Earth Sciences New Zealand
Te Whatu Ao

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Annual Report 2025/26

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This report meets our annual reporting responsibilities under the Crown Research Institutes Act 1992 for the year ended 30 June 2026.

Cover Image: Dr Joshu Mountjoy, Antarctic Voyage

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TOITŪ CARBON REDUCE ISO 14064-1 ORGANISATION

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Introduction from the Chair and Chief Executive

We are proud to present the first annual report of Earth Sciences New Zealand, Te Whatu Ao.

Established just over a year ago, our organisation brings together the capability of New Zealand's leading earth science organisations. This allows us to apply world-class earth, water and climate science to some of New Zealand's most pressing challenges and opportunities.

In this report, you will find some of the new ways we have been able to translate our combined capability into economic value, greater resilience, better decision-making and improved outcomes for New Zealanders.

Ensuring long-term financial sustainability

Earth Sciences NZ delivered a strong financial result in its first year of operation, despite significant organisational change, integration activity, and subdued funding and trading conditions.

A key focus has been on establishing the foundations for long-term sustainability of the organisation. Financial discipline, efficiency realisation, careful prioritisation and a focus on future capability are central to our ability to deliver enduring value. Our performance this year provides a platform from which to invest in our people, infrastructure, systems and partnerships needed to support high-impact science over the long-term.

Working with partners to achieve more

We continue to strengthen trusted relationships across government, iwi, communities, industry, the science system, and internationally. These relationships are essential to ensuring our science is relevant, accessible and able to translate into practical benefit.

Aligning closely with the priorities set out in the Government's Science Investment Plan, we are delivering science that generates economic value, enables high-impact research drawing on our now wider capability, and strengthens innovation through deeper collaboration.

This year, RockXtract became the first company to emerge from Earth Sciences NZ research since our formation, commercialising low-carbon cement technology. This is a great example of how scientific discovery can be translated into new opportunities with environmental and economic value on the world stage.

The Government is clear about the role it sees for science and technology in lifting productivity, growing high-value industries and driving economic growth and opportunities for New Zealanders. In response we are ensuring Earth Sciences NZ is set up to accelerate innovation, advance commercialisation, and develop the knowledge and tools New Zealand needs.

We also expect to strengthen our capability and reach through the proposed acquisition of MetService and the transfer of the Measurement Standards Laboratory into Earth Sciences NZ in the coming year.

Realising the benefits of integration

Coordination and collaboration have been a hallmark of our work this year. By bringing together existing world-class science and exploring opportunities created by those linkages, we can offer something unique, nationally and internationally.

Our work included producing the first national-scale view of flood hazard and risk for New Zealand. This is critical information for protecting people, communities and places.

We ventured to the edge of the West Antarctic Ice Sheet to successfully retrieve a sediment core from beneath 523 metres of ice to help our climate scientists forecast the fate of the ice sheet in our warming world and the impacts of sea-level rise.

Our unique marine science assets, like our research vessels, continue to enable science, economic opportunity and the sustainable use of marine resources within New Zealand waters, the Pacific and beyond. Work investigating marine carbon removal technologies and mapping offshore groundwater is highlighted in this report.

These examples demonstrate the breadth and value of our science. They also show what becomes possible when scientific and technological capability is integrated and directed toward shared national challenges and opportunities.

We have only begun to realise the potential created through integration, and the year ahead will provide further opportunities to build on this foundation.

We invite you to read more of the science stories featured in this document.

Looking forward

As we enter our second year, our focus shifts from establishing the organisation to unlocking more impact and value. This will be supported by the development of an enterprise-wide strategy and by a continued focus on measurable impact, integrated science, advanced technology and stronger system connections.

We will strengthen our commercialisation efforts, deepen partnerships with key stakeholders, and maintain disciplined financial management to support future investment in capability, infrastructure and long-term sustainability. Above all, we will remain focused on ensuring our work delivers value and positive impact for New Zealand.

We would like to thank the people of Earth Sciences NZ for their commitment, professionalism and mahi during a year of significant change. We also thank our shareholders and our partners, who enable us to deliver outstanding outcomes for New Zealand.

David Smol
Chair

James Palmer
Chief Executive

A Selection of Milestones and Highlights

This year, Earth Sciences NZ made significant progress in establishing the foundations of our new organisation while continuing to deliver nationally important science and advice.

A key focus was building one organisation. We consolidated core systems and support services, creating stronger foundations for how we work together. At the same time, we progressed a science strategy centred on six core missions, providing a clearer framework for future impact.

We also strengthened collaboration across disciplines and continued to work with government, iwi, communities, industry and the wider science system. Together, this work is helping Earth Sciences NZ support better decisions and outcomes for New Zealand.

The benefits of integration are already being demonstrated. By connecting expertise across Earth systems, atmosphere and climate, land and water, oceans, hazards, energy and advanced technologies, we have been able to respond to complex national challenges in more coordinated ways. The examples in this report show how our science supports climate adaptation, hazard resilience, renewable energy, critical minerals, biosecurity, freshwater and marine research and management, commercial innovation and better public decision-making.

As Earth Sciences NZ moves beyond establishment, our focus is shifting to delivering high-impact outcomes and realising the full potential of an integrated national science organisation.

We will continue to deliver excellent science, strengthen partnerships, accelerate innovation and commercialisation, and ensure our work creates lasting economic, environmental, social and cultural value for New Zealand.

