

Callaghan
Innovation
Te Pokapū
Auaha



Callaghan Innovation Annual Report

2025/2026

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1. Foreword

Tēnā koutou katoa

We are pleased to present Callaghan Innovation's annual report for 2025/26. This year was defined by the implementation of the Government's decision to disestablish Callaghan Innovation and transfer selected functions to other parts of the science, innovation and technology system. Throughout this period, our focus has been delivering an orderly transition and meeting our obligations to the Crown, while supporting our customers, our staff, and our stakeholders.

During 2025/26, Callaghan Innovation completed a significant programme of transfer and disestablishment activity. Funding and Grants products, including the Research and Development Tax Incentive, Founder and Startup Support, New to R&D Grant, Student Grants, and the Ārohia Innovation Trailblazer Grant transferred to the Ministry of Business Innovation and Employment effective 1 December 2025. The Bioresource Processing Alliance transferred to the Bioeconomy Science Institute, and the NZ Product Accelerator and HealthTech Activator transferred to the New Zealand Institute for Advanced Technology at the beginning of FY2026/27. The Applied Technologies function was shut down, and work continued on the future of GlycoSyn and the Gracefield Innovation Quarter.

Alongside these changes, our teams continued to deliver services and stewardship where required. The RDTI has now supported more than \$7 billion of R&D and more than \$1 billion of tax credits for New Zealand businesses, and the five-year evaluation completed in March 2025 informed recommendations to Ministers in October 2025. The HealthTech Activator continued to support companies across market validation, regulatory preparedness, capital planning and clinical trial preparedness, and the Bioresource Processing Alliance, NZ Product Accelerator, Biotechnologies Group and NZ Food Innovation Network continued to support industry-facing innovation and commercialisation.

The disestablishment programme has required disciplined governance, clear communication and careful management of risk. We continued to manage the Gracefield Innovation Quarter on behalf of the Crown, progressed a Better Business Case for its future, and supported tenants by confirming ongoing lease arrangements. We also maintained health, safety, financial and assurance controls while managing reduced staffing, service continuity and the information, systems and contractual arrangements to support successful transfers.

We want to acknowledge and thank Callaghan Innovation's people for their professionalism, commitment and care during a period of sustained change and uncertainty. Many have continued to serve customers and partners while also preparing functions for transfer, closing activities responsibly, supporting colleagues and contributing to the future shape of New Zealand's science, innovation and technology system. Their work has reflected the spirit and purpose of Callaghan Innovation, and we are deeply grateful for their contribution.

We also acknowledge the governance and leadership changes during the year. Both Sally McKechnie and Candace Kinser supported our governance through Directorships for part of the 2025/26 year. Stefan Korn finished as Chief Executive in January 2026, with Cliff Hastings appointed as Chief Executive in his place. As we move into 2026/27, Callaghan Innovation remains committed to completing its remaining transfer and disestablishment responsibilities carefully, transparently and in partnership with others across the system.



Elena Trout
Board Chair



Cliff Hastings
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 2025 to 30 June 2026, 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 and the Crown Entities Act 2004, whether or not that information is included in this annual report.

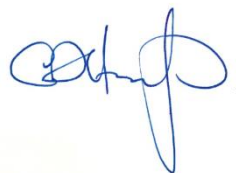
The Board is also responsible for establishing and maintaining a system of internal controls designed to provide reasonable assurance as to the integrity and reliability of financial reporting. In the opinion of the Board, the Financial Statements and Statement of Service Performance for the period from 1 July 2025 to 30 June 2026 fairly reflect the financial position and operations of Callaghan Innovation.



Elena Trout
Board Chair



Matanuku Mahuika
Deputy Chair



Cliff Hastings
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, Public Research Organisations (PROs) 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.

The nature of our partnerships across the system have changed throughout 2025/26 as we moved to disestablish and transfer activities following the Government's disestablishment announcement. We continue to work with government agencies where relevant to ongoing operations and transfer activities including the Treasury and New Zealand Growth Capital Partners, as well as supporting innovation activities and services with New Zealand Universities, Public Research Organisations, other tertiary education organisations and other private R&D providers.

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

Since January 2025 Callaghan Innovation have acted to progress the Minister's intentions. Some activities ceased immediately, others were progressively wound down, and others have been transferred to other entities.

The Applied Technologies group was the final function to be shutdown on 30 September 2025.

The following table provides an overview of the functions that have been transferred to other entities during 2025/26 and immediately after year end.

Table 1: Transfer of Callaghan Innovation functions

Product or service	Effective date of transfer	Receiving entity
Research and Development Tax Incentive (RDTI)	1 December 2025	MBIE
Startup and Founder Support programme		
New to R&D Grant		
Ārohia Trailblazer Grant		
Ārohia Evidence Grant		
Student Grants		
Project Grant		
Transition Support Payment		
R&D Loans	1 November 2025	MBIE
Bioresource Processing Alliance	1 July 2026	Bioeconomy Science Institute
HealthTech Activator (HTA)	1 July 2026	New Zealand Institute for Advanced Technology
New Zealand Product Accelerator (NZPA)		

In May 2026 Callaghan Innovation were advised to pause the transfers of the Technology Incubator Programme, the Measurement Standards Laboratory, and the Biotechnologies Group. Callaghan Innovation will retain responsibility and oversight of these functions until Science Sector Reform legislation has been enacted. At the end of 2025/26 Callaghan Innovation also retained responsibility for the New Zealand Food Innovation Network, and discussions are ongoing with the Bioeconomy Science Institute (BSI) to set a date for transfer.

The following table provides an overview of the functions still to be transferred to other entities in 2026/27.

Table 2: Callaghan Innovation functions still to be transferred

Product or service	Receiving entity
New Zealand Food Innovation Network	Bioeconomy Science Institute
Measurement Standards Laboratory	Earth Sciences NZ
Biotechnologies Group	Bioeconomy Science Institute
Technology Incubator Programme	MBIE

Government expectations for Callaghan Innovation also include the direction 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.

Sections below detail progress on our strategic intentions, as well as performance against our Statement of Performance Expectations. The disestablishment has impacted both progress against our strategy, as well as the achievement of our non-financial Statement of Performance Expectations measures as we work to implement Government directives and focus on transferring products and services.

4. Progress on strategic intentions

4.1 Progress towards strategic outcomes

2025/26 is the fourth 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. The disestablishment has impacted progress against the outcomes sought in our strategy, however these outcomes and activity against them is detailed at a high-level in the table below.

In 2025 the Minister waived the requirement for Callaghan Innovation to provide a new Statement of Intent under section 139B(3) of the Crown Entities Act.

Table 3: Progress towards the strategic outcomes in our Statement of Intent 2023-2027

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	All grants products and services transferred from Callaghan Innovation to MBIE effective 1 December 2025. From the period 1 July – 30 November 2025 Callaghan Innovation continued to deliver the Research and Development Tax Incentive, the New to R&D Grant, and Student Grants. Callaghan Innovation continue to run the Measurement Standards Laboratory, New Zealand's national metrology institute, supporting companies who sell products and services that depend on physical measurements.
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	Work in this area has been impacted by our disestablishment, and with the closure of the Applied Technologies function. The Biotechnologies Group was retained within Callaghan Innovation for the 2025/26 financial year, this team assists companies to transform biological materials into high value products. Callaghan Innovation also retains responsibility for the Technology Incubator Programme. A total of 10 organisations in 2025/26 received Technology Incubation support from one of five specialist technology incubators with expertise in commercialising complex, technical solutions to global problems.
Support Māori Innovation We deliver specific services, customer journeys and	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.

engagement models for Māori scientists, innovators and entities.		
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	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	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. Our work in the health-tech space continues with the HealthTech Activator (HTA), which transferred to the NZIAT on 1 July 2026.

4.2 Our 2025/26 highlights

Quarter one: Confirmed the process, plan, people and digital transfer timelines for the funding and grants products and services transferring to MBIE, while continuing to deliver these services to customers. The Applied Technologies function was shut down on 30 September 2025, including the close-out of customer commitments, contracts and operational obligations.

Quarter two: Completed the transfer of the Research and Development Tax Incentive, Founder and Startup Support, New to R&D Grant, Student Grants, Ārohia Innovation Trailblazer Grants, Project Grants and Transition Support Payment to MBIE effective 1 December 2025, and the transfer of R&D Loans to MBIE effective 1 November 2025.

Quarter three: Continued to progress key retained responsibilities, including options for the future ownership of GlycoSyn and development of a Better Business Case for the Gracefield Innovation Quarter. Callaghan Innovation also supported tenants through confirmed lease arrangements to June 2032 and maintained safe and compliant site operations on behalf of the Crown.

Quarter four: Successfully prepared the Bioresource Processing Alliance to the Bioeconomy Science Institute, and the HealthTech Activator and New Zealand Product Accelerator for transfer to the New Zealand Institute for Advanced Technology. These transfers took effect on 1 July 2026.

Across the year, Callaghan Innovation's people remained focused on supporting customers, staff, stakeholders and receiving entities through disestablishment, while maintaining service continuity and meeting obligations to the Crown.

5. Assessment of operations and performance

5.1 Implementing the Government's priorities

5.1.1 Baseline savings

Callaghan Innovation was not issued specific Budget 2025 baseline savings targets for 2025/26. However, the organisation continued to manage expenditure carefully as part of its disestablishment and transfer activities.

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 2025/26.

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 2025/26.

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.

For activities and functions that are transferring

- Transferred all grants and services products (excluding the Technology Incubator Programme) products to MBIE.
- Developed a transfer plan for functions shifting to Public Research Organisations, and transferred all possible functions outside of those that require enabling legislation.
- Progressed negotiations in relation to a potential sale of GlycoSyn.

For the ongoing Callaghan Innovation organisation

- Continued to run GIQ and maintain the site, confirmed leases with prospective and existing tenants to 30 June 2032.
- Commenced the development of a Better Business Case for the future of the GIQ site in conjunction with KPMG.

For activities and functions that are disestablished

- Completed final shutdown of the Applied Tech function and exited contracts with Applied Tech customers
- Exited leases on premises in Christchurch, Wellington and Auckland

5.1.5 Other significant Budget decisions

There are no 'significant' Budget decisions applicable for Callaghan Innovation in 2025/26.

5.2 Operational activities

5.2.1 Overview of 2025/26 operations

This section provides an assessment of Callaghan Innovation's operations during 2025/26, reflecting the organisation's disestablishment, transfer of functions to other entities, services that continued during the year, and activities that were shutdown. It should be read alongside Section 4, which reports progress against strategic intentions, and Section 6, which provides the formal Statement of Service Performance.

Overall, Callaghan Innovation's operations in 2025/26 were shaped by the need to deliver a disestablishment and transition programme while continuing to meet obligations to customers, stakeholders, staff and the Crown. The organisation's operational focus shifted from delivery of innovation support grants and services to providing customer service continuity through a time of change, ensuring people and functions were prepared for transfer, and delivering to ongoing government expectations for GlycoSyn and GIQ.

5.2.2 The Disestablishment Programme

Our approach to the transfer of grants and services was to undertake the shifting of functions in tranches. The transfers of people and the transfer of digital assets were decoupled primarily to distribute a manageable workload across the organisation, minimise disruption for our customers, and to ensure that sensible sequencing was enabled for a smooth transition. In all instances the people were transferred before the digital platforms supporting the relevant products and services. This meant that we have worked very closely and collaboratively with the teams at MBIE and the Public Research Organisations as we focus on maintaining continuity of service delivery over the transfer period.

Our teams have worked diligently to remain focused on delivering for customers, while simultaneously undertaking a large volume of transfer activity, and it is to their credit that our performance scores in our Statement of Service Performance reflect this effort.

5.2.3 Functions transferred

During 2025/26 Callaghan Innovation focused on preparing and transferring selected functions to other parts of the SI&T system, in line with the Government's directives on disestablishment. This included maintaining service continuity for customers where required, supporting receiving entities, and managing the people, systems, information and operational aspects of each transfer.

HealthTech Activator

The HealthTech Activator (HTA) is a coordinated, ecosystem-wide support mechanism for early-stage founders and companies in NZ'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.

The HTA continued to operate business-as-usual delivering services across five core platforms of Capital Planning, Market Validation, Regulatory Preparedness, Reimbursement and Clinical Trial Preparedness.

New in 2025/26 was the delivery of a 12-month programme in Quality Management Systems for Medical Devices, delivering a mix of quarterly learning modules, webinars and supporting online content¹.

¹ Visit the QMS content at <https://hta.callaghaninnovation.govt.nz/quality-management-systems>

In addition HTA developed and delivered webinars and workshops to support companies navigating the fast-changing AI landscape affecting healthtech and healthcare companies operating in the US.

Collaboration with Te Titoki Mataora, the medtech translator programme and Te Whatu Ora - Health NZ drives demand for HTA commercialisation support services for technologies or start-ups emerging from either translational research or clinical settings.

Platform subscriber numbers sit at over 1500, with services having been delivered to more than 300 companies across Medical devices, Bio-pharma and Digital Health sub-sectors. The LinkedIn HTA community continued to grow across the year and now has over 530 subscribers.

The HTA programme was transferred to the New Zealand Institute for Advanced Technology on 1 July 2026.

Bioresource Processing Alliance

The Bioresource Processing Alliance (BPA) supports collaborative R&D projects that turn underused primary-sector waste and by-product streams into higher-value products, helping businesses reduce waste and create new commercial opportunities.

