to support scientific and technological advancements within Aotearoa New Zealand's innovation ecosystem throughout the transfer of functions and employees to other entities, and the eventual disestablishment of Callaghan Innovation.

As we move through the changes associated with Callaghan Innovation's disestablishment, a key priority for the organisation is to ensure our people are well supported by pragmatic and applicable assistance which will be of benefit to them in the future.

Employees were given immediate access to workshops and resource materials across a range of topics through our outplacement provider. The workshops provided support for traditional job seeking, starting a small business, planning for retirement and financial success. 50% of employees took the opportunity to participate in the workshops with most choosing to attend three of the four placements offered. 15% of employees attended the full allocation of workshops. In addition, all employees have been offered two 1:1 personalised coaching sessions with our provider.

In support of wellbeing and engagement, Callaghan Innovation continues to update our people regularly on transition activities and progress within our own organisation and from across the wider New Zealand science reforms via fortnightly All Hands online meetings.

In keeping with our responsibilities under the Crown Entities Act 2004, we continue to maintain our commitment to being a Good Employer, with a range of policies and practices in place to ensure employee safety and wellbeing.

Our Health, Safety and Environment team administers the policies and practices around environmental safety on our sites. With the disestablishment of our Applied Technologies hapū, a significant focus has been the safe and efficient decanting and decommissioning of many of our laboratory facilities. A dedicated team has been responsible for delivering these often-complex tasks involving hazardous materials with a strong focus on safety and compliance with regulatory standards.

¹⁶ From April 2025 onwards

¹⁷ From May 2025 onwards

¹⁸ For the entire 2024/25 year

¹⁹ For part of the 2024/25 year (July 2024 to May 2025)

²⁰ For part of the 2024/25 year (July 2024 to March 2025)

Our people policies set out our commitments and expected standards of behaviour to maintain a safe, welcoming, equitable and inclusive work culture, supported by our Code of Conduct and Bullying, Harassment and Discrimination Policy.

Employee Assistance Programmes remain free and available for all employees and their families as we work through this transition period. Along with career transition support our provider provides access to financial and nutrition coaching, neurodivergence support, and learning resources.

We continue to work closely with our union partner, the PSA, to ensure members' interests, along with non-members, are at the forefront of our discussions and activities as we move through these changes. Regular meetings between Callaghan Innovation and the PSA, at organisational and hapū level, ensure all parties have current, relevant information enabling us to work collaboratively to facilitate a smooth transition for our employees.

7.3 Carbon footprint

Callaghan Innovation plays a crucial role in supporting the emergence of new technologies and innovative practices to combat climate change in New Zealand.

This report reflects the emissions measured during 2024/25 as Callaghan Innovation progresses through the disestablishment process.

The scope of our carbon emissions reporting is defined as our core operational emissions which includes our scope 1, 2 and scope 3 emissions aligning to ISO 14064-1:2018. As well as equity shares in FoodBowl, and FoodSouth and additional emissions from staff commuting.

Independent verification

The measurement of Callaghan Innovation's greenhouse gas emissions (emissions data and calculations) has been independently verified against ISO14064-1:2018 by Toitū Envirocare (Enviro-Mark Solutions Ltd), a wholly owned subsidiary of Manaaki-Whenua Landcare Research, which is a Crown Research Institute. Callaghan Innovation is part of Toitū's carbonreduce programme.

Toitū carbonreduce certification is a voluntary climate impact programme that helps organisations measure, manage, and reduce their greenhouse gas emissions. It is the only certification in New Zealand that is accredited by JASANZ to certify to international standards (ISO 14064-1:2018). Achieving and maintaining certification is an annual requirement where an organisation must demonstrate they are meeting the certification rules.

Total annual emissions and their source

In 2024/25 we emitted 2,390 tCO₂-e (tonnes of carbon dioxide equivalent), a 35% reduction on baseline measurements in 2019/20 (3,696 tCO₂-e). Majority of our emissions came from energy usage and business travel.

These emissions results align with the Ministry for the Environment's 2025 Measuring Emissions Guidance which uses the 100-year Global Warming Potentials (GWPs) in the IPCC Fifth Assessment Report (AR5). This is because current national inventories report their emissions based on AR5 GWPs and government published emissions factor sets align with national reporting.

In 2024/25 we have reduced our air travel, gas, electricity and staff commuting emissions since our baseline year. Two key factors have influenced this – continuing to progress through disestablishment and a reduction in air travel financial budgets. Our electricity emissions are higher than last year due to a less favourable emission factor but remain lower than our baseline year.

Table 12: Emissions profile broken down by scope and total annual emissions (eCO₂-e)

Category		Scope	2019/20 tCO2-e	2020/21 tCO2-e	2021/22 tCO2-e	2022/23 tCO2-e	2023/24 tCO2-e	2024/25 tCo2-e
1	Direct emissions	1	1,386.42	1,311.78	919.49	924.02	915.83	916.20
2	Indirect emissions from imported energy	2	871.27	972.16	873.19	425.18	527.21	774.69
3	Indirect emissions from transportation	3	1,118.90	410.30	538.46	923.79	744.33	512.30
4	Indirect emissions from products and services used by Callaghan Innovation		319.22	312.84	277.89	211.93	212.73	187.21
5	Indirect emissions associated with the use of products and services with the organisation		0.00	0.00	0.00	0.00	0.00	0.00
6	Indirect emissions from other sources		0.00	0.00	0.00	0.00	0.00	0.00
Total Gross Emissions (All measured emissions) in tCO2-e			3,695.81	3,007.0	2,609.03	2,484.92	2,400.1	2,390.4
Change in gross emissions (all categories from previous financial year)			0	-19%	-13%	-5%	-3%	-0.4%
Change in gross emissions (all categories since base year 2019/20			0	-19%	-29%	-33%	-35%	-35%

Reinstatement of historical emissions into baseline year

Callaghan Innovation has not reinstated any historical emissions into our baseline year for 2024/25.

Table 13: Total emissions breakdown by emissions sources 2024/25

Sources	2024/25 tCO2-e	Percentage
Stationary combustion	796.87	33%
Imported electricity	774.69	32%
Business travel - Transport (non-company owned vehicles)	304.13	13%
Leakage of refrigerants	109.84	5%
Employee commuting	169.22	7%
Transmission of energy (T&D losses)	85.37	4%
Disposal of solid waste - Landfilled	33.85	1%
Mobile combustion (incl. company owned or leased vehicles)	9.49	0%
Working from home	12.05	1%
Downstream freight - Paid by the organisation	16.69	1%
Purchased fuel and energy related activities	10.57	0%
Disposal of solid waste - Not landfilled	0.06	0%
Disposal of liquid waste - Not wastewater	39.27	2%
Purchased goods and services	4.29	0.2%
Disposal of liquid waste - Wastewater	3.72	0.2%
Emissions from the use of services not included elsewhere	0.00	0.0%
Business travel - Accommodation	10.11	0.4%
Recycling process	10.08	0.4%
Upstream freight - Paid by the organisation	0.10	0.004%

Emission intensity by FTE and expenditure

Since 2019/20 Callaghan Innovation and our share of the Food Innovation Network has experienced an overall decrease of the number of FTEs. As Callaghan Innovation goes through the disestablishment process, we have seen a significant reduction in FTE as of 30 June 2025, so therefore our total gross emissions per FTE have increased.

Table 14: Emissions for FTEs and expenditure

Category	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
FTEs ²¹	483.40	517.25	459.30	461.70	408.50	275
Expenditure (\$million)	113	133.00	131.00	132.00	147.00	105
Emissions intensity	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Total gross emissions per FTE in tCO ₂ -e	7.65	5.81	5.68	5.38	5.88	8.69
Total gross emissions per million dollars of expenditure in tCO ₂ -e	32.71	22.61	19.92	18.83	16.33	22.76

Our reduction targets

We have used a science-based target tool to set science aligned targets to limit global warming to less than 1.5 degrees of warming as required under the CNGP.

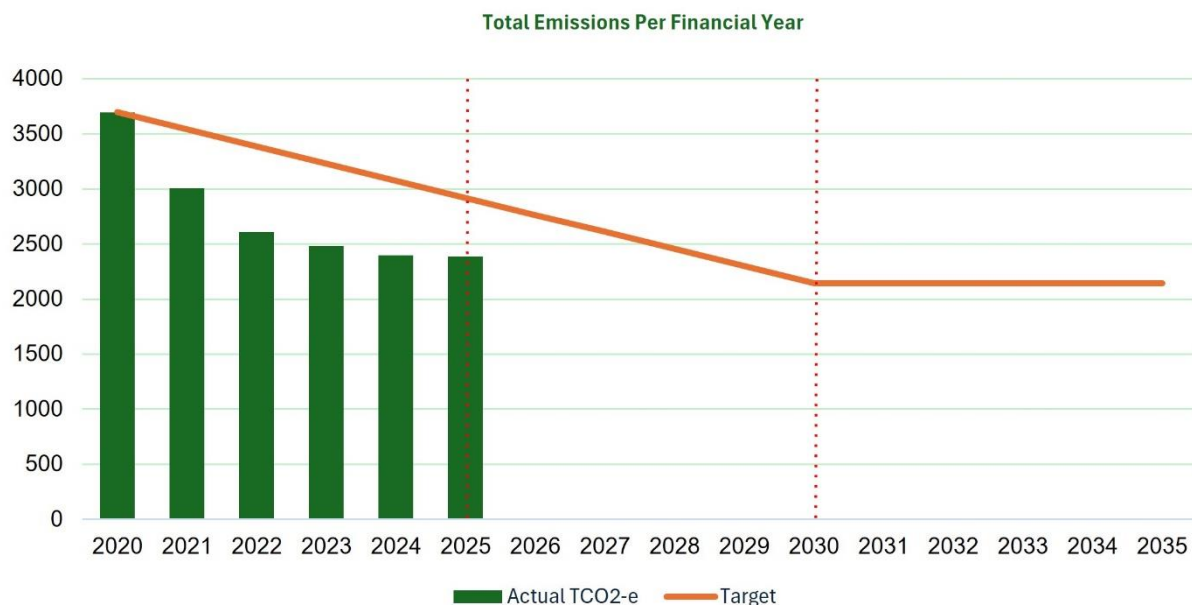
Our target also aligns to the requirements of the Toitū carbonreduce programme. We have set the following emissions reduction targets:

- 2025 target: Gross emissions (all categories) to be reduced by 21% compared to base year 2019/20
- 2030 target: Gross emissions (all categories) to be reduced by 42% compared to base year 2019/20

The line in the graph below labelled 1.5 Degree Celsius Requirement shows the target reduction journey over time to 2030. The bars are our actual emissions, which we will track against to measure our progress. As shown below, Callaghan Innovation has met its 2025 target.

²¹ The above FTE numbers include FoodBowl and FoodSouth to accurately reflect our emission intensity by FTE and expenditure

Figure 1: Projections and targets for Callaghan Innovation



Improving our data

Callaghan Innovation's current emissions reporting accounts for our operating emissions – scope 1, scope 2 and scope 3 emissions that align to ISO standard ISO14064-1:2018. As we identify and establish appropriate data collection processes additional sources may be included in our emissions reporting.