A Selection of Milestones and Highlights

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This timeline is a snapshot of milestones and highlights over the 2025/26 year. Science highlights can be found in section 3.

1st Quarter

Earth Sciences NZ was established uniting GNS Science and NIWA into one organisation with expertise spanning the full Earth system.

Cascade, New Zealand's newest and largest supercomputer, produced its first weather forecast. This capability can provide earlier and more frequent forecasts, support simulations of oceanographic systems, freshwater dynamics, and seismic activity — helping us to model natural hazards, including floods, earthquakes, and droughts.

Signed a Memorandum of Understanding with the Secretariat of the Pacific Regional Environment Programme, strengthening collaboration across the Pacific on shared priorities.

Secured Ministry of Business, Innovation and Employment Endeavour Fund support for five critical research programmes focused on hazard forecasting, climate change mitigation and adaptation, and untapped sources of renewable energy.

2nd Quarter

Appointed six General Manager Science Mission roles to provide leadership across Earth Sciences NZ's national science missions and support the continued integration of science capability across the organisation.

The full Executive Leadership Team was appointed, a key milestone in establishing Earth Sciences NZ's senior leadership structure.

The Data Platform and DataHub were established as core organisational data capabilities, improving access to datasets and laying foundations for common data governance, access, pricing and stewardship.

***RV Tangaroa* hosted the Floating University, a joint programme with the Pacific Community.** Sea riders from the Royal New Zealand Navy were also hosted throughout the year.

3rd Quarter

Received our first royalty revenue from green mining technology developed with the University of Oxford, supporting lower-impact extraction of rare Earth minerals from volcanic rock and attracting private investment.

Delivered a suite of successful training programmes across Pacific Island countries, building technical capacity in areas such as Automatic Weather Station data management for Kiribati and Tuvalu, groundwater engineering in Fiji, climate data systems for Papua New Guinea, and drone applications for hazard and environmental mapping for scholars from Vanuatu and Kiribati.

Progressed work to modernise our property portfolio, including the start of refurbishment at the Wairakei campus.

Established 20 Flagship programmes within the Science Missions and appointed a Chief Scientist to lead each Flagship.

***RV Tangaroa* successfully completed its five-yearly dry-docking and certification programme,** enabling the vessel to meet international environmental requirements.

4th Quarter

Developed our first organisation-wide Science Strategy, built around our six ambitious national science missions.

Delivered our first fully integrated Strategic Science Investment Fund investment plan.

RockXtract launched, taking New Zealand Science to international markets.

Signed a Memorandum of Understanding with The Pacific Community (SPC), strengthening our shared commitment to supporting Pacific countries and territories through science, data, and practical solutions.

Worked with iwi over several months to develop our Māori name, Te Whatu Ao. Our legacy names were returned to their original whakapapa earlier in the year.

Progressed a targeted life-cycle extension programme to modernise critical vessel and scientific systems on *RV Tangaroa.* This work supports reliable operation of New Zealand's only deep-water, ice-strengthened research vessel over the coming years.

Our Science

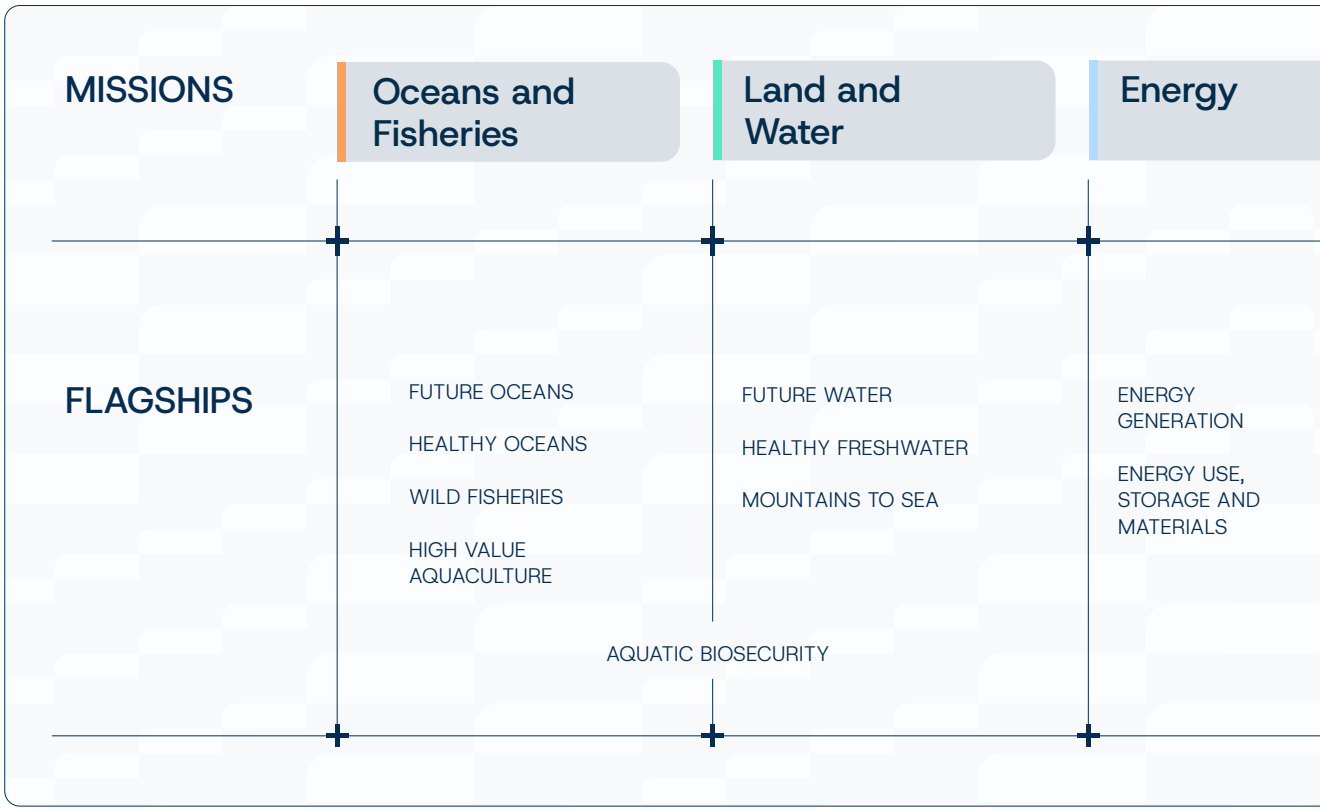
Earth Sciences NZ delivers impact through six integrated Science Missions.