In the first nine months of the 2025/26 financial year, the BPA approved 15 new projects and completed 22 projects. At the end of Q3 there were 28 projects still in progress, with four projects at contracting.

The focus in the last quarter of the 2025/26 financial year was the transfer of the BPA to the Bioeconomy Science Institute, which was successfully executed on 1 July 2026.

NZ Product Accelerator

The New Zealand Product Accelerator (NZPA) connects New Zealand manufacturers with university and research expertise to help solve technical product and process challenges, accelerate applied R&D, and support commercial innovation.

In the first nine months of the financial year, over 50 new engagements were undertaken by the network, while consistently managing 40-50 active projects nationwide for the wider manufacturing sector over this time. Eleven projects were completed over the same time period.

On the 26 August 2025, Minister Reti announced \$1m of additional funding for the NZPA programme, the logistics of which were worked through with the University of Auckland and MBIE.

The focus in the last quarter of the 2025/26 financial year was the transfer of the NZPA to the New Zealand Institute for Advanced Technology, which was successfully executed on 1 July 2026.

Founder and Startup Support

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.

The programme partners with 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.

In Q1 of the financial year 30 startups participated in the incubator and accelerator programmes, Startup Aotearoa supported 360 founders, and the HTK Activator services supported 39 founders.

In addition to these programmes we made small, but very impactful sponsorships of Startup Weekends, Angel Association of NZ and other events that foster entrepreneurship and collaboration in the startup ecosystem.

Founder and Startup Support Services transferred to MBIE effective 1 December 2025.

New to R&D

The New to R&D grant is a co-funding grant offering funding support for businesses who are new to R&D. The grant was re-launched in November 2023 offering 40% funding support to entrepreneurs at the start of their innovation journey.

Building on the momentum from 2024/25, which saw a 173% increase on approved grants from the previous year (\$26.1m versus \$9.6m), Q1 2025/26 maintained the same level of approval in terms of amount of grants, with a small drop in \$ value (\$268k average contract value compared to \$304k).

Over the first quarter of the year Callaghan Innovation expanded alignment of the New to R&D grant with the Research and Development Tax Incentive, and explored marketing and communication opportunities for customers. This work provides a roadmap of Government R&D support from inception to commercialisation, strengthening a core tenant of the New to R&D Programme – to be an onramp for the RDTI scheme.

The New to R&D scheme transferred to MBIE effective 1 December 2025.

Ārohia Innovation Trailblazer

Ārohia Innovation Trailblazer grants are a contestable grants programme designed to support businesses with high-impact innovation projects by helping them build evidence, reduce risk and accelerate the development and commercialisation of innovative products, processes or services.

The Ārohia Innovation Trailblazer grants were placed on hold for the duration of the financial year 2025/26.

The Ārohia Innovation Trailblazer scheme transferred to MBIE effective 1 December 2025.

Research and Development Tax Incentive

The Research and Development Tax Incentive (RDTI) provides a 15% tax credit on a business's eligible R&D spend. It came into effect in April 2019 and from 1 July – 30 November 2025 Callaghan Innovation managed the operational application in conjunction with Inland Revenue.

The RDTI has supported more than \$7 billion of R&D equating to more than \$1 billion of credits awarded to NZ businesses. Since the completion of the RDTI 5 Year Evaluation in March 2025, we have been working with MBIE and Inland Revenue to suggest operational and policy improvements which could better achieve the scheme's desired outcomes. A joint briefing detailing these recommendations was delivered to Ministers in October 2025.

In Q1 2025/26 our customer engagement team prioritised outreach, with the goal to raise awareness of the scheme. This was delivered through sponsorships and industry events, including the Aotearoa AI Summit in September 2025. Our assessment team processed 522 General Approval assessments in Q1, down from 628 in Q1 2024/25. The reduction in throughput was driven by the uncertainty around the transfer to MBIE, however this has not negatively impacted service delivery metrics which remain high.

The RDTI transferred to MBIE effective 1 December 2025.

Student Grants

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.

Student Grants continued to be over-subscribed in 2025/26, and student grants continue to be the most popular funding product by volume of customers reached.

In 2024/25 we received 801 applications and approved 661, maximising the appropriation. In Q1 2025/26 we received 667 applications and approved 504, with applications and approvals continuing until the appropriation was fully utilised.

Overall approval numbers continue to decline as a result of the fixed appropriation amount of \$15m against increased living wage, i.e. each grant value is higher today than it was 3 years ago therefore the amount of students placed is reducing each year.

Student Grants transferred to MBIE effective 1 December 2025.

5.2.4 Functions and services retained during the year

Callaghan Innovation retained responsibility for selected functions, statutory obligations, and site operations during 2025/26. These activities were managed while disestablishment progressed.

Two significant projects for Callaghan Innovation in the 2025/26 year were to explore options for the future ownership of GlycoSyn, and to continue to manage the Gracefield Innovation Quarter site until decisions on its long-term future are confirmed.

In addition, in May 2026 Callaghan Innovation were directed to pause transfers for the Biotechnologies Group, the Measurement Standards Laboratory, and the Technology Incubator Programme until enabling legislation is enacted.

Callaghan Innovation also retained responsibility for NZFIN for the duration of the financial year, pending transfer to the BSI in 2026/27.

GlycoSyn

GlycoSyn is Callaghan Innovation's specialist biopharmaceutical and glycotherapeutics capability, providing synthetic route evaluation, drug-development support, GMP manufacture of investigational medicines, and specialty commercial ingredients for customers in New Zealand and globally.

Activity in 2025/26 focused on delivering to Government expectations to identify and assess options for the future of GlycoSyn, with a view to reducing the Crown's ongoing liability while preserving value where possible. Throughout 2025/26 this included progressing the sale process, supporting due diligence and information requests, engaging with relevant Crown agencies and interested parties, and maintaining appropriate governance, confidentiality and probity arrangements.

A potential purchaser for GlycoSyn was identified in Q1 and work on a Sale and Purchase Agreement was subsequently progressed with the interested party. The proposed transaction included all GlycoSyn business assets, intellectual property, customer relationships, and product lines, along with working capital balances at completion.

Negotiations for the potential sale of GlycoSyn continued throughout the remainder of the 2025/26 year, and are anticipated to be completed in 2026/27.

Gracefield Innovation Quarter

Gracefield Innovation Quarter (GIQ) is Callaghan Innovation's Gracefield site, a science and technology precinct that provides specialised facilities, laboratories and accommodation for innovation-focused tenants, which Callaghan Innovation manages on behalf of the Crown.

In Q3 2025/26 the Minister confirmed an extension to the lease term for tenants at GIQ (with lease agreements to June 2032), providing Callaghan Innovation with the capacity to confirm new lease agreements and provide certainty for existing tenants.

In Q1 we engaged with KPMG to develop a Better Business Case outlining options for the future of GIQ, and this work remained a key focus for the team through Q2 and Q3. Callaghan Innovation continued to manage the site on behalf of the Crown while supporting the development of the business case. This included maintaining safe

and compliant site operations, managing tenants and contractors, supporting essential services and infrastructure, and progressing asset and property information needed for future decisions.

Biotechnologies Group

The Biotechnologies Group supports companies to develop and scale biotechnology-based products and processes, using specialist fermentation, bioprocessing and product-development expertise to help transform biological materials into high-value commercial products.

An early focus in 2025/26 was on establishing an independent marketing and communications look and feel, as well as independent social media channels for the Biotechnologies team, to setup for a smooth transfer to the BSI.

Additionally the Biotechnologies Group have been tasked with becoming a commercially viable group by 30 June 2027. Within the team a huge amount of effort has been employed to secure a future pipeline of work, providing increased certainty of income for the 2026/27 financial year in comparison with previous years, supporting the road to commercial sustainability.

A highlight for the Biotechnologies Group this year was a strong presence at the New Zealand Institute of Food Science and Technology conference in June 2026, which provided opportunities to showcase the capability of the team, the work we do for industry, and examples of the impact we're having for customers. Over the three days the team connected with industry representatives, researchers, students and potential collaborators, providing invaluable connections within the industry and supporting the ongoing viability of the Group overall.

The Biotechnologies Group will transfer to the BSI once enabling legislation is enacted.

Measurement Standards Laboratory

The Measurement Standards Laboratory (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 106 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

Technology Incubator Programme

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 2025/26 there were five Technology Incubators run by Brandon Capital, Bridgewest Ventures, Pacific Channel, Sprout Agritech and WNT Ventures. All of these providers are able to provide pastoral support, as well as funding, to startups participating in the programme.

In 2025/26 10 organisations or individuals received Technology Incubation support.

New Zealand Food Innovation Network

The New Zealand Food Innovation Network (NZFIN) supports food and beverage businesses to develop, test and scale new products by providing access to specialist facilities, technical expertise and commercialisation support across a national network of food innovation hubs.

2025/26 was a challenging trading year for NZFIN with revenue and utilisation significantly affected by a softer New Zealand economy, more cautious customer behaviour, slower project decisions, and harder more protracted commercial negotiations.

- Customer engagement and pipeline activity improved, but conversion to confirmed revenue remained volatile as customers delayed decisions, reduced scope or pushed projects into 2026/27.
- Revenue was below the revised budget, but management actively mitigated the financial pressure with restrained expenditure, deferred non-critical investment, held some vacancies open and improved cost discipline.
- Public impact evidence is now a strength and demonstrates NZFIN's contribution to commercialisation, reduced risk, firm capability, private investment, exports and jobs.

Over the year NZFIN materially strengthened its strategy, impact evidence and stakeholder position. The 'One NZFIN operating model' focuses on cost discipline, CRM visibility, governance controls and compliance foundations.

The ongoing focus for 2026/27 is on strengthening customer relationships, improving pipeline conversion, increasing facility utilisation and continuing to build consistent ways of measuring and improving performance across our hubs. These initiatives will help position NZFIN for sustainable growth and to deliver value to New Zealand's food and beverage sector.

Discussion about the transfer of NZFIN to the BSI are continuing, involving stakeholders from Callaghan Innovation and the Plant & Food Group within the BSI.

5.2.5 Activities and sites shut down

Callaghan Innovation also managed the orderly wind-down or cessation of activities that were not continuing or transferring. Most services and functions that needed to be shutdown were concluded in the 2024/25 financial year, however the final shutdown of the Applied Technologies team happened at the end of Q1 2025/26. This involved closing out customer commitments, managing contractual and financial obligations, communicating changes to customers and partners, and ensuring appropriate treatment of assets, information and health and safety requirements.

Callaghan Innovation also closed three sites. Leases were exited at the following locations on the following dates:

- 5 Sheffield Cres, Burnside, Christchurch – exited 20 July 2025
- Majestic Centre, 100 Willis St, Wellington – exited 31 March 2026
- Textile Centre, 1 Watt St, Parnell, Auckland – exited 30 June 2026

5.2.6 Customer and stakeholder continuity

Throughout the year, Callaghan Innovation continued to prioritise clear communication and continuity of support for customers, delivery partners, system stakeholders and receiving entities. Operational effort focused on helping customers understand which services remained available, which services were transferring, and where to go for support after transfer or closure.

Our customer performance results as detailed in Section 6 supports ongoing positive perceptions of our service.

5.2.7 Operational risks, controls and assurance

Disestablishment created operational risks that required active governance, management and assurance. These included risks relating to continuity of ongoing services, preparedness for transfer, health and safety, asset management, people capability, digital capability, information management, financial controls and stakeholder confidence. A detailed risk register is maintained in the wider disestablishment programme, and regular risk reporting specific to disestablishment was provided monthly to the Minister's Office.

Throughout the 2025/26 year we have maintained regular health and safety risk reporting at both a senior management and Board level. In addition, Board Directors and members of our Executive Leadership Team do regular scheduled health and safety inspections of our physical sites. We have a dedicated on site Health and Safety team at GIQ who manage these risk activities.

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 2026.

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 in FY2025/26 is to prepare selected functions for transfer to elsewhere in the SI&T system, continue to manage GIQ and continue to wind down any other operations not completed by 30 June 2025.

Operations

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 government 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.

In FY2025/26 Callaghan Innovation transferred grants and funding products and services to MBIE and undertook detailed planning for the transfer of other functions to the newly established Public Research Organisations. In addition, Callaghan Innovation has shut down products and services not designated for transfer to another entity and are in the final stages of negotiations for the sale of GlycoSyn. Callaghan Innovation has also worked closely with the Minister of SI&T to deliver a Treasury Better Business Case providing options for the Government to consider the future of the Gracefield Innovation Quarter.

There remains uncertainty over Callaghan Innovation's future operating model, including the timing and form of any legislative changes, the final transfer or cessation of remaining functions, and the longer-term arrangements for GIQ. While Callaghan Innovation continues to operate during this transition period, these matters are outside its direct control and could affect the nature and extent of activities delivered in future reporting periods.

The measures set in the Statement of Service Performance are based on the 2025/26 Vote Business, Science, and Innovation. Many of the grants products and services that these performance measures are aligned to have transferred to MBIE over 2025/26, along with the requirement to report on them. Affected measures, and the corresponding timeframes and results are noted throughout the document.

6.2 Available appropriations

Callaghan Innovation's 2025/26 funding was provided through a mix of multi-category, annual and multi-year appropriations. The Supplementary Estimates included 15 appropriations available to Callaghan Innovation, with amounts recognised against 12 of these during the year.