Table 15: Direct category 1 emissions by greenhouse gases in tonnes of CO₂-e²²

Category 1 emissions	CO ₂ (tCO ₂)	CH ₄ (tCO ₂ -e)	N ₂ O (tCO ₂ -e)	HFC (tCO ₂ -e)	Emissions total (tCO ₂ -e)
Stationary combustion	794.67	1.85	0.35		796.87
Mobile combustion	9.19	0.08	0.22		9.49
Leakage of Refrigerants	67			42.84	109.84

7.4 Critical assets

Callaghan Innovation has identified no service critical assets in line with the reporting requirements in CO (23) 9.

²² Only categories with emissions are shown

8. Annual Financial Statements

STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

	Notes	2025 ACTUAL	2025 BUDGET <i>Unaudited</i>	2024 ACTUAL
		\$000	\$000	\$000
EQUITY				
Contributed capital		170,768	170,768	170,768
Accumulated surplus / (deficit)		6,353	(7,426)	(1,354)
Hedge reserve		(18)	3	15
TOTAL EQUITY	6	177,103	163,345	169,429
CURRENT ASSETS				
Cash and cash equivalents	7	39,933	28,410	30,285
Investments	8	16,922	-	11,894
Trade and other receivables	9	7,355	5,897	7,071
Crown debtor - Grants	9	22,323	20,929	23,393
Derivative financial instruments	19	15	-	39
Work in progress		-	102	67
Inventories		571	374	462
Income tax receivable		26	25	33
Assets Held For Sale/Transfer	13	1,915	-	-
Total current assets		89,060	55,737	73,244
NON-CURRENT ASSETS				
Trade and other receivables	9	414	-	421
Property, plant and equipment	10	125,353	133,558	136,144
Intangible assets	11	8,238	8,730	9,183
Total non-current assets		134,005	142,288	145,748
TOTAL ASSETS		223,065	198,025	218,992
CURRENT LIABILITIES				
Trade creditors and other payables	16	8,005	3,820	10,644
Employee benefits	14	4,302	6,054	9,037
Derivative financial instruments	19	30	-	24
Grant obligations	18	22,323	20,929	23,393
Funds received in advance	15	7,337	3,829	6,094
Provisions	24	2,568	-	329
Total current liabilities		44,565	34,632	49,521
NON-CURRENT LIABILITIES				
Employee benefits	14	-	48	42
Provisions	24	1,397	-	-
Total non-current liabilities		1,397	48	42
TOTAL LIABILITIES		45,962	34,680	49,563
NET ASSETS		177,103	163,345	169,429

Explanations of major variances against budget are provided in note 25.

The accompanying accounting policies and notes form an integral part of these Financial Statements.

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

For the year ended 30 June 2025

		2025 ACTUAL	2025 BUDGET	2024 ACTUAL
		\$000	Unaudited \$000	\$000
Revenue				
Funding from the Crown	2	103,447	91,605	114,672
Funding from the Crown - Grants	2	51,914	91,733	54,312
Commercial and other revenue	2	16,181	18,600	16,432
Lease rental revenue	2	2,837	3,061	3,110
Interest revenue	2	1,897	1,925	3,284
Total revenue		176,276	206,924	191,810
Expenditure				
Personnel costs	3	(65,530)	(58,801)	(71,210)
Science project and subcontract costs		(6,175)	(11,516)	(21,139)
Impairment charge on financial instruments	9	(66)	-	(81)
Other expenses	3	(31,851)	(33,339)	(40,628)
Amortisation, depreciation and impairment	10,11	(13,033)	(13,272)	(10,882)
Grant expense	4	(51,914)	(91,733)	(54,312)
Total operating expenditure		(168,569)	(208,661)	(198,252)
Loss on sale of associate		-	-	(3,350)
Surplus / (deficit) for the period before taxation		7,707	(1,737)	(9,792)
Income tax	5	-	-	-
Surplus / (deficit) for the period after taxation		7,707	(1,737)	(9,792)
Other comprehensive revenue and expenses				
Item that will be reclassified to surplus / (deficit) Cash flow hedges (net of tax)		(33)	-	(23)
Total comprehensive revenue and expenses		7,674	(1,737)	(9,815)

Explanations of major variances against budget are provided in note 25.

The accompanying accounting policies and notes form an integral part of these Financial Statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2025

Group	Notes	Contributed capital \$000	Accumulated \$000	Hedge reserve \$000	Total equity \$000
Balance as at 1 July 2023		147,868	8,438	38	156,344
Deficit for the year		-	(9,792)	-	(9,792)
Other comprehensive revenue					
Cash flow hedge reserve		-	-	(23)	(23)
Total comprehensive revenue and expenses for the year		-	(9,792)	(23)	(9,815)
Other transactions					
Capital contribution	6	22,900	-	-	22,900
Balance as at 30 June 2024		170,768	(1,354)	15	169,429
Balance as at 1 July 2024		170,768	(1,354)	15	169,429
Surplus for the year		-	7,707	-	7,707
Other comprehensive revenue					
Cash flow hedge reserve		-	-	(33)	(33)
Total comprehensive revenue and expenses for the year		-	7,707	(33)	7,674
Balance as at 30 June 2025		170,768	6,353	(18)	177,103

Contributed capital Group BUDGET (unaudited)		Accumulated (deficit) / surplus \$000	\$000	Hedge reserve \$000	Total equity \$000
Balance as at 1 July 2024		170,768	(5,689)	-	165,079
Deficit for the year		-	(1,737)	-	(1,737)
Other comprehensive revenue					
Cash flow hedge reserve		-	-	3	3
Total comprehensive revenue and expenses for the year		-	(1,737)	3	(1,734)
Balance as at 30 June 2025		170,768	(7,426)	3	163,345

Explanations of major variances against budget are provided in note 25.

The accompanying accounting policies and notes form an integral part of these Financial Statements.

STATEMENT OF CASH FLOWS

For the year ended 30 June 2025

	Notes	2025 ACTUAL	2025 BUDGET Unaudited	2024 ACTUAL
		\$000	\$000	\$000
CASH FLOW FROM OPERATING ACTIVITIES				
<i>Cash was provided from:</i>				
Receipts from the Crown - Operating		99,673	89,647	105,774
Receipts from the Crown - Grants		58,087	91,733	51,138
Receipts from commercial customers		16,341	21,888	18,178
Interest received		1,974	1,925	3,808
		176,075	205,193	178,898
<i>Cash was applied to:</i>				
Payments to suppliers		(29,522)	(46,453)	(54,890)
Payments to employees		(67,434)	(57,738)	(69,752)
Payments to grant recipients		(52,350)	(91,733)	(51,138)
Goods and Services Tax		(8,863)	-	(2,356)
		(158,169)	(195,924)	(178,136)
Net cash flow from operating activities	17	17,906	9,269	762
CASH FLOW FROM INVESTING ACTIVITIES				
<i>Cash was provided from:</i>				
Sale of property, plant and equipment		308	-	6
Term deposit maturities		26,897	-	111,147
		27,205	-	111,153
<i>Cash was applied to:</i>				
Purchase of property, plant and equipment		(2,792)	(6,214)	(33,489)
Purchase of intangible assets		(746)	-	(2,069)
Sale costs of associate		-	-	(47)
Investment in term deposits		(31,925)	-	(81,815)
		(35,463)	(6,214)	(117,420)
Net cash flow used in investing activities		(8,258)	(6,214)	(6,267)
CASH FLOW FROM FINANCING ACTIVITIES				
<i>Cash was provided from:</i>				
Capital contribution	6	-	-	22,900
		-	-	22,900
Net cash flow from financing activities		-	-	22,900
Net increase in cash and cash equivalents		9,648	3,055	17,395
Cash and cash equivalents at the beginning of the year		30,285	25,355	12,890
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	7	39,933	28,410	30,285

Change in presentation – GST cash flows

From 30 June 2025, GST cash flows are separately disclosed as Net GST paid to Inland Revenue within operating activities. Previously, these amounts were included in Payments to suppliers. Comparative figures have been restated for consistency. This change affects presentation only and has no impact on net cash flows.

Explanations of major variances against budget are provided in note 25.

The accompanying accounting policies and notes form an integral part of these Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2025

1. STATEMENT OF ACCOUNTING POLICIES

Reporting entity

Callaghan Innovation (Group) is a Crown entity as defined by the Crown Entities Act 2004 and is domiciled in New Zealand. The relevant legislation governing Callaghan Innovation's operations include the Public Finance Act 1989, Crown Entities Act 2004 and Callaghan Innovation Act 2012.

Callaghan Innovation's parent is the New Zealand Crown. The consolidated financial statements of the Group comprise Callaghan Innovation and its controlled entities.

Callaghan Innovation's primary purpose is to support business research and development, accelerate commercialisation, and empower New Zealand's innovators.

Callaghan Innovation does not operate to make a financial return.

Callaghan Innovation has designated itself as a public benefit entity for financial reporting purposes.

Basis of preparation

These financial statements have been prepared on a going concern basis and the accounting policies have been applied consistently throughout the year.

In January 2025, the Government announced the disestablishment of Callaghan Innovation as part of its reforms to the New Zealand Science, Innovation and Technology system. Since this announcement, it has been determined that selected functions, excluding the Gracefield Innovation Quarter (GIQ) site and GlycoSyn, will transfer to the Ministry of Business, Innovation and Employment, the New Zealand Institute for Bioeconomy Science, the New Zealand Institute for Earth Science, and the New Zealand Institute for Advanced Technology. The transfer is expected to be completed by 30 June 2026. The Directors believe that Callaghan Innovation is a going concern as the Group is expected to continue operating the GIQ site for at least twelve months from the date of approving the financial statements until decisions regarding its long-term use are confirmed, and identify options for the future of GlycoSyn. Accordingly, no adjustments have been made to the carrying values of assets and liabilities, reported revenue and expenses, or the balance sheet classifications, that would be necessary if the Group were unable to continue as a going concern.

There is uncertainty over both the timing and ultimate completion of the disestablishment, as legislation to repeal the Callaghan Innovation Act 2012 has not yet been introduced. These matters indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. The existence of a material uncertainty may affect the Group's ability to realise its assets and settle its liabilities in the normal course of operations.

Statement of compliance

The financial statements of the Callaghan Innovation Group have been prepared in accordance with the Crown Entities Act 2004, which includes the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP). These financial statements comply with Public Benefit Entity Reporting Standards.

The financial statements were authorised for issue by the Board of Directors on 25 September 2025.

Functional presentation currency and rounding

The functional currency of Callaghan Innovation is New Zealand dollars (\$NZD). The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000).

Standards issued and not yet effective

2024 Omnibus Amendments to PBE Standards (amendments to PBE IPSAS 1)

This amendment clarifies the principles for classifying a liability as current or noncurrent, particularly in relation to loan covenants. The amendment is effective for the year ended 30 June 2027. (Callaghan Innovation has not yet assessed this in detail but the impact of these amendments are not expected to have a significant impact.)

New and amended standards and interpretations

There were no new Standards and Interpretations adopted during the year which had a material impact on Callaghan Innovation's financial statements.