These Missions guide investment and align our work with New Zealand's most important economic, environmental and resilience challenges and opportunities.

By connecting expertise across the breadth of Earth sciences, including human systems, the Missions help us understand and respond to the complex, interconnected systems that shape New Zealand's environment, economy and society, as well as global systems. They translate this broad capability into focused, outcome-driven programmes of work that deliver practical value.

Each Science Mission brings together multidisciplinary expertise to address challenges that cannot be solved by any single field or discipline. This includes Earth, water, climate, social, and data science alongside advanced technologies and engineering. By working in an integrated way, we generate more comprehensive insights, support stronger decision-making, and develop solutions that reflect the complexity of the systems we work within.

Science Missions



Flagships provide the primary pathway from science to impact. Within each Science Mission, Flagships bring together related research, applied science, data, products and services into coherent, outcome-focused programmes of work.

Together, the Flagships help ensure our science effort is coordinated, prioritised, aligned with user needs and able to deliver our impact goals. They provide the mechanism for designing activities that deliver practical impact and collectively support the objectives of each Science Mission.

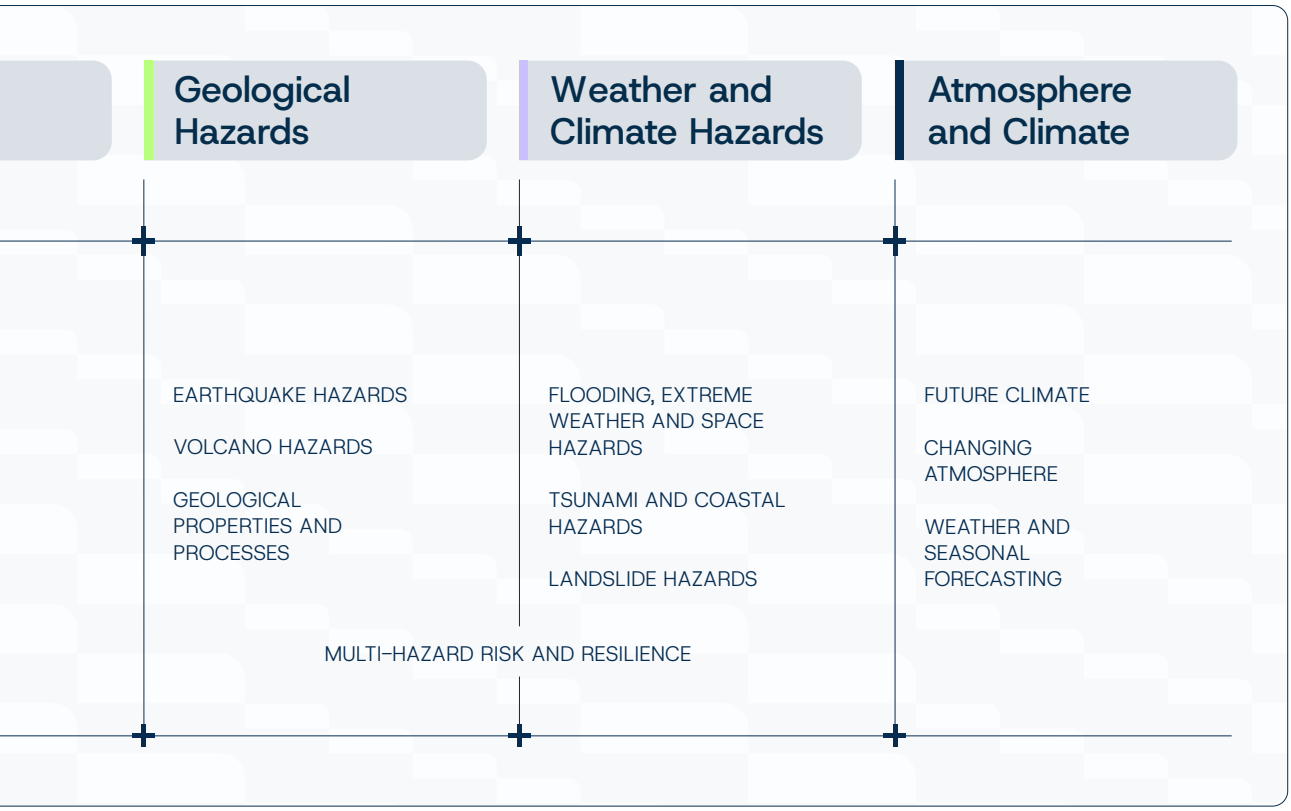
This section sets out what we achieved this year as we progressed towards the goals set out in our Statement of Corporate Intent 2025/26.