The majority of Callaghan Innovation's operational funding comes from the 'Callaghan Innovation Operations: Multi-Category Appropriation (MCA)'. For part of the financial year 2025/26 we also administered 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. R&D grants are structured to meet a range of business needs, whether young start-ups or established R&D performers.

As part of the disestablishment process, administration of the New to R&D Grant, R&D Project Grant, Student Grant, Innovation Trailblazer Grant, and Founder and Start-up Support transferred to MBIE from 1 December 2025. Accordingly, Callaghan Innovation's reported actual results for these grant appropriations reflect activity only up to the transfer date. The related budget information remains presented on a full-year basis, consistent with the appropriations and performance expectations set for 2025/26, and should therefore be interpreted with this timing difference in mind.

The following table shows the funding made available by the Crown through the 2025/26 Estimates and Supplementary Estimates of Appropriations, compared with the amounts recognised by Callaghan Innovation.

\$000's	Estimates 2025/26	Supplementary Estimates 2025/26	Actual 2025/26	Difference to Supplementary Estimates 2025/26
Annual Multi-Category Appropriation				
Callaghan Innovation Operations MCA				
<i>Non-Departmental Output Expenses:</i>				
Building Business Innovation	3,878	3,378	1,500	1,878
Business Innovation Support Programme Management	17,946	10,946	10,946	-
Research and Development Services and Facilities for Business and Industry	53,605	48,973	42,522	6,451
<i>Non-Departmental Other Expenses:</i>				
Cessation and transfer of activities	20,050	21,998	5,334	16,664
<i>Non-Departmental Capital Expenditure</i>				
Capital investment in the Gracefield Innovation Quarter	-	10	-	10
Total Multi-Category Appropriation	95,479	85,305	60,302	25,003
Multi-Year Appropriations				
New to R&D Grant	15,121	29,845	6,090	23,755

\$000's	Estimates 2025/26	Supplementary Estimates 2025/26	Actual 2025/26	Difference to Supplementary Estimates 2025/26
R&D Project Grant	50	2,447	(460)	2,907
Technology Incubator Programme	22,827	14,070	6,905	7,165
Innovation Trailblazer Grant	8,750	12,104	7,276	4,828
Other Annual Appropriations				
Student Grant	15,000	15,000	6,494	8,506
Transitional Support to R&D Performing Businesses	-	-	-	-
Founder and Start-up Support	2,717	2,717	1,132	1,585
Future-proofing New Zealand's Manufacturing Sector by Driving Industry 4.0 Uptake and Skills Development	-	-	-	-
Supporting Industry-Research Connection and Commercialisation	-	4,632	3,035	1,597
Strategic Science Investment Fund - Infrastructure	-	1,000	-	1,000
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 four categories, which are presented separately under each category. Major variances of actual against budget are explained under the financial performance table of each category.

The Supplementary Estimates also included \$10,000 of non-departmental capital expenditure for capital investment in the Gracefield Innovation Quarter. This capital appropriation is not included in the MCA operating financial performance table below and was not drawn down during the year.

Financial performance				
\$000's	2025/26 Actual	2025/26 Budget	2024/25 Actual	2024/25 Budget
Revenue				
Crown revenue - Appropriation	60,302	95,479	90,126	91,605
Crown revenue - National Science Challenge	-	-	629	-
Crown revenue - Other	-	-	-	-
Commercial revenue	11,725	3,870	15,157	18,600
Other revenue	3,841	2,828	2,132	4,986
Total revenue	75,868	102,177	108,044	115,191
Expenses	60,261	97,570	96,965	116,928
Net surplus/(deficit)	15,607	4,607	11,079	(1,737)

Performance measures				
	2025/26 result	2025/26 performance standard	2024/25 result	2024/25 performance standard
Total number of organisations working with ² Callaghan Innovation this financial year	1,107	2,000	1,943	2,000
Net Promoter Score (NPS) ³ of all surveyed organisations ⁴	+76	+60	+75	+60

The two non-financial measures within this appropriation primarily report the number of Grants and RDTI customers who have worked with Callaghan Innovation. All Grants and RDTI products and services transferred to MBIE effective from 1 December 2025.

The total number of organisations reported here includes the following:

- All grants customers, Startup and Founder customers, and RDTI customers who worked with Callaghan Innovation between 1 July 2025 and 30 November 2025
- HealthTech Activator customers, Technology Incubator customers, and customers who used any business innovation advisory services for the full financial year 1 July 2025 – 30 June 2026
- Customers of the Biotechnologies Group for the full financial year 1 July 2025 – 30 June 2026
- Customers who used Applied Technologies services between 1 July 2025 and 30 September 2025 (when Applied Technologies was shutdown)

The Net Promoter Score shows the satisfaction of a subset of the total customers described above. This group includes

- All grants customers, Startup and Founder customers from 1 July 2025 to 30 November 2025.
- HealthTech Activator customers and Technology Incubator customers for the full year 1 July 2025-30 June 2026.

Satisfaction with RDTI is measured separately, as is satisfaction with Applied Technologies and Biotechnologies.

a. Building Business Innovation

This category previously funded activities designed to increase business investment in R&D and raise awareness of its value. In 2025/26, activity within this category was significantly reduced as a result of the disestablishment process. The only activity maintained during the year was the HealthTech Activator, which continued to support

² 'Working with' reflects organisations that have consumed a product or service from Callaghan Innovation during the financial year.

³ 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 Detractors from the percentage of Promoters and reporting this as a score.

⁴ Organisations who consume a product or service during the financial year are provided with a request for feedback.



health technology businesses until responsibility for the programme transferred on 1 July 2026. As a result, actual revenue and expenditure are materially lower than both budget and the prior year.

Financial performance				
\$000's	2025/26 Actual	2025/26 Budget	2024/25 Actual	2024/25 Budget
Revenue				
Crown revenue - Appropriation	1,500	3,878	34,317	34,293
Crown revenue - Other	-	-	-	-
Commercial revenue	-	-	79	1,300
Other revenue	3	-	34	785
Total revenue	1,503	3,878	34,430	36,378
Expenses	1,425	1,653	20,329	26,526
Net surplus	78	2,225	14,101	9,852

Actual revenue and expenditure were below budget and significantly lower than the prior year, reflecting the progressive cessation of most activities previously funded through this category. During 2025/26, the only activity maintained was the HealthTech Activator. Responsibility for this programme transferred on 1 July 2026 and, consistent with the 2026/27 Statement of Performance Expectations, no ongoing activity is expected to remain in this category in future years.

Performance measures				
	2025/26 result	2025/26 performance standard	2024/25 result	2024/25 performance standard
Number of organisations who used Innovation Skills products or services	n/a	350	338	350
Net Promoter Score for Innovation Skills products or services	n/a	+60	+54	+60

Innovation Skills products and services ceased on 30 June 2025, reporting against these measures is no longer required as they were removed from the appropriation in the Vote Business, Science and Innovation - The Supplementary Estimates of Appropriations 2025/26.

b. Business Innovation Support Programme Management

This category funded the cost of managing customer engagement with the RDTI and the grant programmes for which Callaghan Innovation was responsible, including the negotiation, management and monitoring of related contracts with businesses and individuals. As part of the disestablishment process, responsibility for RDTI and most grant programmes transferred to MBIE during 2025/26. Staff supporting the transferring programmes moved to MBIE on 23 October 2025, with responsibility for the programmes transferring on 1 December 2025. Operational funding of approximately \$7 million was also transferred to MBIE to support the staff and activities

moving with these programmes. Callaghan Innovation remains responsible for the Technology Incubator Programme, with MBIE supporting operational delivery on Callaghan Innovation's behalf while final transfer and legislative arrangements are resolved.

Financial performance				
\$000's	2025/26 Actual	2025/26 Budget	2024/25 Actual	2024/25 Budget
Revenue				
Crown revenue - Appropriation	10,946	17,946	17,946	17,946
Other revenue	7	-	-	601
Total revenue	10,953	17,946	17,946	18,547
Expenses	6,191	18,252	12,536	16,471
Net surplus	4,762	(306)	5,410	2,075

Actual revenue and expenditure were below budget and lower than the prior year, reflecting the phased transfer of RDTI and most grant programme management activities to MBIE during the year. The reduction in Crown revenue reflects the transfer of operational funding to MBIE from 23 October 2025 to support staff delivering the transferring programmes. Expenditure reduced as the associated staff and operating costs moved to MBIE, with Callaghan Innovation retaining only residual responsibilities after 1 December 2025, primarily relating to the Technology Incubator Programme.

Performance measures				
	2025/26 result (5 months)	2025/26 performance standard	2024/25 result	2024/25 performance standard
Number of new Student Grant applications received during the financial year	571	600	364	600
Percentage of Student Grant applications who have received a decision within 30 working days of receipt of the completed application	93%	90%	93%	90%
Number of New to R&D Grant applications received during the financial year	74	40	147	40
Percentage of RDTI applicants who agree that they have had a good level of guidance and support with the application process	94%	80%	94%	80%
Percentage of general approval applications that are processed and a recommendation made to Inland Revenue within 37 working days of	89%	80%	93%	80%

receiving the application from Inland Revenue				
Percentage of organisations who are enrolled in RDTI (via MyIR) that Callaghan Innovation have proactively engaged with	99%	80%	100%	80%

The suite of measures within this appropriation relate primarily to Grants and RDTI activity that transferred to MBIE effective from 1 December 2025. Along with the transfer of operations, the reporting requirements also either transferred, or were removed.

Results for these measures reflect the period of time that Callaghan Innovation was responsible for the activity, in this case 1 July 2025 – 30 November 2025.

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

This category funded research and technical expertise and facilities for businesses and industry during 2025/26. It supported businesses to de-risk innovation, develop products, processes and services, and realise value more quickly. Following the Government's decisions on Callaghan Innovation's disestablishment, the activity mix within this category changed from previous years. The main operational reduction related to the wind-down of Applied Technologies activity by 30 September 2025, while other services, facilities and industry-facing activities continued during the year or moved to new funding arrangements. This category also includes \$ 20 million of direct funding for the Gracefield Innovation Quarter for the first time in 2025/26, reflecting the continued operation of the site during the transition period.

Through these activities, we continued to connect businesses and industries to product and process development capabilities, data and analytics expertise, open labs, engineering workshops and pilot plants. We also connected businesses with other research providers where they had complementary technical expertise. Our point of difference remained our deep links across the innovation system and our ability to move quickly to connect businesses with relevant technical support.

Our customers ranged in size and maturity from start-ups to multinational corporations, across public and private sectors and a range of industries. During 2025/26, this customer support reflected continuing research, technical and facilities-based activity, alongside the managed wind-down of Applied Technologies.

Financial performance				
\$000's	2025/26 Actual	2025/26 Budget	2024/25 Actual	2024/25 Budget
Revenue				
Crown revenue - Appropriation	42,522	53,605	28,733	33,605
Crown revenue - National Science Challenge	-	-	629	-
Crown revenue - Other	-	-	-	-
Commercial revenue	11,725	3,870	15,078	16,735
Other revenue	3,831	2,828	2,098	1,793

Financial performance				
\$000's	2025/26 Actual	2025/26 Budget	2024/25 Actual	2024/25 Budget
Total revenue	58,078	60,303	46,538	52,133
Expenses	47,311	57,615	54,486	60,811
Net surplus /(deficit)	10,767	2,688	(7,948)	(8,678)

Actual Crown revenue was lower than budget due to a combination of funding structure changes, timing differences and funding not drawn down during the year. Some industry-research connection and commercialisation funding was included in this category for the period to 31 October 2025, before moving to the new Supporting Industry-Research Connection and Commercialisation appropriation from 1 November 2025, reducing the amount recognised in this category by \$3.0 million.

Within the budget values above, appropriation funding and equal and offsetting costs of \$5.2 million per annum relate to the Bioresource Processing Alliance and New Zealand Product Accelerator. For accounting purposes, Callaghan Innovation is considered an agent for these schemes, so the related revenue and costs are not recognised gross in the actual results above and do not form part of the 2025/26 actual result. In 2024/25, the equivalent amount was \$5.25 million. The remaining Crown revenue variance mainly reflects \$2.8 million of available funding that was not drawn down, together with the wind-down of Applied Technologies activity during the year.

The primary reason for the increase in actual Crown revenue compared with the prior year was the \$20.0 million of direct funding provided for the Gracefield Innovation Quarter for the first time in 2025/26, reflecting the continued operation of the site during the transition period.

Commercial revenue was above budget, mainly because the budget assumed Glycosyn activity would be discontinued and therefore did not include its full-year revenue contribution. Actual commercial revenue includes approximately \$6.0 million of Glycosyn revenue for the year, together with increased Biotechnologies revenue, reflecting continued customer demand for these services during the transition period.

Performance measures				
	2025/26 result	2025/26 performance standard	2024/25 result	2024/25 performance standard
Prepare Biotechnologies Group for transfer to PRO ⁵	Achieved	Achieved	n/a	n/a
Improve the commercial performance and financial viability of the Biotechnologies Group ⁶	Achieved	Achieved	n/a	n/a
Report back to Ministry of Business, Innovation and Employment on commercial solutions for Gracefield Innovation Quarter by 30 September 2025 ⁷	Achieved	Achieved	n/a	n/a

⁵ New measure in 2025/26

⁶ New measure in 2025/26

⁷ New measure in 2025/26



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.