Where accounting policies relate to specific disclosures, they are included in the relevant notes to the financial statements. Additional policies that impact several areas of the financial statements, or do not relate to specific disclosures, are set out below.

Foreign currency

Transactions in foreign currencies are initially recorded in New Zealand dollars using spot rates at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are revalued at exchange rates at the balance sheet date, unless they are hedged in which case they are recognised at the underlying hedge rate.

Inventory

Inventory held for use in the provision of goods and services on a commercial basis are valued at the lower of cost and net realisable value (NRV), where NRV is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale. Raw materials are recognised initially at purchase cost on a first-in, first-out basis.

Work-in-progress

Work-in-progress comprises the cost of any direct materials and labour incurred on a commercial project where the corresponding revenue has not yet been recognised (for example, a key project billing milestone has not been reached).

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, it is probable that expenditure will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a discount rate that reflects a current market assessment 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 a finance cost.

Goods and Services Tax (GST)

All items in the financial statements are presented exclusive of GST, except for trade receivables, trade payables and Statement of Cash Flow items, which are presented on a GST inclusive basis. Where GST is not recoverable as an input tax then it is recognised as part of the related asset or expense. The net amount of GST recoverable from, or payable to, Inland Revenue Department is included as part receivables or payables in the Statement of Financial Position. The net GST paid to, or received from, Inland Revenue | Te Tari Taake is classified as an operating cash flow through payments to suppliers in the Statement of Cash Flows. Commitments and contingencies are disclosed exclusive of GST.

2. REVENUE

Relevant accounting policies

Revenue from exchange transactions are measured at the fair value of the consideration received or receivable, while revenue from non-exchange transactions are measured at the amount of the increase in net assets recognised.

Revenue from Exchange Transactions

Funding from the Crown

Callaghan Innovation is primarily funded from the Crown. This funding is provided for the purpose of Callaghan Innovation meeting its objectives as specified in the Statement of Intent and Statement of Performance Expectations, and is recognised as revenue at the point of entitlement. Revenue is measured at the fair value of consideration received or receivable from the Crown which has been determined to be the equivalent to the amounts due under the relevant funding arrangements and agreements.

Provision of goods and services (Commercial revenue)

Revenue from the sale of goods is recognised when the risk and reward of ownership have been transferred to the buyer.

Revenue from research contract services is recognised by reference to the stage of completion. The stage of completion is measured by reference to project milestones or costs incurred to date as a percentage of the total cost for each contract. Where the contract outcome cannot be measured reliably, revenue is recognised only to the extent the expenses recognised are recoverable.

Royalty and licensing revenue

Royalty and licensing revenue arises from revenue earned from patent royalties and licensing of patents. Royalty and licensing revenue is recognised on an accruals basis in accordance with the substance of the relevant agreements.

Revenue from non-exchange transactions

Funding from the Crown - Grants

Grants received are recognised in the Statement of Comprehensive Revenue and Expense when they become receivable unless there is an obligation in substance to return the funding if the requirements under the grant have not been met. This is generally once the obligation to pay the grant recipient has been recognised. Any grants for which the requirements have not yet been completed are carried as liabilities until all conditions have been fulfilled, and are recognised as revenue when conditions of the grant are satisfied.

Interest revenue

Interest revenue is recognised using the effective interest method.

Lease rental revenue

Lease rental revenue for leased or sub-leased facilities is recognised on a straight line basis over the lease term.

	2025 \$000	2024 \$000
Crown revenue - Exchange transactions		
Ministry of Business, Innovation and Employment - Operational funding including R&D	103,447	114,672
Crown revenue - non-exchange transactions		
Ministry of Business, Innovation and Employment - Research and Development Grants	51,914	54,312
Total Crown and other revenue	155,361	168,984
Commercial revenue and other revenue - Exchange transactions		
Commercial - Domestic	8,424	9,505
Commercial - Overseas	7,414	6,115
Royalty and licensing revenue	88	239
Other revenue	255	573
Total commercial revenue and other revenue	16,181	16,432
Lease Rental revenue		
Lease rental revenue	2,837	3,110
Total Lease Rental Revenue	2,837	3,110
Finance revenue		
Interest revenue	1,897	3,284
Total finance revenue	1,897	3,284
Total Revenue	176,276	191,810

Callaghan Innovation (parent entity) received operational funding from the Crown, via the Ministry of Business, Innovation and Employment, as set out in the Funding Agreement with the Ministry and the scope of relevant Government appropriations.

3. EXPENDITURE

Personnel costs

Salaries and wages	58,632	60,238
Contractors	5,473	9,340
Defined contribution plan employer contributions	1,425	1,632
	65,530	71,210

2025	2024
\$000	\$000
58,632	60,238
5,473	9,340
1,425	1,632
65,530	71,210

Severance payments

Severance payments include any consideration (monetary or non-monetary) provided to any employee in respect of the termination of their employment with Callaghan Innovation.

Severance payments

Severance payments were provided to 123 employees (2024: 36) during the financial year.

2025	2024
\$000	\$000
7,687	2,735

Other expenses

Consultancy	3,621	11,183
Premises and utility expenses	6,135	5,276
Rent and lease expenses	4,620	3,452
Repairs and maintenance	2,938	2,787
Directors' fees	274	298
Fees to auditor		
- Fees to PricewaterhouseCoopers for audit of financial statements	376	339
- Fees to PricewaterhouseCoopers for audit related services (control assurance services)	32	30
- Fees to PricewaterhouseCoopers for other services*	-	7
Intellectual property (patents)	18	103
Loss/(Gain) on disposal of fixed assets	(15)	165
Donations	1	4
Foreign exchange loss	62	42

2025	2024
\$000	\$000
3,621	11,183
6,135	5,276
4,620	3,452
2,938	2,787
274	298
376	339
32	30
-	7
18	103
(15)	165
1	4
62	42

Given the nature of its business, the Group invests in R&D throughout the year, with the cost of this R&D being reflected in various expense categories (primarily Personnel and Science project and subcontract costs).

*Other services relate to access to training material through an online platform.

4. GRANT EXPENSE

Relevant accounting policies

Grants are approved and administered by Callaghan Innovation for the funding of R&D activities by New Zealand business and enterprise in accordance with Ministerial guidelines.

Grant expenditure is recognised in the Statement of Comprehensive Revenue and Expense when the third party recipient can demonstrate they have incurred expenditure that meets the grant conditions, or when it is probable this expenditure has been incurred. An operating commitment is disclosed in the notes to the accounts for those grant contracts awarded but yet to be drawn down either in full or in part.

Repayable incubator grants for start-ups are expensed in the Statement of Comprehensive Revenue and Expense in the period payment is made due to the uncertainty of future repayment.

Repayable grants for start-ups are disclosed as a contingent asset.

Grants approved (for which recipients can demonstrate they have met grant conditions, or it is probable this has occurred)	51,914	54,312
Total grants expense	51,914	54,312

2025	2024
\$000	\$000
51,914	54,312
51,914	54,312

5. INCOME TAX

Relevant accounting policies

Callaghan Innovation (parent entity) is a Crown entity and is consequently exempt from paying income tax. New Zealand Food Innovation Network Limited is a tax paying entity.

Income tax expense is the aggregate of current period movements in relation to both current and deferred tax. Current tax is the amount of income tax payable based on the taxable surplus for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

Reconciliation of income tax

Net deficit before tax of taxable entity - Food Innovation Network Limited

Tax at rate of 28%

Non assessable revenue

Non deductible expenses

Total tax expense

	202	202
Net deficit before tax of taxable entity - Food Innovation Network Limited	(2,794)	(665)
Tax at rate of 28%	(782)	(186)
Non assessable revenue	(1,317)	(1,122)
Non deductible expenses	2,099	1,308
Total tax expense	-	-

The Group has unrecognised tax losses of \$11,030,000 (2024: \$11,030,000) relating to the earlier activity of a taxable subsidiary Callaghan Industrial Research Limited (CIRL, now non- trading). These tax losses are not recognised given CIRL is no longer trading and is not expected to generate taxable profits.

6. EQUITY

No Capital contributions (2024: \$22,900,000) were received during the year.

The capital appropriation funded from the Ministry of Business, Innovation and Employment is used to fund the purchase and development of assets for the use of Callaghan Innovation (the parent) and therefore has been treated as a capital contribution rather than revenue.

The hedge reserve is used to record gains or losses on foreign exchange forward contracts in a cash flow hedge. The amounts accumulated in the hedge reserve are reclassified to the Statement of Comprehensive Revenue and Expense when the associated hedge transaction affects surplus or deficit.

7. CASH AND CASH EQUIVALENTS

Cash at bank

Term deposits with maturities of less than 90 days.

Total cash and cash equivalents

	2025 \$000	2024 \$000
Cash at bank	34,933	30,285
Term deposits with maturities of less than 90 days.	5,000	-
Total cash and cash equivalents	39,933	30,285

The carrying value of cash at bank and term deposits approximates to their fair value.

Cash balances represent funding for future capital expenditure, and revenue received in advance for ongoing programmes.

Comparative restatement:

Comparative balance of \$42,179,000 for cash and term deposits has been restated to present cash and cash equivalents of \$30,285,000 separately from term deposits of \$11,894,000, as it does not meet the definition of cash and cash equivalents under PBE IPSAS 2. Term deposits within an original maturity 90 days or over, are now classified as "investments" rather than "cash and cash equivalents". This change had no impact on the total current assets, net assets or surplus/deficit.

8. INVESTMENTS

Bank term deposits

Bank term deposits are initially measured at the amount invested. Interest is subsequently accrued and added to the investment balance. A loss allowance for expected credit losses is recognised if the estimated loss allowance is not trivial.

	202	202
Term deposits	16,922	11,894
Total Investments	16,922	11,894

9. TRADE AND OTHER RECEIVABLES

Exchange receivables

	2025 \$000	2024 \$000
Debtors	4,803	3,965
Less: Expected credit loss	(151)	(113)
Accrued revenue	863	410
Prepayments	1,840	2,754
Total exchange receivables	7,355	7,016

Non-exchange receivables

Goods and services tax (GST) receivable	-	34
Other receivables	-	21
Ministry of Business, Innovation and Employment - Grants receivable	22,323	23,393
Total non-exchange receivables	22,323	23,448

Receivables are classified as exchange or non-exchange in line with the accounting policies in Note 2. Exchange receivables arise where Callaghan Innovation provides goods or services directly to customers, while non-exchange receivables (such as Crown grants) arise where funding is received without directly giving approximately equal value in exchange.

	2025 \$000	2024 \$000
Non-current		
Prepayments	414	421
Total non-current prepayments	414	421

The carrying amount of trade receivables are equivalent to fair values.

(a) Expected credit loss

At 30 June 2025, the expected credit loss of trade receivables is \$151,000 (2024: \$113,000).

For the current financial year, the allowance for expected losses has been calculated based on the weighted historic loss rate over the last 5 years based on the number of days the debt is overdue. This remains unchanged from the previous financial year.