Research Vessels

Our work is supported by three research vessels: *RV Tangaroa, RV Kaharoa II,* and *RV Ikatere*. In 2025–26, these vessels spent 480 days at sea. Over the past three years, they have covered 200,000 nautical miles, roughly equivalent to circumnavigating the globe ten times.

These vessels enable a wide range of research programmes and operational services across New Zealand and the Pacific. This work has included:

- maintaining life-safety services through support for New Zealand's tsunami monitoring and reporting network;
- surveying seabed critical minerals and deep-sea environments to inform future management in New Zealand and the Pacific;
- supporting New Zealand's marine economy through fisheries surveys that underpin the quota management system;
- undertaking seabed and environmental impact surveys to support coastal infrastructure and transport.



Science Missions

Geological Hazards

Geological hazards are responsible for some of New Zealand's greatest social and economic losses.

Our science supports a more resilient country by combining GeoNet's 24/7 monitoring with world-leading expertise to deliver practical advice, models and forecasts for risk reduction, adaptation, emergency response and recovery.

Our experts work in partnership with government, iwi and Māori, communities and critical infrastructure providers, as we build towards a more resilient future for New Zealand and the wider Pacific region.

We deliver this Science Mission through four Flagships: Earthquake Hazards, Volcano Hazards, Geological Properties and Processes, and Multi-hazard Risk and Resilience (shared with the Weather and Climate Hazards Mission).

Improved geological hazard forecasting through the development and application of scientific knowledge, tools and expertise.

- An example of our progress toward this goal is a project advancing ashfall forecasting across New Zealand and the Southwest Pacific.
- Explosive volcanic eruptions can send ash high into the atmosphere and across large areas, threatening aviation, damaging critical infrastructure, impacting agriculture, and creating health risks for communities. To support timely decision-making, emergency managers and forecasters need fast, accurate and actionable information about where volcanic ash is now and where it will travel next. Generating these forecasts depends on rapidly determining key eruption characteristics that can be difficult to measure in real time.
- Earth Sciences NZ's project, *Next-generation ash dispersal forecasts through near-real-time quantification of volcanic eruption source parameters,* is developing new tools that combine multiple monitoring data sources to deliver faster and more reliable four-dimensional (space and time) volcanic ash forecasting.
- This year, the programme brought together international partners and operational end-users from across the Southwest Pacific at a workshop to help co-design the next generation of eruption characterisation tools. The workshop identified regional monitoring needs, strengthened relationships between meteorological agencies and volcano observatories, and established a shared vision for future ash forecasting capabilities. This will help ensure that the project's outputs support more effective warnings and impact forecasts both in New Zealand and across neighbouring countries.
- By integrating information from satellites, webcams, radar, microphones, seismometers and GPS sensors with new probabilistic modelling workflows, the project aims to estimate critical eruption source parameters within 30 minutes of an eruption being detected, enabling initial ash forecasts to be produced within an hour. Ultimately, this work lays the groundwork for probabilistic impact-based nowcasting of volcanic ash, building greater resilience to volcanic hazards across the region by supporting faster decisions, improved preparedness, and more effective responses when eruptions occur.
- This project was supported by the Ministry of Business, Innovation and Employment's Endeavour Smart Ideas and Strategic Science Investment (SSIF) funding.

Improved understanding of the complex processes that generate natural hazards, effective stewardship of critical geohazards data, hazards models and risk tools, monitoring infrastructure and nationally important capability, and extended geohazard monitoring capability.

- An example of our progress toward this goal is a project that is mapping hidden earthquake hazards in Wairarapa.
- Understanding where active faults are located is critical for assessing seismic risk, guiding land-use planning, and helping communities prepare for future earthquakes. In the Wairarapa Valley, incomplete fault mapping meant some potentially active faults and earthquake sources were not fully recognised, limiting our understanding of how large earthquakes may occur across the region.
- Through the It's Our Fault programme, Earth Sciences NZ is identifying, investigating, and communicating active earthquake faults to improve understanding of earthquake hazards in the lower North Island.
- A major achievement this year was the publication of new research revealing seven previously unmapped active faults in the Wairarapa Valley, significantly expanding knowledge of the region's fault network and showing that active faulting is more widespread than previously understood. Four of these newly identified faults, the Ruamahanga, Woodside, Carters Line and Pāpāwai faults, are located close to population centres and provide important new information for seismic hazard assessments in and around Masterton, Carterton and Greytown.
- Researchers are now using paleoseismic trenching across the Pāpāwai Fault and Masterton Fault to gain a better understanding of earthquakes there. This work is providing new evidence of past earthquakes, improving our ability to estimate earthquake size, frequency, and impacts, while ensuring communities and decision-makers have access to the best available science on earthquake risk.
- The It's Our Fault programme has been delivering impactful science for 20 years, in partnership with the Natural Hazards Commission Toka Tū Ake, Wellington Region Emergency Management Office, and Wellington City Council.

Multi-hazard risk intelligence, including impact-based forecasting is available geospatially across the country to support reduction, adaptation and build recovery as a seamless package (with Weather and Climate Hazards).