Financial performance				
\$000's	2025/26 Actual	2025/26 Budget	2024/25 Actual	2024/25 Budget
Revenue				
Crown revenue - Appropriation	5,334	20,050	9,130	-
Total revenue	5,334	20,050	9,130	-
Expenses	5,334	20,050	9,614	-
Net deficit	-	-	(484)	-

Disestablishment activity continued throughout the year, including programme management of the transition, digital decommissioning, redundancy and severance costs, and early building termination fees. These costs were managed within the appropriation allocation for the year, with lower actual spend compared to budget is largely the result of slower than anticipated transfer of functions.

Performance measures				
	2025/26 result	2025/26 performance standard	2024/25 result	2024/25 performance standard
Functions ceased or are transferred as outlined in the Implementation Plan ⁸	Achieved	Achieved	n/a	n/a

⁸ New measure in 2025/26

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.

Financial performance				
\$000's	2025/26 Actual	2025/26 Budget	2024/25 Actual	2024/25 Budget
Gracefield Innovation Quarter	-	-	-	-
Total Capital Contributions	-	-	-	-

The Supplementary Estimates included \$10,000 of non-departmental capital expenditure for capital investment in the Gracefield Innovation Quarter. This appropriation was not drawn down during the year and no expenditure was incurred.

Performance measures				
	2025/26 result	2025/26 performance standard	2024/25 result	2024/25 performance standard
Capital investments are carried out as specified in the asset management plan and building management plan ⁹	See Note 1	100%	n/a	n/a

1. Reporting against this measure is not required as the appropriation was not drawn down during the year.

⁹ New measure in 2025/26. This measure was reworded in the Supplementary Estimates 2025/26 to shift the focus from the existence of the asset management plan and building management plan to better reflect the intended performance expectation that investment is carried out in accordance with those plans.



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	2025/26 Actual (5 months)	2025/26 Budget	2024/25 Actual	2024/25 Budget
Revenue				
Crown revenue - Targeted Business Research and Development Funding MCA - New to R&D Grant	-	-	-	-
Crown revenue - New to R&D Grant 2023-28 MYA Appropriation	6,090	15,121	10,642	29,152
Total revenue	6,090	15,121	10,642	29,152
Grant expenses	6,090	15,121	10,642	29,152
Net surplus	-	-	-	-

New to R&D is a multi-year appropriation covering the period 2023/24 to 2027/28, with a total value of \$86.7 million. The total value of the appropriation has reduced over time as a result of updated forecasts and funding decisions, while unspent funding from earlier years was carried forward to align funding availability with the expected profile of grant demand.

Actual revenue and expenditure for 2025/26 was \$6.1 million compared with a budget of \$15.1 million. As administration of the grant transferred to MBIE on 1 December 2025, the reported actual expenditure reflects only the first five months of the financial year, while the budget is presented on a full-year basis. Grant uptake during the period remained broadly in line with expectations.

Performance measures				
	2025/26 result (5 months)	2025/26 performance standard	2024/25 result	2024/25 performance standard
Number of organisations with active New to Research and Development grants this financial year	152	48	134	48

This measure is tagged to a grant that transferred to MBIE effective from 1 December 2025. Along with the transfer of operations, the requirement to report on this measure also transferred.

The result for this measure reflects the period of time that Callaghan Innovation was responsible for the activity, in this case 1 July 2025 – 30 November 2025.



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	2025/26 Actual (5 months)	2025/26 Budget	2024/25 Actual	2024/25 Budget
Revenue				
Crown revenue - R&D Project Grant 2023-2028 Appropriation	(460)	50	655	400
Total revenue	(460)	50	655	400
Grant expenses	(460)	50	655	400
Net surplus	-	-	-	-

New R&D Project Grants are no longer being awarded and have not been awarded since 2022/23. The appropriation continues only to honour existing contractual commitments and to assess and pay claims for grants already approved. Administration of the R&D Project Grant transferred to MBIE on 1 December 2025. At the date of transfer, 13 R&D Project Grants remained live for claim purposes.

Actual revenue and expenditure were negative for 2025/26 because several accrued claims were settled for lower amounts than had previously been recognised. This resulted in a reversal of grant expense and the associated Crown revenue before administration transferred to MBIE. As with other grants transferred during the year, the reported actuals reflect activity only up to 1 December 2025, while the budget is presented on a full-year basis.

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 2023-2027

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	2025/26 Actual	2025/26 Budget	2024/25 Actual	2024/25 Budget
Revenue				
Crown revenue - Appropriation (Grant & Incubator funding)	6,905	22,827	7,457	21,554
Total Revenue	6,905	22,827	7,457	21,554
Grant & Incubator expenses	6,905	22,827	7,457	21,554
Net surplus	-	-	-	-

Actual revenue and expenditure were below budget. This was primarily due to lower-than-expected grant drawdown, including a number of fully approved grants from the prior year that did not progress to contracting. This reflected challenging economic conditions, with some applicants unable to proceed with their required co-funding or commercialisation plans. Five approved grants did not reach contracting stage during the year.

The 2026/27 Estimates reflect the expected transfer of responsibility for the programme as part of wider science, innovation and technology system changes. Any future funding changes will be managed through the appropriation process to ensure the programme can continue to meet existing commitments and complete the remaining year of the multi-year appropriation.

Performance measures				
	2025/26 result	2025/26 performance standard	2024/25 result	2024/25 performance standard
Number of organisations or individuals awarded a repayable grant from the Tech Incubator programme during the financial year	10	15	13	15

In 2024/25, the performance standard for Technology Incubator customers 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 2025/26.



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	2025/26 Actual (5 months)	2025/26 Budget	2024/25 Actual	2024/25 Budget
Revenue				
Crown revenue - Appropriation (Grant Funding)	7,276	8,750	17,424	25,767
Total revenue	7,276	8,750	17,424	25,767
Grant expenses	7,276	8,750	17,424	25,767
Net surplus	-	-	-	-

The Innovation Trailblazer Grant transferred to MBIE on 1 December 2025. No new application rounds have been undertaken since September 2024 due to funding limitations, and the official decision to close the programme to new entrants was made in December 2025. During 2025/26, the programme therefore focused on administering existing grant commitments rather than approving new funding rounds.

Actual revenue and expenditure were \$7.3 million compared with a budget of \$8.8 million. The reported actuals reflect activity only up to the transfer date, while the budget is presented on a full-year basis. While the 2025/26 funding profile was updated through the Supplementary Estimates, the overall multi-year funding available for the grant has reduced since the appropriation was established. Remaining activity is focused on existing grant commitments rather than new rounds.

Performance measures				
	2025/26 result (5 months)	2025/26 performance standard	2024/25 result	2024/25 performance standard
Number of new Ārohia – Innovation Trailblazer Grant applications received during the financial year	34	195	94	195
Number of organisations with active Ārohia – Innovation Trailblazer Grants this financial year	69	100	216	100

These measures are tagged to a grant that transferred to MBIE effective from 1 December 2025. Along with the transfer of operations, the requirement to report on these measures also transferred.

Results for these measures reflect the period of time that Callaghan Innovation was responsible for the activity, in this case 1 July 2025 – 30 November 2025.



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	2025/26 Actual (5 months)	2025/26 Budget	2024/25 Actual	2024/25 Budget
Revenue				
Crown revenue - Targeted Business Research and Development Funding MCA - Student	-	-	-	-
Crown revenue - Student Grant	6,494	15,000	14,035	12,000
Total revenue	6,494	15,000	14,035	12,000
Grant expenses	6,494	15,000	14,035	12,000
Net surplus	-	-	-	-

Administration of the Student Grant transferred to MBIE on 1 December 2025. Actual revenue and expenditure for 2025/26 reflect activity only up to the transfer date, while the budget is presented on a full-year basis. There were no unusual financial performance matters to report for the year.

Performance measures				
	2025/26 result (5 months)	2025/26 performance standard	2024/25 result	2024/25 performance standard
Number of organisations with active Student grants this financial year	452	500	476	500

This measure is tagged to a grant that transferred to MBIE effective from 1 December 2025. Along with the transfer of operations, the requirement to report on this measure also transferred.

The result for this measure reflects the period of time that Callaghan Innovation was responsible for the activity, in this case 1 July 2025 – 30 November 2025.

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	2025/26 Actual (5 months)	2025/26 Budget	2024/25 Actual	2024/25 Budget
Revenue				
Crown revenue - Appropriation (Grant & Incubator funding)	1,132	2,717	2,859	2,860
Total Revenue	1,132	2,717	2,859	2,860
Grant & Incubator expenses	1,132	2,717	2,859	2,860
Net surplus	-	-	-	-

Administration of Founder and Start-up Support transferred to MBIE during 2025/26. Actual revenue and expenditure reflect activity only up to the transfer date, while the budget is presented on a full-year basis. For the period administered by Callaghan Innovation, revenue and expenditure were in line with budget.

Performance measures				
	2025/26 result (5 months)	2025/26 performance standard	2024/25 result	2024/25 performance standard
Number of organisations or individuals that received a Founder Start-Up support service this financial year	109	150	207	150
Net Promoter Score for Founder Start-Up support services	+81	+50	+64	+50

This measure is tagged to a grant that transferred to MBIE effective from 1 December 2025. Along with the transfer of operations, the requirement to report on this measure also transferred.

Results for these measures reflect the period of time that Callaghan Innovation was responsible for the activity, in this case 1 July 2025 – 30 November 2025.

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	2025/26 Actual	2025/26 Budget	2024/25 Actual	2024/25 Budget
Revenue				
Crown revenue - Appropriation	-	-	230	-
Other revenue	-	-	-	-
Total Revenue	-	-	230	-
Expenses	-	-	3	-
Net surplus	-	-	227	-

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, this has been included for prior year comparatives only

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	2025/26 Actual	2025/26 Budget	2024/25 Actual	2024/25 Budget
Revenue				
Crown revenue - Appropriation	-	2,000	2,000	2,000
Total Revenue	-	2,000	2,000	2,000
Expenses	-	-	2,521	3,365
Net deficit	-	2,000	(521)	(1,365)

This appropriation was not drawn down in 2025/26 because sufficient funding was provided through the Research and Development Services and Facilities for Business and Industry appropriation to meet remuneration cost pressures.

Performance measures				
	2025/26 result	2025/26 performance standard	2024/25 result	2024/25 performance standard
Pay adjustments for eligible staff in line with PSPA agreement	See Note 1	Achieved	Achieved	Achieved

1. Reporting against this measure is not required as the appropriation was not drawn down during the year.

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	2025/26 Actual	2025/26 Budget	2024/25 Actual	2024/25 Budget
Revenue				
Crown revenue – Appropriation	8,986	8,986	8,986	8,986
Commercial revenue	774	600	682	565
Other revenue	45	0	48	496
Total revenue	9,805	9,586	9,715	10,047
Expenses	10,315	9,392	12,551	13,669
Net deficit	(510)	194	(2,836)	(3,622)

All revenue streams have tracked close to budget for the year. Expenses were above budget due to higher allocated overheads.

Performance measures				
	2025/26 result	2025/26 performance standard	2024/25 result	2024/25 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

There were 89 technical procedures in validation on 30 June 2026, 24 of which were validated or revalidated during the year. There was 0 outstanding nonconformity from previous audits as of 30 June 2026. Our accreditation has continued uninterrupted.

Supporting Industry-Research Connection and Commercialisation

This appropriation is limited to supporting the ongoing operation of innovation programmes. It is intended to achieve the facilitation of industry connections to research, technical expertise and facilities.

Financial performance				
\$000's	2025/26 Actual	2025/26 Budget	2024/25 Actual	2024/25 Budget
Revenue				
Crown revenue – Appropriation	3,035	-	-	-
Commercial revenue	321	-	-	-
Other revenue	652	-	-	-
Total revenue	4,008	-	-	-
Expenses	4,521	-	-	-
Net deficit	(513)	-	-	-

This appropriation was introduced through the Supplementary Estimates, rather than Budget 2025/26, following the transfer of eight months of New Zealand Food Innovation Network funding and Bioresource Processing Alliance operational funding from Research and Development Services and Facilities for Business and Industry. As a result, no separate Budget 2025/26 amount or performance measures were set. Actual expenditure was lower than the \$4.632 million transferred because the Bioresource Processing Alliance element is eliminated on consolidation and is not recognised as gross expenditure by Callaghan Innovation.

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 2025/26. Biographies of current members can be found online on Callaghan Innovation's [website](#).

- Elena Trout (Board Chair)
- Matanuku Mahuika (Deputy Chair)
- Anna Cassels-Brown
- Steve Evans
- Candace Kinser
- Sally McKechnie
- Jennifer Kerr

Jennifer Kerr formally finished as Board Chair on 30 June 2025 and completed her Board term on 31 August 2025. Other changes to Callaghan Innovation's Board for 2025/26 include Sally McKechnie departing effective 31 December 2025, and Candace Kinser acting as a Director from 17 September 2025 to 30 June 2026.

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](#).

- Cliff Hastings (Chief Executive)¹⁰
- Shaun Hendy (Chief Innovation Expertise Officer)¹¹
- Katie McNally (Chief People Officer)
- Sharyn Pilbrow (Director Property and Assets)¹²

¹⁰ From 19 January 2026 onwards

¹¹ From 19 January 2026 onwards

¹² From 9 February 2026 onwards

During the 2025/26 year, the following individuals were also part of the Executive leadership team:

- Stefan Korn (Chief Executive)¹³
- Kirsty Bellringer (Chief Financial Officer)¹⁴
- Florian Spoerl (Chief Product Officer)¹⁵

7.2 Our people and culture

As we move through the disestablishment process, Callaghan Innovation's dedicated and talented team continue to support scientific and technological innovation across Aotearoa New Zealand's innovation ecosystem, both in the continued applied science functions that remain with Callaghan Innovation, and through the transfer of functions and employees to other entities.