	2025 \$000	2024 \$000
Opening balance	113	50
Released to cover balances written off	(28)	(18)
Additional provision expensed during the period	66	81
CLOSING BALANCE	151	113

(b) Past due but not impaired

At 30 June 2025, trade receivables of \$1,156,000 (2024: \$786,000) were past due but not impaired.

These relate to customers where there is no specific indication of credit risk (primarily government entities), however they will be covered in part by the general expected credit loss allowance.

The aging of past due but not impaired trade receivables is as follows:

	2025 \$000	2024 \$000
Within 1 month	643	192
Within 1 to 3 months	350	478
Beyond 3 months	163	116
CLOSING BALANCE	1,156	786

10. PROPERTY, PLANT AND EQUIPMENT

Relevant accounting policies

Property, plant and equipment consists of land, freehold buildings, building auxiliary services, computer equipment, plant and scientific equipment, motor vehicles and office furniture, fittings and equipment. Property, plant and equipment are shown at cost less accumulated depreciation and impairment losses.

Additions

The cost of an item of property, plant and equipment is recognised as an asset only when 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 initially recognised at its cost. Where an asset is acquired through a non-exchange transaction, it is recognised at its fair value as at the date of acquisition.

Where assets are purchased outright they are recognised once control is obtained and the asset is available for use. Where assets are constructed or developed over time, relevant costs are initially captured in capital work in progress and then transferred to fixed assets and depreciated once the constructed asset is available for use.

Disposals

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amounts of the assets. Gains and losses on disposals are included in the Statement of Comprehensive Revenue and Expense.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when 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. The costs of day-to-day servicing of property, plant and equipment are recognised in the Statement of Comprehensive Revenue and Expense.

Depreciation

Depreciation is provided on a straight line basis on all property, plant and equipment at rates that will write off the costs of the assets to their estimated residual values over their useful lives. The estimated range of useful lives for major asset classes are set out in the table below. Where assets are integrated into a leased building or location, they are depreciated using the shorter of the useful life below and the remaining lease term.

	Estimated useful life
Building Assets	
Freehold buildings	10 - 50 years (depending on age)
Building auxiliary services	5 - 20 years
Plant Assets	
Computer equipment	2 - 5 years
Plant and scientific equipment	3 - 38 years
Motor vehicles	3 - 5 years
Office furniture, fittings and equipment	3 - 10 years

Impairment of property, plant, and equipment and intangible assets

The Group held both cash-generating assets and non-cash-generating assets. Assets are considered cash-generating where their primary objective is to generate a commercial return.

Property, plant, and equipment and intangible assets held at cost that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the cash-generating/non-cash-generating asset's carrying amount exceeds its recoverable/recoverable service amount. The recoverable/recoverable service amount is the higher of an asset's fair value less costs to sell and value in use.

If an asset's carrying amount exceeds its recoverable/recoverable service amount, the asset is regarded as impaired and the carrying amount is written-down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss is recognised in the surplus or deficit.

Cash-generating assets:

Value in use for cash-generating assets is determined by the present value of the estimated future cash flows expected to be derived from the continuing use of the assets and from their disposal at the end of their useful life. The Group uses a discount rate that reflects current market assessments of the time value of money and the risks specific to the assets.

Non-cash-generating assets:

Value in use for non-cash-generating assets' is determined by the present value of the asset's remaining service potential and is determined using an approach based on a depreciated replacement cost approach, a restoration cost approach or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

1 July 2024

Cost
Accumulated depreciation and impairment
Carrying amount

Land Assets	\$000	Buildings Assets \$000	Plant Assets \$000	CWIP Assets \$000	Total Assets \$000
3,001	-	113,389	59,582	22,041	198,013
	-	(25,996)	(35,873)	-	(61,869)
3,001		87,393	23,709	22,041	136,144

Cost

At 1 July 2024
Additions
Transfers from CWIP
Asset Class Transfers
Disposals
Transfer to assets held for sale/transfer
At 30 June 2025

3,001	-	113,389	59,582	22,041	198,013
	-	353	2,141	298	2,792
	-	20,253	1,501	(21,754)	-
	-	2,458	(2,458)	-	-
	-	(1,171)	(1,021)	-	(2,192)
	-	(159)	(9,685)	-	(9,844)
3,001		135,123	50,060	585	188,769

Accumulated depreciation and impairment

At 1 July 2024
Depreciation
Impairment
Asset Class Transfers
Disposals
Transfer to assets held for sale/transfer
At 30 June 2025

	-	(25,996)	(35,873)	-	(61,869)
	-	(4,999)	(4,970)	-	(9,969)
	-	(965)	(448)	-	(1,413)
	-	(99)	99	-	-
	-	1,085	821	-	1,906
	-	33	7,896	-	7,929
	-	(30,941)	(32,475)	-	(63,416)

Cost
Accumulated depreciation and impairment
Carrying amount at 30 June 2025

3,001	-	135,123	50,060	585	188,769
	-	(30,941)	(32,475)	-	(63,416)
3,001		104,182	17,585	585	125,353

1 July 2023

Cost
Accumulated depreciation and impairment
Carrying amount

Land Assets	\$000	Buildings Assets \$000	Plant Assets \$000	CWIP Assets \$000	Total Assets \$000
3,001	-	74,867	54,935	39,132	171,935
	-	(21,193)	(36,073)	-	(57,266)
3,001		53,674	18,862	39,132	114,669

Cost

At 1 July 2023
Additions
Transfers from CWIP
Disposals
At 30 June 2024

3,001	-	74,867	54,935	39,132	171,935
	-	107	2,294	29,605	32,006
	-	38,675	8,021	(46,696)	-
	-	(260)	(5,668)	-	(5,928)
3,001		113,389	59,582	22,041	198,013

Accumulated depreciation and impairment

At 1 July 2023
Depreciation
Disposals
At 30 June 2024

	-	(21,193)	(36,073)	-	(57,266)
	-	(5,060)	(5,300)	-	(10,360)
	-	257	5,500	-	5,757
	-	(25,996)	(35,873)	-	(61,869)

Cost
Accumulated depreciation and impairment
Carrying amount at 30 June 2024

3,001	-	113,389	59,582	22,041	198,013
	-	(25,996)	(35,873)	-	(61,869)
3,001		87,393	23,709	22,041	136,144

Capital Work in Progress (CWIP)

The majority of assets under CWIP are buildings (\$282,000) and plant and science equipment (\$303,000). (2024: buildings (\$20,350,000) and plant and science equipment (\$1,691,000)).

Insurable values of fixed assets

The Group has established, maintained and regularly reviews comprehensive cover for business insurance. As part of this cover, it insures its fixed assets at either demolition, indemnity or replacement values. In line with other businesses in the Wellington region, the Group faces higher rates of exclusions on the fixed asset replacement policies. The Group has total insurable assets of \$244 million (2024: \$421 million), the Group is part of the collective Crown Research Institute placement, with a loss limit of \$400 million (2024: \$400 million). The earthquake insurance deductible remains unchanged from 30 June 2024 and is 5% for buildings built pre-2004 and 2.5% post-2004, with a minimum of \$150,000 per location.

11. INTANGIBLE ASSETS

Relevant accounting policies

R&D costs

Research costs are expensed as incurred.

Development expenditure for internally generated software is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in surplus or deficit as incurred.

Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.

Any capitalised development costs are amortised over the period the related asset is expected to provide future economic benefit. Amortisation starts once the underlying asset being developed is available for use.

The amortisation period and amortisation method for development costs are reviewed at each financial year end. If the useful life or method of consumption is different from that in the previous assessment, changes are made accordingly. The carrying value of any capitalised development costs is reviewed annually for indicators of impairment.

Computer software

Acquired computer software is capitalised on the basis of the costs incurred to acquire and gain the right to use the specific software.

Where software is acquired or developed under a Software as a Service model, it is only capitalised where all relevant definition and recognition criteria are met and in particular the Group has control over the asset being recognised. This will typically be where there is highly specialised customisation or configuration unique to the Group, and the Group has the ability to control its use over the expected useful life.

Computer software assets are amortised over their estimated useful lives (between three and five years).

The costs of maintaining computer software are expensed as incurred.

Patents

Costs associated with the registration of patents are expensed immediately due to the uncertainty of deriving economic benefits from the commercial use of the patents.

	Acquired software \$000	Internally generated software \$000	CWIP \$000	Total \$000
1 July 2024				
Cost	699	2,862	7,197	10,758
Accumulated amortisation and impairment	(548)	(1,027)	-	(1,575)
Carrying amount	151	1,835	7,197	9,183
Cost				
At 1 July 2024	699	2,862	7,197	10,758
Additions	69	-	677	746
Transfers from CWIP	46	7,828	(7,874)	-
Disposals	(108)	-	-	(108)
Transfer to assets held for sale/transfer	(88)	-	-	(88)
At 30 June 2025	618	10,690	-	11,308
Accumulated amortisation and impairment				
At 1 July 2024	(548)	(1,027)	-	(1,575)
Amortisation	(61)	(1,552)	-	(1,613)
Impairment	(38)	-	-	(38)
Disposals	101	-	-	101
Transfer to assets held for sale/transfer	54	-	-	54
At 30 June 2025	(492)	(2,579)	-	(3,071)
Cost				
At 1 July 2024	699	2,862	7,197	10,758
Additions	69	-	677	746
Transfers from CWIP	46	7,828	(7,874)	-
Disposals	(108)	-	-	(108)
Transfer to assets held for sale/transfer	(88)	-	-	(88)
At 30 June 2025	618	10,690	-	11,308
Accumulated amortisation and impairment				
At 1 July 2024	(548)	(1,027)	-	(1,575)
Amortisation	(61)	(1,552)	-	(1,613)
Impairment	(38)	-	-	(38)
Disposals	101	-	-	101
Transfer to assets held for sale/transfer	54	-	-	54
At 30 June 2025	(492)	(2,579)	-	(3,071)
Carrying amount at 30 June 2025	127	8,111	-	8,238

1 July 2023

Cost
Accumulated amortisation and impairment
Opening carrying amount

Cost

At 1 July 2023
Additions
Transfers from CWIP
Asset write-off
At 30 June 2024

Accumulated amortisation and impairment

At 1 July 2023
Amortisation
Disposals
At 30 June 2024

Cost

Accumulated amortisation and impairment
Carrying amount at 30 June 2024

Acquired software	Internally generated software	CWIP	Total
\$000	\$000	\$000	\$000
4,596	1,270	6,643	12,509
(4,325)	(639)	-	(4,964)
271	631	6,643	7,545
4,596	1,270	6,643	12,509
-	-	2,160	2,160
14	1,592	(1,606)	-
(3,911)	-	-	(3,911)
699	2,862	7,197	10,758
(4,325)	(639)	-	(4,964)
(134)	(388)	-	(522)
3,911	-	-	3,911
(548)	(1,027)	-	(1,575)
699	2,862	7,197	10,758
(548)	(1,027)	-	(1,575)
151	1,835	7,197	9,183

Refer to Note 10 for the accounting policies on impairment of intangible assets.

12. INVESTMENT IN CONTROLLED ENTITIES
Relevant accounting policies
Basis of consolidation

The consolidated financial statements combine the financial statements of Callaghan Innovation and its controlled entities and associates (the Group) as at 30 June 2025.