- An example of our progress toward this goal is a project that is developing new tools for advancing New Zealand's response to earthquakes and tsunamis.
- The Rapid Characterisation of Earthquakes and Tsunamis (RCET) programme is transforming New Zealand's ability to effectively respond to our biggest earthquakes and tsunamis, advancing Earth Sciences NZ's goal of delivering nationwide, geospatial multi-hazard risk intelligence and impact-based forecasting.
- Over its first five years, the programme delivered a suite of New Zealand-first capabilities. These include the ability to use our tsunami monitoring network to provide direct tsunami forecasts for early warning, apply 3D mapping of earthquake processes to improve shaking and damage estimates, and establish the scientific and operational foundations for earthquake early warning in New Zealand. Over the next five years, the programme will build on these achievements to advance forecasting of local tsunamis, tsunami inundation and earthquake impacts.
- New RCET tools are now being used by the 24/7 National Geohazards Monitoring Centre, GeoNet science duty teams, and earthquake and tsunami experts' panels. For the first time, New Zealand scientists can map the progression of a large earthquake as it unfolds, rapidly identifying its size, extent, shaking and potential impacts across affected regions. This science underpins the publicly available Shaking Layers tool (co-developed by RCET and GeoNet), and improves assessments of damage, landslide and aftershock activity. Together this information enables emergency managers and communities to make more informed decisions that support quicker, more cost-effective recovery.
- The programme has also enhanced tsunami forecasting by delivering faster and more accurate threat assessments. Using advanced modelling techniques and real-time data from New Zealand's Deep-ocean Assessment and Reporting of Tsunamis (DART) network (deployed and maintained via our flagship vessel Tangaroa), scientists can now forecast how tsunami threats will evolve over time and across specific coastal locations. These forecasts help reduce unnecessary evacuations while ensuring communities receive timely, evidence-based warnings when risk is highest.
- Building on the achievements of the original RCET programme, the next phase – the RCET Next-generation Early Warning programme – is exploring new forecasting methods, and emerging technologies, including quantum physics on seafloor fibre-optic cables and satellite observations, to continue to advance New Zealand's hazard monitoring and forecasting capability.
- RCET advances also create a strong foundation for interoperability with the Emergency Management Sector – Operational Systems (EMS-OS), NEMA's newly funded programme to modernise operational technology for readiness, response, and recovery. Together, these complementary investments will help ensure hazard intelligence can be shared, integrated, and acted on more effectively across New Zealand's emergency management system.
- This programme was supported by the Ministry of Business, Innovation and Employment's Endeavour Fund.

Science Missions

Weather and Climate Hazards

As climate change increases the frequency and severity of many hazards, our work provides the information needed to understand current and future risk to communities, infrastructure, businesses and the economy.

Our work combines observations, modelling and forecasting to improve warnings and decision-making before, during and after extreme events. Through Earth Sciences NZ, we are taking a more connected approach to assessing multiple hazards together, supporting better planning, adaptation and infrastructure resilience.

Our experts work closely with iwi and hapū, emergency managers, government agencies, infrastructure providers, businesses and research partners to turn science into practical tools and advice. This work supports safer communities, more effective emergency responses, reduced disruption and long-term economic resilience.

We deliver this Science Mission through four Flagships: Flooding, Extreme Weather and Space Hazards; Tsunami and Coastal Hazards; Landslide Hazards; and Multi-hazard Risk and Resilience (which also sits within the Geological Hazards Science Mission).

Enhanced predictions of weather and climate impacts from minutes to centuries, enabling New Zealand and the Pacific to thrive and prosper under a changing climate.

- An example of our progress toward this goal is the snowmelt forecast programme for safer communities.
- Snowmelt and rain-on-snow events can rapidly increase flood risk across New Zealand. However, emergency managers, hydrologists and infrastructure operators have had limited national-scale information on how much water is stored in the snowpack and when it may reach rivers. This makes it hard to anticipate compound hazards, especially in alpine and foothill catchments where weather, snow and runoff interact quickly.
- Earth Sciences NZ's snowmelt forecast programme is developing a New Zealand-specific forecasting pipeline that combines high-resolution weather model output, snow modelling, satellite observations and partner feedback to provide more useful information on current and forecast snow conditions.
- This year, the programme delivered a working prototype two-day national snowmelt forecast, with outputs shared through an ArcGIS viewer and enthusiastically received by partners including MetService, Department of Conservation, Mountain Safety Council, regional councils, Milford Road Alliance and energy companies. The national-scale prototype can be used to explore snow depth, snow water equivalent, snowfall, snowmelt, rainfall and surface water input at different scales.
- The team also developed catchment-average snowmelt and runoff metrics for hydrological modelling, improved satellite snow-cover processing and advanced methods to compare and reconcile historical and operational satellite datasets.
- These achievements were made possible by close collaboration between researchers, operational teams and project advisory partners. Feedback from these partners is shaping the forecast viewer, proposed catchment layers, and the next stage of development, including a potential long-term snowpack climatology to put future events into historical context.

Improved hazard and risk information and forecasts that are used to enhance the resilience of New Zealand communities and resilience and reliability of our key infrastructure.