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. 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. 11 employees have used a total of 27 Employee Assistance Programme services this financial year. Employees who leave the organisation by way of redundancy are also able to utilise two 1:1 personalised coaching sessions with our provider.

We continue to foster a culture that is collaborative and constructive as we work collectively to deliver our disestablishment mandate. Maintaining a culture that supports our people has underpinned the delivery of sustained periods of change as we work through the disestablishment process. In the 2025/26 financial year we disestablished 32 employees and transferred 46 to MBIE or a PRO.

Ensuring our people are well supported by pragmatic and relevant assistance is an ongoing priority for the organisation. 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 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.

We continue to work closely with our union partner, the PSA, sharing information through regular meetings between internal union delegates, PSA representatives and Callaghan Innovation leadership. We invite early input from the PSA during each transition process and work collaboratively through key organisational changes to facilitate a coherent experience for both members and non-members.

¹³ For part of the 2025/26 year 1 July 2025 – 18 January 2026

¹⁴ For part of the 2025/26 year 1 July 2025 – 29 August 2025

¹⁵ For part of the 2025/26 year 1 July 2025 – 9 January 2026

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 2025/26 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 2025/26 we emitted 2,171 tCO₂-e (tonnes of carbon dioxide equivalent), a 41% 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 2025/26 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 lower this year than in 2024/25 due to lower consumption and a favourable emission factor.

Table4: Emissions profile broken down by scope and total annual emissions (tCO2-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	2025/26 tCo2-e
1	Direct emissions	1	1,386.42	1,311.78	919.49	924.02	915.83	916.20	1,123.56
2	Indirect emissions from imported energy	2	871.27	972.16	873.19	425.18	527.21	774.69	562.69
3	Indirect emissions from transportati on	3	1,118.90	410.30	538.46	923.79	744.33	512.30	320.13
4	Indirect emissions from products and services used by Callaghan Innovation		319.22	312.84	277.89	211.93	212.73	187.21	164.61
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	0.00
6	Indirect emissions from other sources		0.00	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	2,170.98
Change in gross emissions (all categories from previous financial year)			0	-19%	-13%	-5%	-3%	-0.4%	-9%
Change in gross emissions (all categories since base year 2019/20			0	-19%	-29%	-33%	-35%	-35%	-41%

Reinstatement of historical emissions into baseline year

Callaghan Innovation has not reinstated any historical emissions into our baseline year for 2025/26.

Table 5: Total emissions breakdown by emissions sources 2025/26

Sources	2025/26 tCO ₂ -e	Percentage
Stationary combustion	887.27	40.9%
Imported electricity	562.69	25.9%
Leakage of refrigerants	229.54	10.6%
Business travel - Transport (non-company owned vehicles)	172.88	8.0%
Employee commuting	130.75	6.0%
Transmission of energy (T&D losses)	68.64	3.2%
Disposal of solid waste - Landfilled	66.31	3.1%
Disposal of liquid waste - Not wastewater	18.52	0.9%
Recycling process	8.74	0.40%
Mobile combustion (incl. company owned or leased vehicles)	6.49	0.30%
Business travel - Accommodation	6.11	0.28%
Downstream freight - Paid by the organisation	5.18	0.24%
Working from home	5.11	0.24%
Purchased goods and services	2.39	0.11%
Emissions -Industrial processes	0.26	0.01%
Upstream freight - Paid by the organisation	0.11	0.00%
Disposal of solid waste - Not landfilled	0.01	0.00%
Disposal of liquid waste - Wastewater	0.00	0.00%
Purchased fuel and energy related activities	0.00	0.00%
Emissions from the use of services not included elsewhere	0.00	0.00%

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 2026, so therefore our total gross emissions per FTE have increased.

Table 6: Emissions for FTEs and expenditure

Category	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
FTEs ¹⁶	483.40	517.25	459.30	461.70	408.50	275	193
Expenditure (\$million)	113	133.00	131.00	132.00	147.00	105	102
Emissions intensity	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Total gross emissions per FTE in tCO ₂ -e	7.65	5.81	5.68	5.38	5.88	8.69	11.24
Total gross emissions per million dollars of expenditure in tCO ₂ -e	32.71	22.61	19.92	18.83	16.33	22.76	21.28

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.

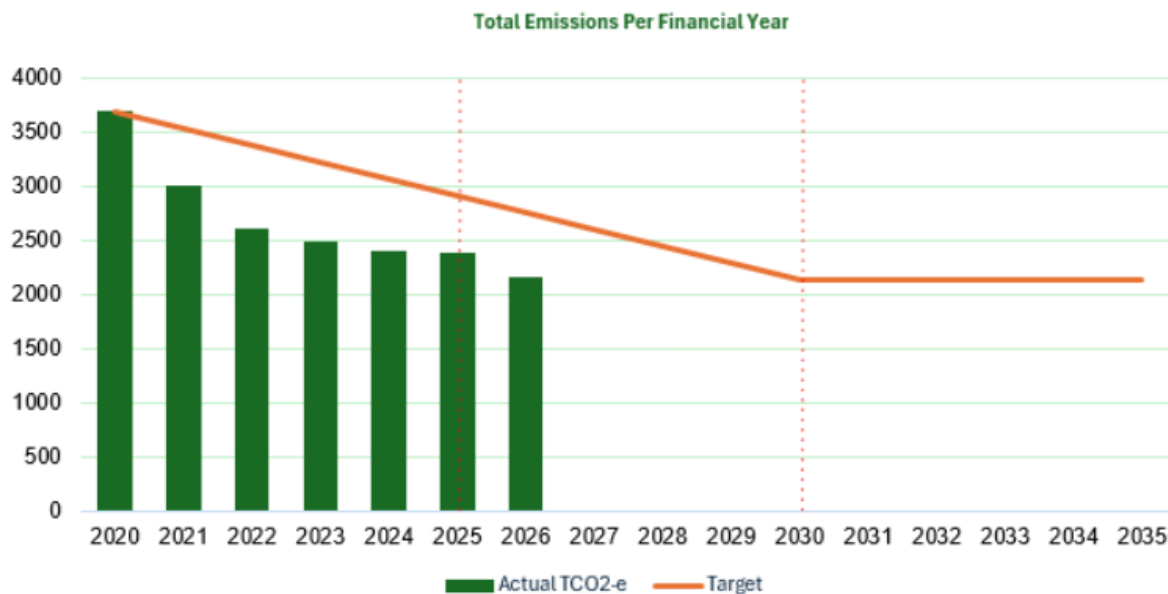
Our target also aligns to the requirements of the Toitū carbonreduce programme. We have set the following emissions reduction targets:

- 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.

¹⁶ 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 7: Direct category 1 emissions by greenhouse gases in tonnes of CO2-e¹⁷

Category 1 emissions	CO2 (tCO2)	CH4 (tCO2-e)	N2O (tCO2-e)	HFC (tCO2-e)	Emissions total (tCO2-e)
Stationary combustion	884.84	2.04	0.39		887.27
Mobile combustion	6.29	0.05	0.15		6.49
Leakage of Refrigerants				229.54	229.54

¹⁷ Only categories with emissions are shown

8. Annual Financial Statements

STATEMENT OF FINANCIAL POSITION

As at 30 June 2026

	Notes	2026 ACTUAL \$000	2026 BUDGET Unaudited \$000	2025 ACTUAL \$000
EQUITY				
Contributed capital		163,644	170,768	170,768
Accumulated surplus		20,937	11,054	6,353
Hedge reserve		(30)	-	(18)
TOTAL EQUITY	6	184,551	181,822	177,103
CURRENT ASSETS				
Cash and cash equivalents	7	44,598	70,854	39,933
Investments	8	21,406	-	16,922
Trade and other receivables	9	4,790	3,418	7,355
Crown debtor - Grants	9	5,776	28,131	22,323
Derivative financial instruments	19	-	-	15
Inventories		605	462	571
Income tax receivable		20	-	26
Assets held for distribution to owners	13	288	-	1,915
Total current assets		77,483	102,865	89,060
NON-CURRENT ASSETS				
Trade and other receivables	9	377	-	414
Property, plant and equipment	10	120,736	125,245	125,353
Intangible assets	11	97	6,140	8,238
Total non-current assets		121,210	131,385	134,005
TOTAL ASSETS		198,693	234,250	223,065
CURRENT LIABILITIES				
Trade creditors and other payables	16	3,552	8,609	8,005
Employee benefits	14	2,099	2,969	4,302
Derivative financial instruments	19	29	-	30
Grant obligations	18	5,776	28,131	22,323
Funds received in advance	15	982	12,677	7,337
Provisions	24	213	-	2,568
Liabilities relating to assets classified as held for distribution to owners	13	1,491	-	-
Total current liabilities		14,142	52,386	44,565
NON-CURRENT LIABILITIES				
Employee benefits	14	-	42	-
Provisions	24	-	-	1,397
Total non-current liabilities		-	42	1,397
TOTAL LIABILITIES		14,142	52,428	45,962
NET ASSETS		184,551	181,822	177,103

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 2026

		2026 ACTUAL \$000	2026 BUDGET <i>Unaudited</i> \$000	2025 ACTUAL \$000
	Notes			
Revenue				
Funding from the Crown	2	72,323	101,240	103,447
Funding from the Crown - Grants	2	27,437	64,465	51,914
Commercial and other revenue	2	13,174	3,169	16,181
Lease rental revenue	2	3,287	3,119	2,837
Interest revenue	2	1,556	1,010	1,897
Total revenue		117,777	173,003	176,276
Expenditure				
Personnel costs	3	(36,422)	(52,509)	(65,530)
Science project and subcontract costs		(2,561)	(2,600)	(6,175)
Other expenses	3	(24,767)	(34,556)	(31,917)
Amortisation, depreciation and impairment	10,11	(12,006)	(12,073)	(13,033)
Grant expense	4	(27,437)	(64,465)	(51,914)
Total operating expenditure		(103,193)	(166,203)	(168,569)
Surplus for the year before taxation		14,584	6,800	7,707
Income tax	5	-	-	-
Surplus for the year after taxation		14,584	6,800	7,707
Other comprehensive revenue and expenses				
Item that will be reclassified to surplus / (deficit) Cash flow hedges (net of tax)		(12)	-	(33)
Total comprehensive revenue and expenses		14,572	6,800	7,674

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 2026

Group	Notes	Contributed Capital \$000	Accumulated (deficit) / surplus \$000	Hedge reserve \$000	Total equity \$000
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
Balance as at 1 July 2025		170,768	6,353	(18)	177,103
Surplus for the year		-	14,584	-	14,584
Other comprehensive revenue					
Cash flow hedge reserve		-	-	(12)	(12)
Total comprehensive revenue and expenses for the year		-	14,584	(12)	14,572
Transactions with owners in their capacity as owners					
Distribution to the Crown on transfer of grant receivable		(19,547)	-	-	(19,547)
Contribution from the Crown on transfer of grant payable		19,547			19,547
Distribution to the Crown on transfer of intangible assets		(6,373)			(6,373)
Transfer of business unit assets to Public Research Organisations		(751)	-	-	(751)
Total transactions with owners		(7,124)	-	-	(7,124)
Balance as at 30 June 2026	6	163,644	20,937	(30)	184,551

Group BUDGET (unaudited)

	Contributed capital \$000	Accumulated surplus \$000	Hedge reserve \$000	Total equity \$000
Balance as at 1 July 2025	170,768	4,254	-	175,022
Surplus for the year	-	6,800	-	6,800
Other comprehensive revenue				
Cash flow hedge reserve	-	-	-	-
Total comprehensive revenue and expenses for the year	-	6,800	-	6,800
Balance as at 30 June 2026	170,768	11,054	-	181,822

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 2026

		2026 ACTUAL \$000	2026 BUDGET Unaudited \$000	2025 ACTUAL \$000
CASH FLOW FROM OPERATING ACTIVITIES				
<i>Cash was provided from:</i>				
Receipts from the Crown - Operating		71,885	101,240	99,673
Receipts from the Crown - Grants		39,836	64,465	58,087
Receipts from commercial customers		19,049	6,676	16,341
Interest received		1,510	1,010	1,974
		132,280	173,391	176,075
<i>Cash was applied to:</i>				
Payments to suppliers		(23,719)	(35,592)	(29,522)
Payments to employees		(42,514)	(53,176)	(67,434)
Payments to grant recipients		(43,984)	(64,465)	(52,350)
Goods and Services Tax		(8,364)	-	(8,863)
		(118,581)	(153,233)	(158,169)
Net cash flow from operating activities	17	13,699	20,158	17,906
CASH FLOW FROM INVESTING ACTIVITIES				
<i>Cash was provided from:</i>				
Sale of property, plant and equipment		238	-	308
Transfer of intangible asset		6,373	-	-
Term deposit maturities		56,563	-	26,897
		63,174	-	27,205
<i>Cash was applied to:</i>				
Purchase of property, plant and equipment		(4,910)	(5,000)	(2,792)
Purchase of intangible assets		(11)	-	(746)
Investment in term deposits		(60,914)	-	(31,925)
		(65,835)	(5,000)	(35,463)
Net cash flow used in investing activities		(2,661)	(5,000)	(8,258)
CASH FLOW FROM FINANCING ACTIVITIES				
<i>Cash was applied to:</i>	6			
Return of proceeds from Crown directed asset transfer		(6,373)	-	-
		(6,373)	-	-
Net cash flow from financing activities		(6,373)	-	-
Net increase in cash and cash equivalents		4,665	15,158	9,648
Cash and cash equivalents at the beginning of the year	7	39,933	55,696	30,285
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		44,598	70,854	39,933

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 2026

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, selected functions transferred to the Ministry of Business, Innovation and Employment and other public entities during the 2025/26 financial year, while certain other activities have been discontinued. Callaghan Innovation continues to operate the Gracefield Innovation Quarter (GIQ) site and retains a number of functions that remain subject to the Government's reform programme.