Controlled entities are those entities over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The financial statements of controlled entities are prepared for the same reporting period as Callaghan Innovation using consistent accounting policies.

All inter-company balances and transactions, including unrealised surplus and deficit arising from intra-Group transactions, have been eliminated in full.

Where there is loss of control of a controlled entity, the consolidated financial statements include the results for the part of the reporting year during which Callaghan Innovation has control. The purchase method is used to account for the acquisition of controlled entities by the Group.

The cost of an acquisition is measured at fair value of the assets given and liabilities incurred at the date of exchange. Identifiable assets and liabilities assumed in a business combination are measured initially at their fair value at the acquisition date.

The Parent's investment in controlled entities comprises shares at cost. Controlled entities comprise:

Name of entity the Group	Principal activities	Interest held by	Interest held by
		the Group	the Group
		2025	2024
Non trading controlled entities			
Callaghan Innovation Research Limited	Non trading	100%	100%
Measurement Standards Laboratory of New Zealand Limited	Non trading - name protection	100%	100%
GlycoSyn Technologies Limited	Non trading - name protection	100%	100%
New Zealand Food Innovation (South Island) Limited	Food innovation company	0%	100%
New Zealand Food Innovation Network Limited	Food innovation company	100%	100%

All controlled entities have 30 June balance dates and are incorporated in New Zealand.

New Zealand Food Innovation Auckland Limited and New Zealand Food Innovation (South Island) Limited were amalgamated on 1 October 2024 to become the New Zealand Food Innovation Network Limited.

13. ASSETS HELD FOR SALE/TRANSFER

Relevant accounting policies

A non-current asset is classified as held for sale/transfer if its carrying amount will be recovered principally through sale or transfer rather than through continuing use. The asset is measured at the lower of its carrying amount and fair value less costs to sell.

Any impairment losses for write-downs of the asset are recognised in the surplus or deficit. Any increases in fair value less costs to sell are recognised in the surplus or deficit up to the level of any impairment losses that have previously been recognised.

A non-current asset is not depreciated or amortised while classified as held for sale.

Breakdown of non-current assets held for sale/transfer and further information

Non-current assets held for sale/transfer include:

Plant assets

Building assets

Carrying value at the end of the year

2025	2024
\$000	\$000
1,789	-
126	-
1,915	-

The Applied Technology cost centre within Callaghan Innovation was disestablished during the 2024/25 financial year. As part of this process, certain assets were transferred to other cost centres within Callaghan Innovation. The remaining assets have been classified as a disposal group held for transfer in accordance with PBE IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, as they will not be retained for ongoing operations. In accordance with the standard, these assets were measured at the lower of carrying amount and fair value less costs to transfer. This assessment resulted in an impairment loss of \$486,000, which has been recognised in the Statement of Comprehensive Revenue and Expense.

14. EMPLOYEE BENEFITS

Relevant accounting policies

Short-term employee entitlements

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

Long-term employee entitlements

Entitlements that are payable beyond 12 months, such as long service leave and retirement 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, the likelihood that staff will reach the point of entitlement and contractual entitlements information.
- The present value of estimated future cash flows. The discount rate is based on the risk-free discount rates published by the New Zealand Treasury which is an estimate of the average increase in remuneration for employees over the discount period.

Superannuation schemes

Obligations for contributions to KiwiSaver and the Government Superannuation Fund are accounted for as a defined contribution superannuation scheme and are recognised as an expense in the Statement of Comprehensive Revenue and Expense as incurred.

Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the Group recognises a provision for costs for a restructuring that involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

Current

Employee entitlements

Long service and retiring leave

Annual leave

Total current employee benefits

Non-current

Long service and retiring leave

Total employee benefits

2025	2024
\$000	\$000
1,412	4,942
88	67
2,802	4,028
4,302	9,037
-	42
4,302	9,079

The retiring leave provision was calculated based on risk-free discount rates published by the New Zealand Treasury.

The risk free discount rates range from 3.14% in 2025 to 5.84% for years to 2037 (2024: 5.30% in 2024 to 5.11% for years to 2036). The inflation factor is based on the expected long term increase in remuneration for employees currently forecast at 2.89% (2024: 3.33%).

15. FUNDS RECEIVED IN ADVANCE

Relevant accounting policies

Any revenue or funds received in advance of the corresponding obligations being satisfied are carried as liabilities, until those obligations have been fulfilled.

	2025 \$000	2024 \$000
Payable under exchange transactions		
Government revenue received in advance	4,987	2,308
Commercial revenue in advance	176	678
Total payable under exchange transactions	5,163	2,986
Payable under non-exchange transactions		
Government funding received in advance as agent	2,174	3,108
Total payable under non-exchange transactions	2,174	3,108
Total funds received in advance	7,337	6,094

Funds received in advance represent funding received from the government and other customers for project work not completed at 30 June, and funding held on behalf of third parties for agency activities.

16. TRADE CREDITORS AND OTHER PAYABLES

	2025 \$000	2024 \$000
Payables under exchange transactions		
Trade creditors	2,480	3,626
Other payables	3,936	7,018
Total payables under exchange transactions	6,416	10,644
Payables under non-exchange transactions		
Goods and services tax (GST) payable	1,589	-
Total payables under non-exchange transactions	1,589	-
Total trade creditors and other payables	8,005	10,644

Trade payables include amounts due to related parties (see Note 22 for details).

17. RECONCILIATION OF SURPLUS WITH CASH FLOW FROM OPERATING ACTIVITIES

	2025 \$000	2024 \$000
Net surplus/(deficit) for the year	7,707	(9,792)
<i>Add/(less) non-cash items:</i>		
Amortisation, depreciation and impairment	13,033	10,882
Loss on sale of associate	-	3,350
(Gain)/loss on disposal of fixed assets	(15)	165
Loss on fixed asset write off	150	-
<i>Add/(less) movements in working capital:</i>		
Trade and other receivables	800	(984)
Inventory	(109)	(20)
Work in progress	67	36
Funds received in advance	1,243	(9,733)
Employee benefits	(4,777)	2,430
Trade and other payables	(3,829)	5,094
Provisions	3,636	(666)
Net cashflows from operating activities	17,906	762

18. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. Estimates and adjustments are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

(a) Grant obligations and debtor

At balance date, for each different grant type, an assessment is made of the probability and quantum of a grant recipient having incurred qualifying expenditure for which a claim has not yet been received. This assessment is based on historic data and customer forecasts and then recognised on a straight line basis over the term of the contract.

New to R&D, Ārohia Evidence Grant and Ārohia Trailblazer Grant do not have sufficient historic data to make an assessment of the probability and quantum of incurred expenditure. These grants have been recognised on a straight line basis over the term of the contract.

Based upon this assessment an accrual for grants obligations is made and a receivable is recognised in the financial statements of \$22,323,000 (2024: \$23,393,000). Payments against the 30 June 2025 provision are expected to be made during the 2025/26 financial year.

	2025 \$000	2024 \$000
Payable and Receivable under non-exchange transactions		
Grant obligations and debtor	22,323	23,393
Total grant obligations	22,323	23,393

(b) Commercial revenue

Some commercial revenue for the Group is project based. Revenue is recognised based on the percentage of completion of the project which is estimated based on costs incurred to date. Where the costs of the project to date exceed the amount invoiced, but not the total billing for a job, accrued revenue is recognised.

Based upon this assessment revenue in advance of \$158,000 (2024: \$678,000) and accrued revenue of \$115,000 (2024: \$410,000) have been recognised at balance date.

(c) Impairment of property plant and equipment

The assessment of impairment for property, plant, and equipment (PPE) involves significant judgement and estimation uncertainty. At each reporting date, the entity considers whether indicators of impairment exist and, if so, estimates the recoverable service amount in accordance with PBE IPSAS 21 and 26. This requires assumptions about future service potential, resale values, and costs of disposal, which are inherently uncertain and may materially affect the carrying amounts of PPE.

During the year, impairment losses of \$1.451 million were recognised. This included \$486,000 relating to the closure of Applied Technologies, where assets were impaired based on expected recoverable amounts. In addition, \$965,000 was impaired for G Block and associated building services following a seismic review that determined the building was uneconomical to repair. These assets were written down to nil, with any future recoveries to be recognised as gains on disposal. A wider impairment assessment of the GIQ site was undertaken, based on a depreciated replacement cost review, and no additional impairments at the site were identified.

If future decisions were made that changed the use of the site or the asset were held primarily for generating cash inflows instead of for service potential, this would require reassessment of its recoverable amount and could result in a further impairment.

Critical judgement in applying the Group's accounting policy

(a) Agent vs principal in Crown pass through funding

The Group receives funding for grants and the National Science Challenge (NSC). The Group's view is that it is acting as principal in these transactions given it is the Group's responsibility to allocate the funding, manage the contracts and deal directly with the funding recipients.

The Group receives funding for the Industry 4.0 programme. While significant portions of this funding are paid out to industry partners responsible for delivering a mobile showcase and a series of demonstration sites, this work is performed under the oversight and control of Callaghan Innovation. As a result, the Group is considered to be principal in these transactions and the gross revenue and expenses are recognised in the Statement of Comprehensive Revenue and Expense.

Conversely, the Group also administers the New Zealand Product Accelerator (NZPA) and Bioresource Processing Alliance (BPA) however in this case the funding is passed through to, or held on behalf of, another entity that is responsible for allocating the funding. While the Group has an administration and (in the case of the BPA) a contracting role, the responsibility for fund allocation decisions and programme management and governance sits with another entity. As a result, the Group is considered to be acting as an agent in these transactions and the revenue is recognised net of expenses.

(b) Agent vs principal for the R&D Loan Scheme

In 2020/21, the Group administered a loan scheme that was initiated as a COVID-19 response in 2020 to enable R&D performing companies to maintain their R&D programmes. Under the Scheme, Callaghan Innovation issued loans to companies to enable them to maintain investment in R&D, subject to settings established under a Ministerial Direction. These settings included an interest rate of 3% and a maximum loan term of 10 years. Any principal or interest recovered from customers through the Scheme must be returned to the Ministry of Business, Innovation and Employment. Given the broad decision making powers and financial exposure sitting with the Ministry of Business, Innovation and Employment, and Callaghan Innovation's explicit administrative role, management has concluded the Group is acting as the Ministry of Business, Innovation and Employment's agent in issuing the loans. As a result, the loans and any resulting (deficit) / surplus impacts – such as fair value changes, expected credit losses or interest revenue – are not recognised in the Group's financial statements. All repayments received by Callaghan Innovation are paid back to the Ministry of Business, Innovation and Employment. If Callaghan Innovation does temporarily hold any funds through either the issuance of loans or return of interest or principal, it is recognised with an equal and offsetting asset and liability to the Ministry of Business, Innovation and Employment.

As at 30 June 2025, Callaghan Innovation has issued 455 loans totalling \$148.965m of which \$32.764m has been repaid (2024: 455 loans totalling \$148.965m of which \$24.512m has been repaid). The loans were all issued before close of 30 June 2021 and the scheme is now closed.