- An example of our progress toward this goal is the delivery of the first national-scale view of flood hazard and risk for New Zealand.
- Flood risk is increasing across New Zealand as climate change drives more intense rainfall, while urban growth is placing more people, buildings and infrastructure in harm's way.
- Through a five-year flood risk research programme, Earth Sciences NZ has turned advanced modelling, climate science and geospatial data into New Zealand's first nationally consistent flood hazard viewer, mapping 256 flood plains under current and future climate scenarios.
- The research also revealed that more than 750,000 New Zealanders and about $235 billion worth of buildings are already exposed to one-in-100-year rainfall flooding, and this could rise to more than 900,000 people and $288 billion worth of buildings with a further 3 degrees of warming.
- The programme delivered nationally comparable risk intelligence that is useful and usable for councils, government agencies, infrastructure providers, iwi, financial institutions and other decision-makers. Uses include supporting adaptation planning, emergency management and investment decisions. The work was developed through wide-ranging collaboration with iwi, universities, research organisations, councils, central government agencies and industry.
- By translating excellent science into an accessible tool for national decision-making, the project supports Government priorities for climate adaptation and resilience, strengthens New Zealand's environmental intelligence capability, and helps communities and the economy navigate escalating flood risk with greater confidence.

Multi-hazard risk intelligence, including impact-based forecasting is available geospatially across the country to support reduction, adaptation and build recovery as a seamless package (with Geological Hazards).

- An example of our progress toward this goal is our work developing a national picture of compounding climate risk.
- New Zealand faces a widening gap between climate-related risk and resilience, with storms, flooding, drought and disruptive extremes increasingly felt across the motu.
- He Pou a Rangi Climate Change Commission's second National Climate Change Risk Assessment in 2026 reinforced that these risks compound across communities and systems, including critical infrastructure and lifelines. Using our risk-modelling software RiskScape, Earth Sciences NZ provided the underpinning National Climate Hazard Exposure Census. This report looked at people, buildings, infrastructure networks and land exposed to inland and coastal flooding, shallow groundwater, coastal erosion, rainfall-induced landslides and temperature extremes, under several climate scenarios out to 2090. This input helps strengthen understanding of the future climate, including where people and infrastructure are exposed to risks now and as the climate changes.
- The merger of Earth Sciences NZ has strengthened multi-hazard risk intelligence by connecting weather, climate and geological hazard science. It is enabling the development of geospatial tools and evidence to support risk reduction, adaptation and recovery as a seamless package.
- As well as supporting the Climate Change Commission's work, this year, that capability has helped provide nationally consistent, decision-ready evidence for government, councils, infrastructure providers, iwi, communities and other partners. This is enabling many across New Zealand to turn climate risk evidence into decisions and actions with greater confidence.

Science Missions

Land and Water

High-quality freshwater and healthy catchments underpin livelihoods, productivity and economic growth, but increasing pressure on these resources is creating tension between competing uses, including irrigation, hydropower generation, ecosystem health and cultural values, compounded by climate change and invasive species.

Our science enables the sustainable use and development of New Zealand's land and water resources in a changing environment by improving water security, protecting ecosystem health and supporting integrated catchment and coastal management.

Our work addresses this through a whole-of-catchment approach to observing and modelling the water cycle. By bringing together surface water and groundwater science with expertise in geological processes, hazards, climate and ecosystems, we provide a coherent, system-level understanding of land and water environments.

We deliver this Science Mission through four Flagships: Future Water; Healthy Freshwater; Mountains to Sea; and Aquatic Biosecurity (also aligned with the Oceans and Fisheries Science Mission).

Strengthened monitoring and predictive systems to enable evidence-based governance and management of subsurface, land, freshwater, estuarine and groundwater resources.

- An example of our progress toward this goal is our work conducting a nationwide analysis of water quality.
- The National Environmental Reporting Act requires the Government to publish information on water quality due to its importance to New Zealand's health, ecosystems, culture and economy. Information on water quality in rivers, lakes, wetlands and aquifers is required to assess the potential effects of increasing pressure from changing land use, water abstraction, and climate change.
- Earth Sciences NZ collated and analysed all water quality data collected from rivers, lakes, and groundwater bores for state-of-the-environment monitoring purposes. Measured data by many different providers, at more than 1,000 sites, were related to potential drivers of water quality such as land cover. These data were then used to predict water quality state for all rivers and lakes across the country. Information describing current state and recent trends provided by Earth Sciences NZ was used by the Ministry for the Environment and Stats NZ to construct the best possible national picture of water quality for their report, Our Freshwater 2026.
- Key findings of Our Freshwater 2026 include the knowledge that enriched nutrients associated with land use remain the largest controllable pressure on freshwater systems. Phosphorus trends are improving in many rivers, while nitrogen trends are mixed. National monitoring found E. coli at least once at 45 per cent of 998 monitored groundwater sites between 2019 and 2024.
- Systematically collated water quality data and succinct analysis provide councils, iwi, communities, and central government with a comprehensive knowledge resource for early, targeted, and robust decisions to protect drinking water, ecosystem health, and long-term water security.

Improved understanding of catchment-to-sea connections and estuarine processes for effective carbon sequestration and to ensure a healthy and prosperous coastal marine environment under changing land-use scenarios and a changing climate.