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. In reaching this conclusion, the Directors have also considered the Group's liquidity position and note that, as set out in Note 7, the Group has sufficient liquidity to meet its obligations as and when they fall due. Accordingly, no adjustments have been made to the carrying values of assets and liabilities, reported revenue and expenses, or the classifications of assets and liabilities that would be necessary if the Group were unable to continue as a going concern.

The future structure and functions of Callaghan Innovation, including the arrangements for the ongoing management of GIQ, have not yet been finalised. Legislative and other decisions necessary to determine Callaghan Innovation's ultimate operating model remain outstanding. These events or conditions indicate that a material uncertainty exists 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 24 September 2026.

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.

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)

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

The net amount of GST recoverable from, or payable to, the Inland Revenue Department is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from, the Inland Revenue Department, including the GST relating to investing and financing activities, is classified as a net operating cash flow 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's operations and responsibilities, including activities undertaken as part of the Government's science, innovation and technology reform programme, 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.

From 1 December 2025, responsibility for the majority of grant programmes transferred to the Ministry of Business, Innovation and Employment. Accordingly, from that date this policy applies only to Crown funding associated with grant programmes for which Callaghan Innovation retains responsibility and continues to recognise revenue, including the Technology Incubator Programme (TIP).

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.

	2026 \$000	2025 \$000
Crown revenue - Exchange transactions		
Ministry of Business, Innovation and Employment - Operational funding including R&D	72,323	103,447
Crown revenue - non-exchange transactions		
Ministry of Business, Innovation and Employment - Research and Development Grants	27,437	51,914
Total Crown revenue	99,760	155,361
Commercial revenue and other revenue - Exchange transactions		
Commercial - Domestic	6,704	8,424
Commercial - Overseas	6,116	7,414
Royalty and licensing revenue	44	88
Other revenue	310	255
Total commercial revenue and other revenue	13,174	16,181
Lease Rental revenue		
Lease rental revenue	3,287	2,837
Total Lease Rental Revenue	3,287	2,837
Finance revenue		
Interest revenue	1,556	1,897
Total finance revenue	1,556	1,897
Total Revenue	117,777	176,276

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

	2026 \$000	2025 \$000
Personnel costs		
Salaries and wages	31,330	58,632
Contractors	4,266	5,473
Defined contribution plan employer contributions	826	1,425
Total personnel costs	36,422	65,530

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.

	2026 \$000	2025 \$000
Severance payments	457	7,687

Severance payments were provided to 13 employees (2025: 123) during the financial year.

	2026 \$000	2025 \$000
Other expenses		
Premises and utility expenses	5,948	6,135
Rent and lease expenses	4,162	4,620
Repairs and maintenance	3,632	2,938
Consultancy	1,090	3,621
Fees to auditor		
- Fees to PricewaterhouseCoopers for audit of financial statements	386	376
- Fees to PricewaterhouseCoopers for audit of financial statements of the previous year	55	-
- Fees to PricewaterhouseCoopers for audit related services (control assurance services)	31	32
Directors' fees	293	274
Intellectual property (patents)	10	18
Foreign exchange loss	(43)	62

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).

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.

From 1 December 2025, responsibility for the majority of grant programmes transferred to the Ministry of Business, Innovation and Employment. Accordingly, from that date this accounting policy applies only to grant expenditure relating to programmes that continue to be administered by Callaghan Innovation, including the Technology Incubator Programme (TIP). Grant expenditure relating to programmes transferred to the Ministry of Business, Innovation and Employment is no longer recognised by Callaghan Innovation from the date responsibility transferred.



Grants approved (for which recipients can demonstrate they have met grant conditions, or it is probable this has occurred)

Total grants expense

2026	2025
\$000	\$000
27,437	51,914
27,437	51,914

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

2026	2025
\$000	\$000
(833)	(2,794)
(233)	(782)
(1,236)	(1,317)
1,469	2,099
-	-

The Group has unrecognised tax losses of \$11,030,000 (2025: \$11,030,000) relating to the earlier activity of a taxable subsidiary Callaghan Innovation 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

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.

Transfers of assets and liabilities arising from the transfer of an integrated business unit to other Crown entities are recognised directly in equity where the transfer occurs under Crown direction, there is no change in ultimate Crown control, there is no substantive exchange consideration, and the substance of the transaction is a contribution from, or distribution to, owners acting in their capacity as owners. Assets and liabilities transferred are derecognised in accordance with the applicable PBE Standards.

During the year, a number of transactions were recognised directly in equity as part of the Government's science, innovation and technology reforms. These comprised the transfer to the Ministry of Business, Innovation and Employment of a \$19.547 million grant receivable and the corresponding \$19.547 million grant payable, the return to the Crown of \$6.373 million of funding received from the Ministry of Business, Innovation and Employment in connection with a Crown directed asset transfer, and the transfer of assets with a carrying value of \$0.751 million to Public Research Organisations. These transactions resulted in a net distribution to owners of \$7.124 million and were recognised directly in equity as transactions with owners acting in their capacity as owners.

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

	2026 \$000	2025 \$000
Cash at bank	44,598	34,933
Term deposits with maturities of less than 90 days.	-	5,000
Total cash and cash equivalents	44,598	39,933

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

The Board maintains cash reserves at a level higher than would ordinarily be required for current operating activities. This reflects a prudent approach given uncertainty regarding future funding and organisational arrangements. These reserves support the Group's ability to continue operating in an orderly manner, meet its obligations as they fall due, and manage any transition, restructuring or windup costs that may arise. The Board considers this level of liquidity appropriate in supporting its going concern assessment and maintaining financial resilience while future arrangements are determined.

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.

	2026 \$000	2025 \$000
Term deposits	21,406	16,922
Total Investments	21,406	16,922

9. TRADE AND OTHER RECEIVABLES

Exchange receivables	2026 \$000	2025 \$000
Debtors	2,578	4,803
Less: Expected credit loss	(46)	(151)
Accrued revenue	1,079	863
Prepayments	1,179	1,840
Total exchange receivables	4,790	7,355
Non-exchange receivables		
Ministry of Business, Innovation and Employment - Grants receivable	5,776	22,323
Total non-exchange receivables	5,776	22,323

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.

Non-current	2026 \$000	2025 \$000
Prepayments	377	414
Total non-current prepayments	377	414

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

(a) Past due but not impaired

At 30 June 2026, trade receivables of \$770,000 (2025: \$1,156,000) 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:

	2026 \$000	2025 \$000
Within 1 month	333	643
Within 1 to 3 months	437	350
Beyond 3 months	-	163
CLOSING BALANCE	770	1,156

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	10 - 50 years (depending on age)
Freehold buildings	5 - 20 years
Building auxiliary services	
Plant Assets	2 - 10 years
Computer equipment	3 - 35 years
Plant and scientific equipment	3 - 5 years
Motor vehicles	3 - 20 years
Office furniture, fittings and equipment	

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.

	Land Assets \$000	Buildings Assets \$000	Plant Assets \$000	CWIP Assets \$000	Total Assets \$000
1 July 2025					
Cost	3,001	135,123	50,060	585	188,769
Accumulated depreciation and impairment	-	(30,941)	(32,475)	-	(63,416)
Carrying amount	3,001	104,182	17,585	585	125,353
Cost					
At 1 July 2025	3,001	135,123	50,060	585	188,769
Additions	-	498	1,616	2,796	4,910
Transfers from CWIP	-	231	93	(324)	-
Disposals	-	(150)	(1,464)	-	(1,614)
Transfer from assets held for distribution to owners (Note 13)	-	155	3,377	-	3,532
At 30 June 2026	3,001	135,857	53,682	3,057	195,597

Accumulated depreciation and impairment

At 1 July 2025	-	(30,941)	(32,475)	-	(63,416)
Depreciation	-	(6,604)	(3,770)	-	(10,374)
Impairment	-	-	(21)	-	(21)
Reversal of Impairment	-	-	129	-	129
Disposals	-	36	1,301	-	1,337
Transfer from assets held for distribution to owners (Note 13)	-	(7)	(2,509)	-	(2,516)
At 30 June 2026	-	(37,516)	(37,345)	-	(74,861)

Cost	3,001	135,857	53,682	3,057	195,597
Accumulated depreciation and impairment	-	(37,516)	(37,345)	-	(74,861)
Carrying amount at 30 June 2026	3,001	98,341	16,337	3,057	120,736

	Land Assets	Buildings Assets	Plant Assets	CWIP Assets	Total Assets
	\$000	\$000	\$000	\$000	\$000
1 July 2024					
Cost	3,001	113,389	59,582	22,041	198,013
Accumulated depreciation and impairment	-	(25,996)	(35,873)	-	(61,869)
Carrying amount	3,001	87,393	23,709	22,041	136,144

Cost

At 1 July 2024	3,001	113,389	59,582	22,041	198,013
Additions	-	353	2,141	298	2,792
Transfers from CWIP	-	20,253	1,501	(21,754)	-
Asset Class Transfers	-	2,458	(2,458)	-	-
Disposals	-	(1,171)	(1,021)	-	(2,192)
Transfer to assets held for distribution to owners	-	(159)	(9,685)	-	(9,844)
At 30 June 2025	3,001	135,123	50,060	585	188,769

Accumulated depreciation and impairment

At 1 July 2024	-	(25,996)	(35,873)	-	(61,869)
Depreciation	-	(4,999)	(4,970)	-	(9,969)
Impairment	-	(965)	(448)	-	(1,413)
Asset Class Transfers	-	(99)	99	-	-
Disposals	-	1,085	821	-	1,906
Transfer to assets held for distribution to owners	-	33	7,896	-	7,929
At 30 June 2025	-	(30,941)	(32,475)	-	(63,416)

Cost	3,001	135,123	50,060	585	188,769
Accumulated depreciation and impairment	-	(30,941)	(32,475)	-	(63,416)
Carrying amount at 30 June 2025	3,001	104,182	17,585	585	125,353

Capital Work in Progress (CWIP)

The majority of assets under CWIP are buildings (\$1,583,000) and plant and science equipment (\$1,473,000). (2025: buildings (\$282,000) and plant and science equipment (\$303,000)).

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 \$239 million (2025: \$244 million), the Group is part of the collective Crown Research Institute placement, with a loss limit of \$400 million (2025: \$400 million). The earthquake insurance deductible remains unchanged from 30 June 2025 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 on a straight-line basis over their estimated useful lives (between three and five years). The costs of maintaining computer software are expensed as incurred.

	Computer software \$000	Internally generated software \$000	CWIP \$000	Total \$000
1 July 2025				
Cost	618	10,690	-	11,308
Accumulated amortisation and impairment	(491)	(2,579)	-	(3,070)
Carrying amount	127	8,111	-	8,238
Cost				
At 1 July 2025	618	10,690	-	11,308
Additions	11	-	-	11
Transfer	(182)	(10,650)	-	(10,832)
At 30 June 2026	447	40	-	487
Accumulated amortisation and impairment				
At 1 July 2025	(491)	(2,579)	-	(3,070)
Amortisation	(48)	(1,730)	-	(1,778)
Reversal of Impairment	38	-	-	38
Transfer	144	4,276	-	4,420
At 30 June 2026	(357)	(33)	-	(390)
Cost	447	40	-	487
Accumulated amortisation and impairment	(357)	(33)	-	(390)
Carrying amount at 30 June 2026	90	7	-	97

1 July 2024

Cost
Accumulated amortisation and impairment
Opening carrying amount

Cost

At 1 July 2024
Additions
Transfers from CWIP
Disposals
Transfer to assets held for distribution to owners

At 30 June 2025
Accumulated amortisation and impairment

At 1 July 2024
Amortisation
Impairment
Disposals
Transfer to assets held for distribution to owners

At 30 June 2025

Cost
Accumulated amortisation and impairment
Carrying amount at 30 June 2025

	Computer 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)
Opening 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 distribution to owners	(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 distribution to owners	54	-	-	54
At 30 June 2025	(492)	(2,579)	-	(3,071)
Cost	618	10,690	-	11,308
Accumulated amortisation and impairment	(491)	(2,579)	-	(3,070)
Carrying amount at 30 June 2025	127	8,111	-	8,238

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 (the Group) as at 30 June 2026.