19. FINANCIAL INSTRUMENTS BY CATEGORY

Relevant accounting policies

Financial Instruments

Classification:

The Group classifies its financial assets as at amortised cost only if both the following criteria are met:

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

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

Financial assets are measured at Fair Value through Other Comprehensive Revenue & Expenditure (FVOCRE) if it meets both of the following conditions and is not designated as Fair Value through Surplus & Deficit (FVTSD):

- It is held within a management model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

All financial liabilities are measured at amortised cost or classified as derivatives used for hedging and measured at fair value.

Measurement:

At initial recognition, the Group measures a financial instrument at its fair value plus, in the case of a financial asset not at FVTSD, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTSD are expensed through the surplus or deficit. At initial recognition, an entity may measure short-term receivables and payables at the original invoice amount if the effect of discounting is immaterial.

Impairment losses are presented as a separate line item in the Statement of Comprehensive Revenue and Expense.

For assets that are held at FVTSD, gains and losses are recognised in the Statement of Comprehensive Revenue and Expense and presented net within other gains/(losses) in the period in which they arise, unless included in a hedge relationship. For all other financial instruments gains and losses from interest, foreign exchange and other fair value movements are separately reported in the Statement of Comprehensive Revenue and Expense. Transaction costs are expensed as they are incurred.

Financial Assets

Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional and then adjusted for an allowance for expected losses as defined below. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost.

Loss allowance for expected credit losses

An expected credit loss model is used to recognise and calculate impairment losses for financial assets subsequently measured at amortised cost.

The Group uses the simplified approach as prescribed by PBE IPSAS 41 to measure loss allowances at an amount equal to lifetime expected credit losses for trade receivables. The allowance for doubtful debts on trade receivables that are individually significant are determined on an individual basis. Those deemed not to be individually significant are assessed on a portfolio basis based on the number of days overdue, and taking into account the historical loss experience and incorporating any external and future information.

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

Cash and cash equivalents

Cash and cash equivalents are recognised at amortised cost. Cash and cash equivalents include cash on hand, bank accounts and deposits with an original maturity of no more than three months. They are reported initially and subsequently at the amount invested, which is deemed a reasonable approximation of fair value given the funds are available when required.

Term deposits

Term deposits are cash deposits with banks which are not classified as cash and cash equivalents given the original maturity of the deposit. The amount invested is a reasonable approximation of fair value given they are settled within six months.

Financial Liabilities Trade and other payables

Trade and other payables are recognised at amortised cost. Carrying value is typically adopted as a reasonable approximation of fair value given they are generally settled within two months.

Fair Values

The fair value hierarchy disaggregates fair value into the following three levels:

- Level 1: Quoted unadjusted prices in active markets for identical instruments
- Level 2: Inputs that are not level 1 that are observable either directly or indirectly
- Level 3: Inputs that are not observable

Derivative financial instruments

Derivatives are initially recognised at fair value on the trade dates that derivative contracts are entered into and are subsequently re-measured to their fair value. Fair Values are based on broker quotes as at reporting date. The method of recognising a resulting gain or loss depends on whether the derivative is designated as a hedging instrument and the nature of the item being hedged. The Group designates certain derivatives as hedges of highly probable forecast transactions (cash flow hedges).

At the inception of a transaction, the Group documents the relationship between hedging instruments and hedged items as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in cash flows of hedged items.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity in the hedge reserve. The gain or loss relating to the ineffective portion is recognised immediately in the Statement of Comprehensive Revenue and Expense. Amounts accumulated in equity are recycled to the Statement of Comprehensive Revenue and Expense in the periods when the hedged items will affect surplus or deficit (for instance when a forecast sale that is hedged takes place). However, when a forecast transaction that is hedged results in the recognition of a non-financial asset (for example inventory) or a non-financial liability, the gains or losses previously deferred in equity are transferred from equity and included in the measurement of the initial cost or carrying amount of the asset or liability. When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the Statement of Comprehensive Revenue and Expense. When a forecast transaction is no longer expected to occur the cumulative gain or loss that was reported in equity is immediately transferred to the Statement of Comprehensive Revenue and Expense.

Derivatives that do not qualify for hedge accounting

Certain derivative instruments may not qualify for hedge accounting, or hedge accounting has not been adopted. Changes in the fair value of those derivatives that don't qualify for hedge accounting are recognised immediately in surplus or deficit in the Statement of Comprehensive Revenue and Expense. The Group had no derivative transactions which did not qualify for hedge accounting during the 2025 and 2024 financial years.

Financial assets	2025 \$000	2024 \$000
Financial Assets at FVOCRE		
Derivative financial instruments	15	39
Financial Assets at Amortised Cost		
Cash and cash equivalents	39,933	30,285
Investments	16,922	11,894
Crown debtor - Grants	22,323	23,393
Trade and other receivables	5,515	4,282
Total Financial assets	84,708	69,893
Financial Liabilities	2025 \$000	2024 \$000
Financial Liabilities at FVOCRE		
Derivative financial instruments	30	24
Financial Liabilities at Amortised Cost		
Trade Creditors and other payables	6,416	10,644
Grant obligations	22,323	23,393
Employee benefits	4,302	9,079
Total Financial liabilities	33,071	43,140

The only financial instruments held at fair value are forward foreign exchange contracts. At year end these comprised assets of \$15,000 and liabilities of \$30,000 (2024: \$39,000 asset, \$24,000 liability). These are level 2 instruments in the fair value hierarchy and have been valued using balance date financial institution valuations. These valuations are a reasonable approximation of the carrying amount.

20. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks including market (currency and interest rate), credit and liquidity risk.

The Group's overall risk management programme seeks to minimise potential adverse effects of these risks on the Group's financial performance.

The Group uses derivative financial instruments to hedge certain risk exposures. Risk management is carried out under policies approved by the Board of Directors. Management identifies, evaluates and hedges financial risks in consultation with operational units.

(a) Market risk

Foreign exchange risk

Callaghan Innovation is exposed to foreign exchange risk through: commercial revenue streams denominated in foreign currencies; operational costs requiring payment in foreign currencies; and capital expenditure requiring payment in foreign currencies.

The Group's primary objective in managing foreign currency risk is to provide certainty of New Zealand dollar net cash flows. To manage foreign exchange risk, the Group uses forward exchange contracts to hedge anticipated cash flows for all committed foreign currency sale and purchase transactions greater than NZ\$150,000. With no overall exposure greater than NZ\$500,000 per currency.

Details of forward foreign exchange contracts outstanding at balance date are set out below:

Outstanding contracts	2025		2024	
	Currency	Contract value NZD\$000	Currency	Contract value NZD\$000
Bank buys				
United States dollar	\$000	905	\$000	983
Australian dollar		155		290
Bank sells				
United States dollar		105		178
Euro		-		130

All forward foreign exchange contracts are due for settlement within 12 months of balance date.

Any reasonably possible changes in foreign exchange rates would not have a material impact on the financial performance or position of the Group.

(b) Interest rate risk

Callaghan is exposed to interest rate risk through the interest revenue earned on cash and term deposits. Any reasonably possible changes in interest rates would not have a material impact on the interest revenue earned on short term deposits.

(c) Credit risk

Financial instruments which potentially subject the Group to credit risk principally consist of bank deposits, trade and other receivables, and forward foreign exchange contracts.

Credit risk is minimised as a result of several key controls:

- All Treasury counterparties (for hedge transactions or deposits) must be approved by the Board.
- All counterparties must have a minimum long term credit rating by Standard & Poor's of A-, or equivalent from another internationally recognised rating agency, unless specifically approved by the Board.
- No more than 75% of total investment funds available can be placed with a single counterparty.
- All investments must be made with New Zealand registered trading banks.

There are no significant concentrations of credit risk other than the receivable from the Ministry of Business, Innovation and Employment in respect of grants.

The Group considers a financial asset to be in default when:

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

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCRE are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is 180 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(d) Liquidity risk

Liquidity risk is the risk that the Group cannot meet its cash based obligations in an orderly manner as they arise.

The Group maintains sufficient liquid bank deposits to conservatively manage its cashflow requirements without the requirement for bank credit facilities.

The table below analyses Callaghan Innovation's liabilities and net settled derivative financial liabilities that will be settled, based on the remaining period at balance date to the contractual or expected maturity date. The amounts disclosed are the contractual, undiscounted cash flows.

	2025 Less than One Year \$000	2024 Less than One Year \$000
Trade and other payables	(6,416)	(10,644)
Grant obligations	(22,323)	(23,393)
Employee benefits	(4,302)	(9,037)
	2025 More than One Year \$000	2024 More than One Year \$000
Employee benefits	-	(42)

The Group's derivative financial instruments will be settled on a gross basis within 12 months of balance date and are set out below. The amounts disclosed in the table are the contractual undiscounted cash flows.

	2025 Less than One Year \$000	2024 Less than One Year \$000
Forward foreign exchange contracts		
- Cash flow hedges		
Inflow	1,790	2,187
Outflow	(1,775)	(2,172)

The Group holds no forward foreign exchange contracts for trading purposes.

21. CAPITAL RISK MANAGEMENT

The Group's capital comprises capital invested by the Crown and accumulated funds. Equity is represented by net assets. The Group manages its net assets to ensure that the entity achieves its objectives and purpose while remaining a going concern. There has been no material change in the management of capital during the year.

22. RELATED PARTY DISCLOSURES

General

Callaghan Innovation is a wholly owned entity of the Crown.

Related party disclosures have not been made for transactions with related parties that are:

- within a normal supplier or client/recipient relationship; and
- on terms and conditions no more or less favourable than those that it is reasonable to expect the Group would have adopted in dealing with the party at arm's length in the same circumstances.

Transactions with other government agencies (for example, Government departments and Crown entities) are not disclosed as related party transactions when they are consistent with the normal operating arrangements between Government agencies and undertaken on the normal terms and conditions for such transactions.

KEY MANAGEMENT PERSONNEL COSTS

Board members

Remuneration

2025	2024
\$000	\$000
274	298

Executive Leadership Team

Remuneration *

2,546	2,582
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Termination benefits

95	-
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Total Key Management Personnel Costs

2,915	2,880
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Full time equivalent (FTE) personnel

Board Members

12.5	12.5
------	------

Executive Leadership Team*

5.5	7.0
-----	-----

Total FTE personnel

18.0	19.5
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*In prior years, the Group's key management personnel (KMP) disclosure included the remuneration of the executive leadership team of New Zealand Food Innovation Auckland Limited and New Zealand Food Innovation (South Island) Limited which does not meet the definition of KMP under PBE IPSAS 20: Related Party Disclosures.

Accordingly, the comparative figures for KMP remuneration have been adjusted to exclude the subsidiary. This change affects only the related party disclosures and has no impact on the Group's surplus/deficit, net assets/equity, or cash flows.

23. COMMITMENTS AND CONTINGENCIES

CAPITAL COMMITMENTS

Commitments for approved capital expenditure not yet spent:

Buildings

314	6
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Plant

325	593
-----	-----

Software

-	295
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TOTAL CAPITAL COMMITMENTS

639	894
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OPERATING COMMITMENTS

Relevant accounting policies

Finance leases – Lessor

Leases that transfer substantially all the risks and rewards incidental to the ownership of an asset, whether or not title is eventually transferred, are classified as finance leases. When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance revenue.