- An example of our progress toward this goal is our research into estuaries, which found that healthy estuaries are more resilient to climate extremes.
- Estuaries support New Zealand's cultural and economic wellbeing and can act as important carbon sinks, yet sediment and nutrient runoff is degrading many intertidal habitats. As climate change increases the frequency, intensity and duration of heatwaves, environmental managers need stronger evidence about how both healthy and degraded estuaries will respond.
- Earth Sciences NZ researchers simulated a multiday atmospheric heatwave at healthy sandy and degraded muddy intertidal flats in Waihī Estuary, measuring effects on biodiversity, shellfish and emissions and uptake of methane and carbon dioxide.
- Published in Nature Communications, the study found that muddy sites emitted more methane, while the healthier sandy habitat absorbed more carbon dioxide. Greater methane emissions occurred with increasing temperature maxima, suggesting that more intensely warm summer events will cause higher methane emissions from estuaries, an effect that will be much greater in degraded systems. Heatwave effects on seafloor communities were greater at the degraded site, indicating lowered resilience to climate change.
- These findings give councils, iwi, coastal communities and other estuary managers evidence that preventing sediment-driven degradation and protecting biodiverse habitats can strengthen climate resilience. Building on previous research, a follow-up experiment in February 2026 examined the vulnerability of shellfish and seafloor communities to heatwaves at a pristine site to better understand the role of biodiversity for estuary resilience and carbon cycling in a future of climate change.
- The research was supported by the Ministry of Business, Innovation and Employment's Strategic Science Investment Fund.

Enhanced predictions of New Zealand's current and future groundwater storage and surface water flows, allowing for improved water management and planning to support water security.

- An example of our progress toward this goal is our research aimed at transforming how New Zealand understands groundwater.
- Groundwater is a critical component of New Zealand's drinking water, irrigation supply, and flow in rivers, streams and wetlands. Yet, we currently have few tools to effectively understand and manage it.
- A new programme, Future-proofing Groundwater Systems, aims to map vulnerability to future climate and land-use pressures and develop adaptive planning approaches for resilient groundwater management.
- This new research builds upon the legacy of the Te Whakaheke o Te Wai programme, which produced the world's first National Groundwater Age Map and drinking-water protection guidance that help identify contamination risks and support decisions from national policy to local well protection.
- This year, the team ramped up its sampling programme, starting in the Hauraki Plains and Heretaunga Plains. This is critical information for assessing how best to manage land use so that water quality impacts are avoided.
- The team has also been working hard establishing place-based case studies with hapū and iwi. These insights are now being used to design further engagement, in preparation for additional hui and pathways planning processes.
- This programme is supported by the Ministry of Business, Innovation and Employment's Endeavour Fund. Project collaborators include Lincoln Agritech, Aqualinc, Land Water People, Scarlatti, Te Herenga Waka – Victoria University of Wellington, University of Otago, and a range of international collaborators.

Improved understanding of critical elements and materials in the subsurface to support a sustainable transition to a low-emissions future.

- An example of our progress toward this goal is our contribution of scientific expertise and evidence to support development of New Zealand's first Critical Minerals List.
- Critical minerals underpin renewable energy, transport, digital technologies and essential infrastructure, but many are vulnerable to supply disruption. New Zealand needs robust geoscience to understand its own critical mineral resources and make safe, sustainable decisions about their use.
- Earth Sciences NZ provided scientific expertise and evidence to support development of New Zealand's first Critical Minerals List and created accessible resources explaining why these minerals matter.
- Released by the Government in 2025, the list identifies 37 minerals critical to New Zealand's economy and technology needs, providing a foundation for secure supply chains, policy and investment. The Earth Sciences 'Critical minerals for Kiwi kids' webpages extend this impact by building young people's understanding of the minerals behind modern life and a low-emissions future, while trusted science supports responsible resource decisions that benefit our communities, the economy and the environment.
- Beyond identifying critical minerals, Earth Sciences NZ provides the independent scientific evidence needed to inform New Zealand's long-term mineral resource strategy. Its expertise helps government, industry and communities make evidence-based decisions about how mineral resources can be developed and used efficiently and sustainably. This science supports responsible resource stewardship, strengthens New Zealand's resilience and economic security, and helps ensure our mineral resources contribute to a sustainable future.

Science Missions

Energy

New Zealand needs a secure, affordable and low-emissions energy system that supports economic growth, strengthens energy security and enables the transition to a more sustainable future.

Our science supports informed decisions across the energy system by improving understanding of energy generation, storage, advanced materials, critical minerals and emerging technologies, enabling government, industry and communities to make evidence-based decisions.

Our work integrates Earth science, forecasting, climate modelling, environmental research, economics and social science to understand how energy resources interact with natural systems, infrastructure, industry and communities, translating scientific knowledge into practical solutions and innovation.

We deliver this Science Mission through two Flagships: Energy Generation and Energy Use, Storage and Materials.

Scientific and technical challenges are resolved, enabling increased generation of geothermal energy over the next decade.

- An example of our progress toward this goal is a project that is developing new tools for geothermal optimisation.
- New Zealand has significant geothermal resource potential, but the development of new projects is limited by the high capital investment needed and the risks associated with the uncertainties of the subsurface. Better tools are needed to improve confidence in geothermal exploration and support the long-term sustainable use of these resources.
- This year, Earth Sciences NZ developed new AI-enabled methods to rapidly interpret geophysical data and advanced research into Enhanced Geothermal Systems, a key next-generation technology identified in New Zealand's Geothermal Strategy.
- Our new deep learning tools can generate underground models that rapidly invert geophysical data, enabling subsurface models to be generated from processed field data in seconds to minutes helping improve decision-making and better understand uncertainty.
- This work will help reduce development risk, support future geothermal investment, and contribute to increasing New Zealand's renewable energy generation over the coming decade.

New materials, processes, locations and approaches for effective carbon and energy storage, low carbon hydrogen and energy harvesting are identified.