Controlled entities are entities over which the Group has control. The Group controls another entity when it has power over the entity, is exposed, or has rights, to variable benefits from its involvement with the entity, and has the ability to use its power to affect the nature or amount of those benefits. 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	Principal activities	Interest held by the Group	Interest held by the Group
		2026	2025
Non trading controlled entities			
Callaghan Innovation Research Limited	Non trading	100%	100%
Measurement Standards Laboratory of NZ Ltd	Non trading - name protection	100%	100%
GlycoSyn Technologies Ltd	Non trading - name protection	100%	100%
New Zealand Food Innovation Network Ltd	Food innovation company	100%	100%

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

13. ASSETS HELD FOR DISTRIBUTION TO OWNERS RELEVANT ACCOUNTING POLICIES

Assets or disposal groups are classified as held for sale or distribution to owners where their carrying amount will be recovered principally through sale or distribution rather than through continuing use, and the sale or distribution is highly probable.

Assets or disposal groups classified as held for sale or distribution are measured at the lower of their carrying amount and fair value less costs to sell or distribute. Assets within the disposal group that are specifically excluded from the measurement requirements of PBE IFRS 5 continue to be measured in accordance with their applicable accounting standards.

An impairment loss is recognised for any initial or subsequent write-down of an asset or disposal group to fair value less costs to sell or distribute. Any subsequent increase in fair value less costs to sell or distribute is recognised in surplus or deficit, but not in excess of the cumulative impairment loss previously recognised.

Non-current assets (including those within a disposal group) are not depreciated or amortised while classified as held for sale or distribution. Liabilities that form part of a disposal group continue to be recognised and measured in accordance with the applicable PBE Standards.

Assets and liabilities classified as held for sale or distribution are presented separately from other assets and liabilities in the Statement of Financial Position.

Breakdown of non-current assets held for distribution to owners and further information

Non-current assets held for distribution to owners include:

	2026 \$000	2025 \$000
Plant assets	288	1,789
Building assets	-	126
Carrying value at the end of the year	288	1,915

Liabilities held for distribution to owners include:

	2026 \$000	2025 \$000
Deferred revenue	1,491	-
Carrying value at the end of the year	1,491	-

During the 2024/25 financial year, the Applied Technology cost centre within Callaghan Innovation was disestablished. As part of this process, certain assets were classified as a disposal group held for distribution to owners in accordance with PBE IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. During FY2026, assets with a carrying value of \$611,000 were transferred to the Crown as part of the Government's science, innovation and technology reform programme. A further \$1.016 million of assets was redeployed to other business units within Callaghan Innovation as suitable internal uses were identified. Until the date of transfer or redeployment, the disposal group continued to be measured in accordance with PBE IFRS 5 at the lower of its carrying amount and fair value less costs to distribute.

At 30 June 2026, New Zealand Product Accelerator (NZPA) and Bioresource Processing Alliance (BPA) and HealthTech Activator met the criteria for classification as held for distribution to owners under PBE IFRS 5. Management concluded that the transfer of these functions was highly probable, the assets and liabilities were available for immediate transfer in their present condition, and completion of the transfers was expected within twelve months of balance date. Of these transfer groups, only the BPA had balance sheet balances remaining at 30 June 2026. Those balances comprised deferred revenue that is expected to transfer with the BPA function to the New Zealand Bioeconomy Science Institute. NZPA and HealthTech did not have any assets or liabilities classified as held for transfer at balance date.

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.

	2026 \$000	2025 \$000
Current		
Employee entitlements	83	1,412
Long service and retiring leave	93	88
Annual leave	1,923	2,802
Total employee benefits	2,099	4,302

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.

	2026 \$000	2025 \$000
Payable under exchange transactions		
Government revenue received in advance	164	4,987
Commercial revenue in advance	818	176
Total payable under exchange transactions	982	5,163
Payable under non-exchange transactions		
Government funding received in advance as agent	-	2,174
Total payable under non-exchange transactions	-	2,174
Total funds received in advance	982	7,337

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

	2026 \$000	2025 \$000
Payables under exchange transactions		
Trade creditors	997	2,480
Other payables	1,383	3,936
Total payables under exchange transactions	2,380	6,416
Payables under non-exchange transactions		
Goods and services tax (GST) payable	1,172	1,589
Total payables under non-exchange transactions	1,172	1,589
Total trade creditors and other payables	3,552	8,005

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

17. RECONCILIATION OF SURPLUS WITH CASH FLOW FROM OPERATING ACTIVITIES

	2026 \$000	2025 \$000
Net surplus for the year	14,584	7,707
<i>Add/(less) non-cash items:</i>		
Amortisation and depreciation	12,152	11,582
(Reversal)/Impairment	(146)	1,451
Gain on disposal of fixed assets	(255)	(15)
Loss on fixed asset write off	48	150
<i>Add/(less) movements in working capital:</i>		
Trade and other receivables	19,155	800
Inventory	(34)	(109)
Work in progress	-	67
Funds received in advance	(4,864)	1,243
Employee benefits	(2,203)	(4,777)
Trade and other payables	(20,986)	(3,829)
Provisions	(3,752)	3,636
Net cashflows from operating activities	13,699	17,906

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.

From 1 December 2025, responsibility for the majority of grant programmes transferred to the Ministry of Business, Innovation and Employment. Accordingly, from that date this accounting policy applies only to grant programmes and related funding arrangements for which Callaghan Innovation continues to be the principal and retains the associated rights and obligations, including the Technology Incubator Programme (TIP). Funding and related obligations transferred to the Ministry of Business,

Innovation and Employment are no longer recognised by Callaghan Innovation from the date control of those rights and obligations transferred.

Based upon this assessment an accrual for grants obligations is made and a receivable is recognised in the financial statements of \$5,776,000 (2025: \$22,323,000).

	2026 \$000	2025 \$000
Payable and Receivable under non-exchange transactions		
Grant obligations and debtor	5,776	22,323
Total grant obligations	5,776	22,323

(b) 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.

The Government's science, innovation and technology reforms were identified as an impairment indicator at 30 June 2026. Accordingly, the Group assessed the recoverable service amount of the relevant property, plant and equipment in accordance with PBE IPSAS 21 using a depreciated replacement cost approach.

The assessment considered the assets remaining service potential, physical condition, useful lives, replacement cost and any physical, functional or economic obsolescence. Management also considered the current and expected future use of assets at the Gracefield Innovation Quarter, including the continued operation of key science capabilities, stable occupancy levels, and the absence of any enacted legislative or Ministerial decision requiring a change in the use of the site.

Based on this assessment, management concluded that the recoverable service amount exceeded the carrying amount of the assets and therefore no impairment loss was recognised at 30 June 2026. Management also considered reasonably possible changes in key assumptions and concluded that no such changes would result in a material impairment.

Future decisions that significantly change the use, control or service potential of the site may require a reassessment of the recoverable service amount in future reporting periods.

During the year, the Group recognised aggregate impairment reversals of \$167k relating to plant and scientific equipment and computer software. The reversals arose following reassessment of the assets' recoverable service amount after updated information became available regarding their expected future use and service potential, resulting in the partial reversal of impairment losses previously recognised.

(c) Assets held for distribution to owners

Management assessed the relevant business units and balances at balance date to determine whether they met the criteria for classification as held for distribution to owners. This assessment required judgement as to whether the carrying amount of the relevant assets or disposal groups would be recovered principally through sale or distribution rather than through continuing use, whether the distribution or sale was highly probable, and which specific assets and liabilities would distribution rather than be retained and settled by Callaghan Innovation.

Based on that assessment, only the balances disclosed in Note 13 met the criteria for classification as held for sale or distribution to owners at 30 June 2026.

Critical judgement in applying the Group's accounting policy

(a) Agent vs principal in Crown pass through funding

The Group 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.

Responsibility for administering the R&D Loan Scheme transferred to the Ministry of Business, Innovation and Employment on 1 November 2025. The principal versus agent assessment described above therefore applied to the period during which Callaghan Innovation administered the Scheme.

Prior to the transfer of the scheme, Callaghan Innovation has issued 455 loans totalling \$148.965m of which \$36.685m has been repaid (2025: 455 loans totalling \$148.965m of which \$32.764m has been repaid). The loans were all issued before close of 30 June 2021 and the scheme is now closed.

(c) Assessment of grants activities for discontinued operations reporting

During the year, responsibility for a number of grant programmes transferred from the Group to the Ministry of Business, Innovation and Employment. Management applied significant judgement in assessing whether the transferred grant activities met the definition of a discontinued operation under PBE IFRS 5.

In making this assessment, management considered whether the transferred activities represented a distinguishable component of the Group that constituted a separate major line of business. Management also considered the continuing operation of the Technology Incubator Programme (TIP), including confirmed future funding, the absence of an agreed transfer date, and the legislative changes required before any future transfer could occur.

Management concluded that the grants activities should be assessed as a single continuing activity. The Group's grants activities are delivered through a common operating model, and do not have a clear operational or financial separation between transferred grant programmes and continuing TIP activities. Management also considered that TIP remains a significant continuing activity, with confirmed future funding, no agreed transfer date and legislative changes required before any future transfer could occur. Accordingly, the transferred grant programmes have not been presented as a discontinued operation in these financial statements.

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 2026 and 2025 financial years.

Financial assets	2026 \$000	2025 \$000
Financial Assets at FVOCRE		
Derivative financial instruments	-	15
Financial Assets at Amortised Cost		
Cash and cash equivalents	44,598	39,933
Investments	21,406	16,922
Crown debtor - Grants	5,776	22,323
Trade and other receivables	3,611	5,515
Total Financial assets	75,391	84,708
Financial Liabilities	2026 \$000	2025 \$000
Financial Liabilities at FVOCRE		
Derivative financial instruments	29	30
Financial Liabilities at Amortised Cost		
Trade Creditors and other payables	2,380	6,416
Grant obligations	5,776	22,323
Total Financial liabilities	8,185	28,769

The only financial instruments held at fair value are forward foreign exchange contracts. At year end these comprised assets of nil and liabilities of \$29,000 (2025: \$15,000 asset, \$30,000 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

	2026		2025	
	Currency	Contract value	Currency	Contract value
	\$000	NZD\$000	\$000	NZD\$000
Bank buys				
United States dollar	393	666	905	1,489
Australian dollar	-	-	155	167
Bank sells				
United States dollar	-	-	105	187

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;

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- 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.

	2026	2025
	Less than	Less than
	One Year	One Year
	\$000	\$000
Trade and other payables	(2,380)	(6,416)
Grant obligations	(5,776)	(22,323)
Employee benefits	(2,099)	(4,302)

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.

	2026	2025
	Less than	Less than
	One Year	One Year
	\$000	\$000
Forward foreign exchange contracts		
- Cash flow hedges		
Inflow	666	1,790
Outflow	(650)	(1,775)

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 a change in the management of capital during the year as a result of the reforms to the New Zealand science, innovation and technology system, with capital distributed to other Crown entities through the Group's equity account.

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

Executive Leadership Team

Remuneration

Termination benefits

Total Key Management Personnel Costs

2026	2025
\$000	\$000
293	274
1,872	2,546
-	95
2,165	2,915

Full time equivalent (FTE) personnel

Board Members

Executive Leadership Team

Total FTE personnel

9.0	12.5
4.1	5.5
13.1	18.0

23. COMMITMENTS AND CONTINGENCIES

CAPITAL COMMITMENTS

Commitments for approved capital expenditure not yet spent:

Buildings

Plant

TOTAL CAPITAL COMMITMENTS

2026	2025
\$000	\$000
315	314
117	325
432	639

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:

Not later than one year

Later than one year and not later than five years

Total operating lease commitments

2026	2025
\$000	\$000
246	2,077
363	2,133
609	4,210

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 1 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

2026	2025
\$000	\$000

Grant commitments for those grant contracts awarded but yet to be drawn down or accrued. - 38,837
 An operating commitment is disclosed for those grant contracts awarded but yet to be drawn down either in full or in part.

During FY2026, responsibility for the majority of grant programmes transferred to the Ministry of Business, Innovation and Employment from 1 December 2025. As a result, there were no remaining grant commitments with Callaghan Innovation as at 30 June 2026.

Operating lease rental receivables - Group company as lessor

2026	2025
\$000	\$000

Not later than one year	2,453	7
Later than one year and not later than five years	3,301	-
Five plus years	431	-
Total operating lease Rental Receivables	6,185	7

The Group leases property under various agreements.

CONTINGENCIES

Contingent assets

2026	2025
\$000	\$000

Repayable incubator grants	50,859	45,646
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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 2025

Provisions made during the year

Provisions used during the year

Provisions released during the year

Balance at 30 June 2026

Current

Total provisions

Make Good	Restructuring	Total
\$000	\$000	\$000
1,497	2,468	3,965
-	213	213
(1,497)	(2,093)	(3,590)
-	(375)	(375)
-	213	213
-	213	213
-	213	213

Restructuring provision

During FY2025, Callaghan Innovation's Executive Leadership Team approved a detailed and formal restructuring plan. At 1 July 2025, the remaining restructuring provision related to redundancy and associated employment costs expected to arise from that process.

During FY2026, the majority of the FY2025 restructuring provision was used as employees exited the organisation. A portion of the provision was released where employees were subsequently offered new contracts and the related costs were no longer required. In addition, a further \$213,000 was recognised during FY2026 for restructuring costs arising in the year.

Make Good

At 1 July 2025, the Group held a make good provision relating to leased premises. During FY2026, following the decision made after 30 June 2025 to exit the Auckland Textile Centre during FY2026, the make good provision was fully utilised. Accordingly, no make good provision remained at 30 June 2026.

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25. 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 2026. 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 under budget (\$28.9m). This has been driven, in the main, by the slower than anticipated transfer of functions from Callaghan Innovation resulting in less spend (and corresponding funding) on the cessation and transfer of activities (\$14.7m), the transfer of the Grants, RDTI and other smaller functions to the Ministry of Business, Innovation and Employment in December 2025 (+\$7.0m) and the inclusion of an additional funding in the government budget announcement in error (+\$6.7m) that we did not drawdown.