Operating leases – Lessor

Leases that do not transfer substantially all the risks and rewards incidental to the ownership of an asset are classified as operating leases. When assets are leased out under an operating lease, the asset is included in the Statement of Financial Position based on the nature of the asset. Lease revenue on operating leases is recognised over the term of the lease on a straight line basis.

Operating leases - Lessee

Leases that do not transfer substantially all the risks and rewards incidental to ownership of an asset to the Group are classified as operating leases. Payments under operating leases are recognised as an expense on a straight line basis over the lease term.

Commitments for non-cancellable operating lease commitments:

	2025 \$000	2024 \$000
Not later than one year	2,077	2,827
Later than one year and not later than five years	2,133	5,127
Total operating lease commitments	4,210	7,954

The Group leases properties and vehicles in the normal course of its business. The significant leases held by the Group are for premises, which have a non-cancellable leasing period ranging from 3 to 5 years.

The Group's non-cancellable operating leases have varying terms, escalation clauses, and renewal rights.

There are no restrictions placed on the Group by any of its leasing arrangements.

Grant commitments

	2025 \$000	2024 \$000
Grant commitments for those grant contracts awarded but yet to be drawn down or accrued.	38,837	30,770

An operating commitment is disclosed for those grant contracts awarded but yet to be drawn down either in full or in part.

The commitments include potential payments to grant recipients under the Project, Student, New to R&D, Repayable Grants for Start-ups and Innovation Trailblazer Grant Schemes.

Operating lease rental receivables - Group company as lessor

	2025 \$000	2024 \$000
Not later than one year	56	573
Later than one year and not later than five years	7	-
Total operating lease Rental Receivables	63	573

The Group leases property under various agreements.

CONTINGENCIES

Contingent assets

	2025 \$000	2024 \$000
Repayable incubator grants	45,646	41,132

Incubator grants are repayable once the grant recipient's business produces commercial revenue. A percentage of the commercial revenue generated is payable to Callaghan Innovation as repayment of the outstanding loan each year until the loan is repaid. Upon receipt of any repayments, these are paid back to the Ministry of Business, Innovation and Employment. Given the long term nature of the investments being made, there is limited information available that would allow the Group to assess the timing, likelihood and quantum of any future repayments, hence repayments are recognised when received.

24. PROVISIONS

Balance at 1 July 2024

Provisions made during the year

Provisions used during the year

Balance at 30 June 2025

Current

non-current

Total provisions

	Make Good \$000	Restructuring \$000	Total \$000
Balance at 1 July 2024	-	329	329
Provisions made during the year	1,497	2,420	3,917
Provisions used during the year	-	(281)	(281)
Balance at 30 June 2025	1,497	2,468	3,965
Current	100	2,468	2,568
non-current	1,397	-	1,397
Total provisions	1,497	2,468	3,965

Restructuring provision

During 2024/25 Callaghan Innovation's Executive Leadership Team approved a detailed and formal restructuring plan, which was announced in April 2025 and commenced in May 2025. The restructuring plan and associated payments are expected to be completed by June 2026. The provision represents the estimated cost for redundancy payments arising from the restructure.

The restructuring from the previous financial year was completed during 2024/25, and \$281,000 of the provision was used during the year.

Make Good

At the expiry of the lease terms for its two leased premises, the Group is required to make good any damage caused to the premises and to remove any fixtures or fittings that it installed. The Group has the option to renew these leases, which affects the timing of expected cash outflows to make good the premises. A provision for make good costs of \$1,497,000 has been recognised in the 2024/25 financial year and the cash outflows for the non-current portion are expected to occur in the financial year 2027/28. The provision reflects the estimated cost of restoring the leased premises to their original condition at the end of the lease, as required under the lease agreement.

24. MAJOR BUDGET VARIANCES

Explanation of major budget variations are provided below for the Statement of Comprehensive Revenue and Expense, Statement of Financial Position and Statement of Cash Flows. The budget is published in the Callaghan Innovation Statement of Intent and Statement of Performance Expectations for the 12 months ended 30 June 2025. The budget figures have been prepared in accordance with NZ GAAP using accounting policies that are consistent with those adopted by the Board in preparing these financial statements.

Statement of Comprehensive Revenue and Expense

Funding from the Crown is above budget (+\$11.8m). This is as a result of cessation and transfer of activities funding to support the one off costs associated with the Government announcement (+\$9.1m), the completion and delivery of the National Science Challenge (+\$0.6m), additional Food Innovation Network funding (+\$0.3m), and unbudgeted Advanced Manufacturing ITP (+\$1.5m) and Industry 4.0 (+\$0.2m) revenue streams.

Funding from the Crown - Grants is under budget (\$39.8m) due to lower than expected demand driven by tough economic conditions impacting the programme pipelines across New to R&D Grant (\$18.5m), Technology Incubator Programme (\$14.1m) and Innovation Trailblazer Grant (\$8.3m). These have been offset by equal and opposite variances in expenditure and have not impacted the net deficit.

Commercial revenue and Other revenue is under budget (\$2.4m) as a result of lower sales in R&D Solutions (\$2.9m), due to the closure of applied technologies and the impact of the initial announcement to close Biotechnologies, that was reversed in a later announcement. This has been partially offset by Food Innovation Network revenue (+\$0.4m).

Personnel costs were (\$7.5m) higher than planned due to unbudgeted severance (\$7.7m) due implementing the cessation and transfer activities, with smaller variances across other account categories netting each other off.

Science project and subcontract costs were (+\$5.3m) lower than budget and were primarily driven by cessation and transfer activities leading to underspends in R&D Solutions (+\$1.4m), Strategic Fund (+\$1.3m), Māori Innovation (+\$1.2m) and Health Tech Activator (+\$1.0m).

Other Expenses (+\$2.2m) lower than budget. The major variances included reduced costs across property (+\$2.6m), insurance (+\$0.7m), legal fees (+\$0.6m) and marketing (+\$0.3m). These were partially offset by increases in consultancy (\$1.6m) and digital costs (\$0.8m).

Statement of Financial Position and Statement of Changes in Equity

Total Equity (+\$13.8m). There were two drivers to this favourable movement against budget. Firstly, the 1 July 24 opening balance accumulated (deficit) / surplus actual was (\$1.4m) vs. budget (\$5.7m), +\$4.4m variance. Secondly, the surplus actual (+\$7.7m) vs. budget (\$1.7m), +\$9.4m variance.

Cash and term deposits (+\$28.4m). There were two primary drivers to this favourable movement against budget. Firstly, the 1 July 24 opening balance was (+\$42.2m) vs. budget (+\$25.4m), +\$16.8m variance. Secondly, the surplus actual (+\$7.7m) vs. budget (\$1.7m), +\$9.4m variance.

Trade creditors and other payables (\$6m) are unfavourable against budget due to higher than budgeted accrued liabilities (\$1.7m), accounts payable (\$1.3m) and GST (\$2.3m).

Statement of Cash Flows

Variances against budget have followed many of the trends outlined above, including key Crown revenue and operating expense movements.

Reconciliation of Crown revenue: Statement of Service Performance to Statement of Comprehensive Revenue and Expense

	Output class	Year \$000	Year \$000
Revenue by output class in the Statement of Service Performance			
Building Business Innovation	1	34,317	35,293
Building Innovation Support Programme Management	2	17,946	17,946
Research and Development Services and Facilities for Business and Industry	3	28,734	28,488
National Science Challenge	3	629	15,532
Cessation and transfer of activities	4	9,130	-
National Measurement Standards	5	8,986	8,986
Industry 4.0	6	230	1,240
Public Sector Pay Adjustment	7	2,000	1,000
Total output class revenue per the Statement of Service Performance		101,972	108,485
Advanced Manufacturing Industry Transformation Programme funding		1,475	2,525
Agritech Industry Transformation Programme and Hort Tech Catalyst funding		-	3,023
Construction Industry Transformation Programme funding		-	639
Total Crown Revenue per Statement of Comprehensive Revenue and Expense		103,447	114,672

Reconciliation of Expenditure: Statement of Service Performance to Statement of Comprehensive Revenue and Expense

	Output class	Year \$000	Year \$000
Expenditure by output class in the Statement of Service Performance			
Building Business Innovation	1	20,329	24,072
Building Innovation Support Programme Management	2	12,536	15,632
Research and Development Services and Facilities for Business and Industry	3	53,857	63,424
National Science Challenge	3	629	15,532
Cessation and transfer of activities	4	9,614	-
National Measurement Standards	5	12,551	13,008
Industry 4.0	6	3	1,203
Public Sector Pay Adjustment	7	2,521	2,227
Total output class expenditure per the Statement of Service Performance		112,040	135,098
Grant Expenditure		51,914	54,312
Non Output Class Expenditure		4,615	8,842
Total operating expenditure per Statement of Comprehensive Revenue and Expense		168,569	198,252

26. EVENTS AFTER THE BALANCE SHEET DATE

At 30 June 2025, the Group recognised a \$1.397m non-current make-good provision for the Auckland Textile Centre lease (expiry June 2028). In August 2025, the Group decided to terminate the lease early and agreed a \$3.4m termination fee (inclusive of the make-good), payable within 12 months.

This is a non-adjusting event as the circumstances giving rise to the early termination, including the negotiated fee, did not exist at 30 June 2025. Accordingly, no adjustments have been made, the provision remains non-current at reporting date, and there was no onerous lease at 30 June 2025. The \$3.4m cash outflow will be recognised in the year ending 30 June 2026.

9. Independent auditor's report



Independent auditor's report

To the readers of Callaghan Innovation Group Annual Financial Statements and performance information for the year ended 30 June 2025

The Auditor-General is the auditor of the Callaghan Innovation and its controlled entities (the "Group"). The Auditor-General has appointed me, Sarah Turner, using the staff and resources of PricewaterhouseCoopers, to carry out, on his behalf, the audit of:

- the financial statements of the Group that comprise the statement of financial position as at 30 June 2025, the statement of comprehensive revenue and expense, the statement of changes in equity, and the 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 on pages 54 to 76;
- the performance information of the Group that consists of:
 - the statement of service performance for the year ended 30 June 2025 on pages 25 to 46; and
 - the end-of-year performance information for appropriations for the year ended 30 June 2025 on pages 25 to 46.

Opinion

In our opinion:

- The financial statements of the Group:
 - fairly present, 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 Public Benefit Entity Reporting Standards
- The statement of service performance of the Group fairly presents, in all material respects, the Group's service performance for the year ended 30 June 2025. In particular, the Group's statement of service performance:
 - provides an appropriate and meaningful basis to enable readers to assess the actual performance of the Group for each class of reportable outputs; determined in accordance with generally accepted accounting practice in New Zealand; and
 - fairly presents, in all material respects, for each class of reportable outputs:
 - the actual performance of the Group;
 - the actual revenue earned; and

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- the output expenses incurred
- as compared with the forecast standards of performance, the expected revenues, and proposed output expenses included in the Group's statement of service performance expectations for the financial year; and
- complies with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards.
- The end-of-year performance information for appropriations:
 - provides an appropriate and meaningful basis to enable readers to assess what has been achieved with the appropriation; determined in accordance with generally accepted accounting practice in New Zealand; and
 - fairly presents, in all material respects:
 - what has been achieved with the appropriation; and
 - the actual expenses or capital expenditure incurred in relation to the appropriation as compared with the expenses or capital expenditure that were appropriated or forecast to be incurred; and
- complies with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards.