Funding from the Crown - Grants is under budget (\$37.0m) due to the transfer of all grants functions with exception of the technology incubator programme to the Ministry of Business, Innovation and Employment in December 2025.

Commercial revenue and Other revenue is over budget (+\$10.0m) as a result of the delayed sale or close down of the GlycoSyn Technologies Limited business group (+\$6.2m), Biotechnologies not being affected by the uncertainty in timing and impacts of transfer by as much as anticipated (+\$2.9m) and the backdating and renewing of increased rentals for the two major tenants at Gracefield Innovation Quarter (+\$0.9m).

Personnel costs were (+\$16.1m) lower than planned due to lower severance costs (+\$7.0m) which was driven by the slower than anticipated transfer of functions from Callaghan Innovation, reduced requirements for contractors (+\$4.4m) and lower salary costs (+\$4.7m). The majority of the lower salary costs were driven by the transfer of the grants and RDTI functions to the Ministry of Business, Innovation and Employment in December 2025.

Other expenses were (+\$9.8m) lower than budget. These included underspends in consultancy (+\$4.9m), health and safety compliance (+\$1.2m), insurance (+\$1.2m), marketing (+\$1.8m), legal costs (+\$0.2m) and publications and subscriptions (+\$0.2m).

Grant Expenses (+\$37.0m) lower than budget as per commentary in the Funding from the Crown - Grants section above.

Statement of Financial Position and Statement of Changes in Equity

Total Equity (+\$2.7m). There were two main drivers to this favourable movement against budget. Firstly, the contributed capital was (\$7.1m) lower than budgeted due to the distribution to owners. The biggest movement here was the transfer of the Grants operating platform to the Ministry of Business, Innovation and Employment. Secondly, more than offsetting this was the upside of (+\$9.9m) in the operating surplus. This was driven by the (+\$7.8m) favourable variance against the budgeted surplus and the opening accumulated surplus being (+\$2.1m) higher than budget.

Cash and term deposits (\$4.9m) are unfavourable to budget. The primary drivers here are the reduced revenue in advance balances (\$11.7m) due to the transfer of functions and the transfer of the grants function to the Ministry of Business, Innovation and Employment (which as a result means we need less funding / cash available to pay grant recipients). Partially offsetting this was a +\$7.8m upside in the surplus (\$14.6m actuals vs. \$6.8m budget).

Crown debtors - Grants (\$22.4m) are unfavourable against budget due to the transfer of the grants function to the Ministry of Business, Innovation and Employment (the majority of the debtors now sit with the Ministry of Business, Innovation and Employment).

Property, plant and equipment (\$4.5m) under budget due to capital expenditure and projects not being completed by year end. We currently have \$5.9m in capital expenditure that was approved in 2025/26 that is still to be spent.

Intangible assets (\$6.0m) unfavourable due to the transfer of the grants platform to the Ministry of Business, Innovation and Employment. Trade creditors and other payables (\$5.1m) under budget due to a lower expense base.

Grant obligations (\$22.4m) are favourable against budget due to the transfer of the grants function to the Ministry of Business, Innovation and Employment (the majority of the obligations now sit with the Ministry of Business, Innovation and Employment).

Funds received in advance (\$11.7m) under budget due to the transfer of some functions to the Ministry of Business, Innovation and Employment.

Statement of Cash Flows

Operating cash receipts were under budget (\$41.1m), primarily due to lower Crown funding and the transfer of the Grants and RDTI functions to the Ministry of Business, Innovation and Employment. Operating cash payments were also under budget (\$34.7m), reflecting lower personnel, grant and other operating expenditure as functions transferred or ceased during the year. These movements are consistent with the revenue and expenditure variances outlined above

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

For the twelve months ended 30 June		2026	2025
	Output class	Year	Year
		\$000	\$000
Revenue by output class in the Statement of Service Performance			
Building Business Innovation	1	1,500	34,317
Business Innovation Support Programme Management	2	10,946	17,946
Research and Development Services and Facilities for Business and Industry	3	42,522	28,734
National Science Challenge	3	-	629
Cessation and transfer of activities	4	5,334	9,130
National Measurement Standards	5	8,986	8,986
Industry 4.0	6	-	230
Public Sector Pay Adjustment	7	-	2,000
Supporting Industry-Research Connection and Commercialisation	8	3,035	-
Total output class revenue per the Statement of Service Performance		72,323	101,972
Advanced Manufacturing Industry Transformation Programme funding		-	1,475
Total Crown Revenue per Statement of Comprehensive Revenue and Expense		72,323	103,447

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

For the twelve months ended 30 June		2026	2025
	Output class	Year	Year
		\$000	\$000
Expenditure by output class in the Statement of Service Performance			
Building Business Innovation	1	1,425	20,329
Business Innovation Support Programme Management	2	6,191	12,536
Research and Development Services and Facilities for Business and Industry	3	47,311	53,857
National Science Challenge	3	-	629
Cessation and transfer of activities	4	5,334	9,614
National Measurement Standards	5	10,315	12,551
Industry 4.0	6	-	3
Public Sector Pay Adjustment	7	-	2,521
Supporting Industry-Research Connection and Commercialisation	8	4,521	-
Total output class expenditure per the Statement of Service Performance		75,097	112,040
Grant Expenditure		27,437	51,914
Non Output Class Expenditure		659	4,615
Total operating expenditure per Statement of Comprehensive Revenue and Expense		103,193	168,569



26. EVENTS AFTER THE BALANCE SHEET DATE

Transfer of functions

Subsequent to balance date, the BPA, NZPA and HealthTech functions, which were classified as held for distribution to owners at 30 June 2026, transferred to their respective receiving entities on 1 July 2026. The transfer included \$1.491 million of liabilities associated with BPA that were classified as held for distribution at 30 June 2026. Following completion of these transfers, no assets or liabilities associated with these functions remained with Callaghan Innovation.



9. Independent auditor's report



Independent Auditor's Report
To the readers of Callaghan Innovation's Group
financial statements and performance information
for the year ended 30 June 2026

The Auditor-General is the auditor of 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 the audit of the financial statements and performance information on his behalf.

Opinion

We have audited:

- the financial statements of the Group that comprise the statement of financial position as at 30 June 2026, the statement of comprehensive revenue and expenses, 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 49 to 77; and
- the performance information that consists of the statement of service performance of the Group for the year ended 30 June 2026 on pages 20 to 41 and the end-of-year performance information for the appropriations for the year ended 30 June 2026 on pages 20 to 41.

In our opinion:

- The financial statements of the Group present fairly, in all material respects, its financial position as at 30 June 2026, and its financial performance and cash flows for the year then ended, in accordance with Public Benefit Entity Reporting Standards.
- The performance information of the Group is appropriate and meaningful and prepared in accordance with the Group's measurement bases or evaluation methods and Public Benefit Entity Reporting Standards, and presents fairly, in all material respects:
 - the Group's service performance and actual revenue and expenses for each reportable class of outputs for the year ended 30 June 2026 compared to the forecast standards and budgets included in the statement of performance expectations for the year, and
 - what has been achieved with each appropriation, and the actual expenses or capital expenditure incurred in relation to the appropriation for the year ended 30 June 2026.

Material uncertainty related to going concern

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. Since this announcement, selected functions have transferred to the Ministry of Business, Innovation and Employment and other public entities, while certain other activities have been discontinued. Callaghan Innovation continues to operate the Gracefield Innovation Quarter (GIQ) site and retains a number of functions that remain subject to the Government's reform programme.

The future structure and functions of Callaghan Innovation, including the arrangements for the ongoing management of GIQ, have not yet been finalised. Legislative and other decisions necessary to determine Callaghan Innovation's ultimate operating model remain outstanding. These events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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 financial statements and the performance information

- The Board of Directors is responsible on behalf of Callaghan Innovation for preparing financial statements and performance information that are fairly presented and comply with Public Benefit Entity Reporting Standards.

This includes:

- the selection of elements/aspects of service performance, performance measures and/or descriptions, and measurement bases or evaluation methods to enable the presentation of service performance information that is appropriate and meaningful; and
- the preparation of a statement of service performance, in accordance with the Group's measurement bases or evaluation methods, that provides an appropriate and meaningful basis to enable readers to assess what has been achieved for the year.

The Board of Directors is also responsible for the preparation of end-of-year performance information for an appropriation that is prepared in accordance with the entity's measurement bases or evaluation methods and complies with Public Benefit Entity Reporting Standards and legislative requirements.

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

In preparing the financial statements and performance information, the Board of Directors is responsible on behalf of Callaghan Innovation for assessing the Group's ability to continue as a going concern. The Board of Directors is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to merge or to terminate the activities of the Group, or there is no realistic alternative but to do so.

The Board of Directors' responsibilities arise from the Crown Entities Act 2004, the Public Finance Act 1989 and Callaghan Innovation Act 2012.

Responsibilities of the auditor for the audit of the financial statements and the performance information

Our objectives are to obtain reasonable assurance about whether the financial statements and performance information, 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 financial statements and performance information.

For the budget information reported in the financial statements and the performance information, our procedures were limited to checking that the information agreed to the Group's statement of performance expectations or to the Estimates of Appropriations for the Government of New Zealand for the year ending 30 June 2026.

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

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

- We identify and assess the risks of material misstatement of the financial statements and performance information, 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 obtain an understanding of the process applied by the Group to select its elements/aspects of service performance, performance measures and/or descriptions and the measurement bases or evaluation methods.
- We evaluate whether:
 - the selection of elements/aspects of service performance, performance measures and/or descriptions and measurement bases or evaluation methods present an appropriate and meaningful assessment of the entity's service performance; and
 - the performance information is prepared in accordance with the Group's measurement bases or evaluation methods, and presents fairly, in all material respects in accordance with Public Benefit Entity Reporting Standards, what has been achieved with the appropriation, and for each class of reportable outputs;
 - the actual performance of the Group as compared with the forecast standards of performance included in the Group's statement of performance expectations for the financial year; and
 - the actual revenue earned and output expenses incurred as compared to the expected revenues and the proposed output expenses included in the Group's statement of performance expectations 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 information we audited or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and performance information 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 and performance information of the entities or business units within the group as a basis for forming an opinion on the group financial statements and the group performance information. 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 financial statements, the performance information consisting of the statement of service performance and the end-of-year performance information for appropriations, and our auditor's report thereon.

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

In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information 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 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)* as applicable for audits of public interest entities issued by the New Zealand Auditing and Assurance Standards Board.

In addition to the audit, we have carried out an engagement in the area of controls assurance, 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
PricewaterhouseCoopers
On behalf of the Auditor-General
Wellington, New Zealand
24 September 2026

10. Statutory reporting requirements

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

Callaghan Innovation did not receive any Ministerial Directions in the 2025/26 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 administered the following grants during FY2025/26:

- 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

On 1 December 2025, responsibility for the New to R&D Grants, R&D Project Grants, R&D Experience, Career and Fellowship Grants (Student Grants), and Ārohia Trailblazer Grants transferred to the Ministry of Business, Innovation and Employment (MBIE). The Technology Incubator Programme remained under the control of Callaghan Innovation throughout FY2025/26.

To give effect to the requirements of the Act, the following systems and procedures were implemented and operated throughout the period during which Callaghan Innovation was responsible for administering these grant programmes.

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.

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.
- The 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 2026.

Table 8: Number of employees in 2025/26

Pay bracket	Callaghan Innovation	Food Innovation Network Limited	Total
100,000 - 109,999	18	2	20
110,000 - 119,999	17	2	19
120,000 - 129,999	29	1	30
130,000 - 139,999	10	2	12
140,000 - 149,999	15		15
150,000 - 159,999	16		16
160,000 - 169,999	11	3	14
170,000 - 179,999	15	1	16

180,000 - 189,999	1	1	2
190,000 - 199,999	2		2
200,000 - 209,999	3		3
210,000 - 219,999	1		1
220,000 - 229,999	1		1
230,000 - 239,999			0
240,000 - 249,999	3		3
250,000 - 259,999			0
260,000 - 269,999			0
270,000 - 279,999		1	1
280,000 - 289,999	1		1
290,000 - 299,999			0
300,000 - 309,999			0
310,000 - 319,999			0
320,000 - 329,999	2		2
330,000 - 339,999	1		1
380,000 - 389,999	1		1
410,000 - 419,999	1		1
Total	148	13	161

Board of Directors' Remuneration

Table 9: Callaghan Innovation Directors' fees in 2025/26

Callaghan Innovation Directors	
Anna Cassels-Brown	38,582
Candace Kinser ¹⁸	30,746
Elena Trout	86,538
Jennifer Kerr ¹⁹	4,854
Matanuku Mahuika	48,335
Sally McKechnie ²⁰	19,500
Steve Evans	38,635
Total	267,190

Table 10: Food Innovation Network Directors' fees in 2025/26

Food Innovation Network Limited Directors	
Elena Trout	20,088
Grant Edwards*	0
Shaun Hendy	5,819
Stefan Korn*	0
Total	25,907

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

¹⁸ Candace Kinser finished up on the Board effective 30 June 2026

¹⁹ Jennifer Kerr finished up on the Board effective 31 August 2025

²⁰ Sally McKechnie finished up on the Board effective 31 December 2025