Our audit was completed on 25 September 2025. This is the date at which our opinion is expressed.

Material uncertainty related to going concern

Without modifying our opinion, we draw attention to Note 1 of the financial statements, which outlines the Government's announcement to disestablish Callaghan Innovation as part of its reforms to the New Zealand Science, Innovation and Technology system. The transfer of selected functions, excluding the Gracefield Innovation Quarter (GIQ), is expected to be completed by 30 June 2026. Callaghan Innovation is expected to continue operating the GIQ site until decisions regarding its long-term use are confirmed.

However, uncertainty remains regarding both the timing and ultimate completion of the disestablishment, as legislation to repeal the Callaghan Innovation Act 2012 has not yet been introduced. These matters indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern.

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, the International Standards on Auditing (New Zealand), and New Zealand Auditing Standard 1 (Revised): *The Audit of Service Performance Information* 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 Group's financial statements and the Group's performance information

The Board of Directors is responsible on behalf of the Group for preparing:

- Financial statements that fairly present the Group's financial position, financial performance, and its cash flows, and that comply with generally accepted accounting practice in New Zealand.
- A statement of service performance that:
 - provides an appropriate and meaningful basis to enable readers to assess the actual performance of the Group for each class of reportable outputs; determined in accordance with generally accepted accounting practice in New Zealand;
 - fairly presents, for each class of reportable outputs:
 - the actual performance of the Group;
 - the actual revenue earned; and
 - the output expenses incurred
 as compared with the forecast standards of performance, the expected revenues, and the proposed output expenses included in the Group's statement of performance expectations for the financial year; and
 - complies with generally accepted accounting practice in New Zealand.

The Board of Directors is responsible for such internal control as they determine is necessary to enable them to prepare Group financial statements, and a Group statement of service performance that are free from material misstatement, whether due to fraud or error.

In preparing the Group's financial statements, and the Group statement of service performance, 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 Director's responsibilities arise from the Crown Entities Act 2004, and the Public Finance Act 1989.

Responsibilities of the auditor for the audit of the Group's financial statements and the Group's performance information

Our objectives are to obtain reasonable assurance about whether the Group's financial statements, and the Group's statement of service performance, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit 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 the Group's financial statements, and the Group's statement of service performance.

For the budget information reported in the Group's financial statements, and the Group's statement of service performance, our procedures were limited to checking that the information agreed to the Group's statement of performance expectations.

We did not evaluate the security and controls over the electronic publication of the Group's financial statements, and the Group's statement of service performance.

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:

PwC – Independent auditor's report

- We identify and assess the risks of material misstatement of the Group's financial statements, and the Group's statement of service performance, 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 evaluate whether the Group's statement of service performance and the end-of-year performance information for appropriations of the Group:
 - provides an appropriate and meaningful basis to enable readers to assess the actual performance of the Group in relation to the actual performance of the Group (for the statement of service performance) and what has been achieved with the appropriation by the Group (for the end-of-year performance information for appropriations). We make our evaluation by reference to generally accepted accounting practice in New Zealand; and
 - fairly present the actual performance of the Group and what has been achieved with the appropriation by the Group for the financial year.
- 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 and the performance information 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 Group's financial statements, and the Group's statement of service performance, including the disclosures, and whether the Group's financial statements, and the Group's statement of service performance represent the underlying transactions and events in a manner that achieves fair presentation.
- We plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information, the service performance information, and the end-of-year performance information for appropriations of the entities or business units within the Group as a basis for forming an opinion on the Group financial statements, the Group statement of service performance and the end-of-year performance information for appropriations of the Group. 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 all of the information included in the annual report, but does not include the Group's financial statements, and the Group's statement of service performance, and our auditor's report thereon.

PwC – Independent auditor's report

Our opinion on the Group's financial statements, and the Group's statement of service performance 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 Group's financial statements, and the Group's statement of service performance, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the Group's financial statements, and the Group's statement of service performance 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 (including International Independence Standards)* (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board.

In addition to the audit we have carried out an audit related service, which is compatible with those independence requirements. Other than the audit and this engagement, we have no relationship with or interests in the Group.



Sarah Turner
On behalf of the Auditor-General
Wellington, New Zealand



PricewaterhouseCoopers

10. Statutory reporting requirements

Ministerial directions (Section 151(1)F Crown Entities Act 2004)

Callaghan Innovation did not receive any Ministerial Directions in the 2023/24 year and operated under existing Ministerial Directions issued in previous years. All Ministerial Directions currently applicable to Callaghan Innovation are on our website (callaghaninnovation.govt.nz) or on the New Zealand Gazette website (gazette.govt.nz).

Systems and procedures for administration of government grants

Section 15(2) of the Callaghan Innovation Act requires that we report on the systems and procedures that provide fairness and transparency around the allocation and administration of government business, science and innovation grants.

Callaghan Innovation currently administers the following grants:

- New to R&D Grants
- R&D Project Grants
- R&D Experience, Career and Fellowship Grants (Student Grants)
- Ārohia Trailblazer Grants (Ārohia Evidence Grants and Ārohia Trailblazer Grants)
- Technology Incubator Grants

To give effect to the requirement of the Act, the following systems and procedures have been implemented and operated throughout the year.

For all grants:

- Grant applications that do not meet the eligibility criteria are not accepted.
- Eligibility criteria are published on the Callaghan Innovation website.
- If applicable, Callaghan Innovation will only approve grants where the applicant has confirmed they have the financial ability to cover their project costs.
- Application forms are standard for each grant type and not amended for individual circumstances.
- All grants are approved in line with a delegations policy approved by the Callaghan Innovation Board.
- Grant funding agreements are standard and not amended for individual circumstances.
- Funding agreements are approved in line with a delegations policy approved by the Callaghan Innovation Board
- Claims for payment to grant recipients are approved in line with a delegations policy approved by the Callaghan Innovation Board.
- Callaghan Innovation has a Conflicts of Interest policy that is reviewed and approved by the Callaghan Innovation Board.
- Potential conflicts of interest are assessed as part of the grant application assessment. Where any conflicts of interest are identified, additional information is required to be provided to explain how the conflict will be managed.

Funding agreements for New to R&D, Student and Ārohia Trailblazer Grants (Ārohia Evidence and Ārohia Trailblazer Grants) are available on the Callaghan Innovation website to view prior to applying for a grant.

For New to R&D, R&D Project and Student Grants, “eligible research and development” is assessed by a minimum of two authorised persons. Grant applications that do not meet the eligibility criteria are not accepted.

For Technology Incubator Grants, applications are assessed in accordance with the directives of the scheme.

For Ārohia Trailblazer Grants, eligibility criteria are assessed by the members of the Funding Engagement team.

Grant applications that do not meet the eligibility criteria are not accepted.

The Ārohia Trailblazer Grant is contestable and applications are only open during pre-determined funding rounds.

Applications are first assessed by an internal panel of experts to determine finalists for the funding round.

Due diligence is undertaken to confirm the eligibility criteria are met. Finalists are subject to a live pitch presentation to external innovation ecosystem experts who make a recommendation for funding to Callaghan Innovation.

Claims for payments are not approved unless the applicant has confirmed availability of funding for their share of the costs.

Enforcements of Acts (Section 20(3) Crown Entities Act 2004)

Callaghan Innovation did not enter any transaction that was invalid under section 19 of the Crown Entities Act 2004, and therefore was not required under section 20 of the Crown Entities Act to report any such transaction.

A transaction would be invalid under section 19 if:

- Callaghan Innovation breached the Crown Entities Act by entering it,
- Callaghan Innovation was acting outside its authority under the Crown Entities Act by entering it, or
- Callaghan Innovation did not enter it for the purpose of performing its functions.

Employee remuneration

The table below shows the number of Callaghan Innovation employees who received remuneration and/or benefits (excluding redundancy and cessation payments) of \$100,000 or more for the financial year ended 30 June 2025.

Table 167: 17Number of employees in 2024/25

Pay bracket	Callaghan Innovation	Food Innovation Network Limited ²³	Total
100,000 - 109,999	23	1	24

²³ Food Innovation Auckland Limited and Food Innovation (South Island) Limited amalgamated on 1 October 2024 to become Food Innovation Network Limited. Employment agreements were transferred from the two individual entities to the Food Innovation Network Limited.

110,000 - 119,999	47	3	50
120,000 - 129,999	21	1	22
130,000 - 139,999	41		41
140,000 - 149,999	27		27
150,000 - 159,999	30	2	32
160,000 - 169,999	22		22
170,000 - 179,999	8		8
180,000 - 189,999	9		9
190,000 - 199,999	10		10
200,000 - 209,999	2		2
210,000 - 219,999	4		4
220,000 - 229,999	4		4
230,000 - 239,999	3		3
240,000 - 249,999	3		3
250,000 - 259,999	1		1
260,000 - 269,999	-	1	1
270,000 - 279,999	1		1
280,000 - 289,999	-		0
290,000 - 299,999	1		1
300,000 - 309,999	1		1
310,000 - 319,999	2		2
320,000 - 329,999	1		1
350,000 - 359,999	1		1
360,000 - 369,999	1		1
550,000 - 559,999	1		1
Total	264	8	272

Board of Directors' Remuneration

Table 188:19 Callaghan Innovation Directors' fees in 2024/25

Callaghan Innovation Directors	
Nicole Buisson	31,700
Elena Trout	30,800
Shaun Hendy	30,300
Matanuku Mahuika	28,000
Sally McKechnie	28,000
Jennifer Kerr	58,000
David Bennett	35,100
Total	241,900

On 1 October 2024 Food Innovation Auckland Limited (FoodBowl) and Food Innovation (South Island) Limited (FoodSouth) amalgamated to become New Zealand Food Innovation Network Limited. Directorships ceased for all the FoodBowl and FoodSouth directors on 30 August 2024, except for Stefan Korn, who was the only director for both until 1 October 2024.

Table 209: Food Innovation Auckland Directors' fees in 2024/25

Food Innovation Auckland Limited Directors	
Roger Gower	2,500
Tony Nowell	1,700
Michael Barker	1,700
Stefan Korn*	0
Total	5,900

Table 20: Food Innovation (South Island) Directors' fees in 2024/25

Food Innovation (South Island) Limited Directors	
Alan Malcolmson	3,200
Stefan Korn*	0
Grant Edwards*	0
Total	3,200

Table 21: Food Innovation Network Directors' fees in 2024/25

Food Innovation Network Limited Directors	
Shaun Hendy	8,200
Elena Trout	15,000
Stefan Korn*	0
Grant Edwards*	0
Total	23,200

*Director elected not to receive compensation for their role on these Boards