- An example of our progress toward this goal is a project that is advancing low-carbon hydrogen and green ammonia technologies.
- Low-carbon hydrogen and green ammonia have the potential to reduce emissions from hard-to-decarbonise sectors, but new production methods and a better understanding of natural hydrogen resources are needed to support future use.
- This year, Earth Sciences NZ advanced research into green ammonia production, strengthened capability for natural hydrogen exploration, and expanded national and international collaborations across the hydrogen value chain.
- We validated promising catalyst technologies using advanced isotope techniques, developed a scalable pathway for manufacturing catalyst materials, and launched new research into plasma- and microwave-enabled green ammonia production. We did this through partnerships with the University of Auckland and Victoria University of Wellington. We also worked with industry partners to investigate natural hydrogen potential in Wairarapa and strengthened our subsurface modelling and underground storage capability through international collaboration under the Horizon Europe HyDRA project.
- Together, these advances are building the scientific knowledge, partnerships and technologies needed to support New Zealand's future low-carbon hydrogen and green ammonia industries.

Our progress and impact examples

Robust resource information and forecasting is provided to optimise existing hydro, wind and solar energy operations and the growth of new developments.

- An example of our progress toward this goal is a project that is improving hydro lake inflow forecasts.
- Reliable forecasts of water flowing into hydro lakes are essential for hydro-electricity generators to maximise renewable electricity generation and respond efficiently to changing market conditions. Better forecasts help operators make more informed decisions while reducing unnecessary water spills.
- This year, Earth Sciences NZ continued providing operational lake inflow forecasts for the Waitaki and Clutha catchments, while introducing new forecasting improvements for industry partners.
- We upgraded Contact Energy's Clutha River forecasts by incorporating ensemble weather forecasting, evaluated improved methods for estimating lake inflows, and conducted a performance evaluation to identify key areas for development.
- These improvements help hydro generators optimise electricity production, reduce spills, better coordinate operations, and support a more reliable and efficient renewable energy system for New Zealand.

Renewable energy technologies, including solar and storage technologies, suitable for New Zealand's conditions are discovered and optimised in support of regional energy security.

- An example of our progress toward this goal is a project that is improving solar resource information for renewable energy investment.
- Accurate information about solar energy potential is essential for planning new solar developments, but New Zealand has limited high-quality, site-specific solar resource data. Better forecasting helps reduce investment risk and supports the growth of renewable electricity generation.
- This year, Earth Sciences NZ completed a detailed solar resource assessment for investor and developer RanuiGen, combining weather observations, high-resolution climate modelling, and climate change projections to evaluate two proposed solar developments in Taranaki.
- The assessment confirmed that our New Zealand Reanalysis dataset provides more accurate estimates of solar resource than the commonly used international datasets, giving greater confidence in project planning. We also incorporated CMIP6 climate change projections to assess how solar resource may change over the coming century. Based on this analysis, we were able to advise that a modest increase in solar resource, or brightening, over the coming century supported the client's long-term investment decisions.
- This project demonstrates the value we can provide to New Zealand's growing solar industry by delivering reliable, site-specific resource assessments to support their investment decisions. A key additional outcome was the development of an automated software pipeline for solar resource assessment. This capability allows us to assess solar potential at any location in New Zealand, significantly reducing the effort required for future projects and improving our ability to respond to industry demand.

Science Missions

Oceans and Fisheries

New Zealand's marine environment is a critical driver of economic activity, supporting existing and emerging industries.

Our science supports the sustainable use and management of New Zealand's oceans by improving understanding of marine environments, ecosystems, aquaculture and fisheries, and enabling informed decision-making across economic, environmental and cultural objectives.

Our work integrates observations, modelling and data analysis across ocean systems, using remote sensing, habitat mapping, autonomous platforms, world-class research vessels and advanced analytical tools.

We deliver this Science Mission through five Flagships: Healthy Oceans, Future Oceans, Wild Fisheries, High Value Aquaculture, and Aquatic Biosecurity (also aligned with the Land and Water Science Mission).

Enhanced understanding of ocean change and its role driving climate in New Zealand, the Pacific and Antarctica, to enable effective responses to climate change.

- An example of our progress toward this goal is our research into marine heatwave impacts on fisheries.
- New Zealand's ocean temperatures are rising, and marine heatwaves are becoming more frequent and severe, which has implications for fisheries and marine ecosystems. New Zealand needs to understand the future of marine ecosystems in a changing environment to ensure our fisheries remain sustainable and our marine ecosystems healthy.
- This year, we analysed the regional impacts of long-term warming and temperature extremes on fish abundance around New Zealand for Fisheries New Zealand and began work to develop early warning systems.
- The team found that seas are projected to get hottest around the North Island, and marine heat waves will become longer and more frequent around the South Island with continued slower general warming of New Zealand's waters. This work aids fisheries management and provides vital information for New Zealand's fishing industry to be adaptable and more resilient.
- Building on this work, we are developing multi-month forecasts for marine heatwaves to provide an early warning system that will help marine industries, iwi, and regulators to anticipate and prepare for the impacts of approaching heatwaves in their planning and decision-making.
- The regional impacts work was supported by Fisheries New Zealand, and the forecasting work supported by the Ministry of Business, Innovation and Employment.

Enhanced understanding of the future of marine ecosystems in a changing environment, for sustainable fisheries and marine ecosystem health.

- An example of our progress toward this goal is a project exploring marine carbon removal.
- Marine carbon dioxide removal (mCDR) techniques are attracting considerable global interest and investment as a potential tool for mitigating climate change, presenting a significant opportunity for New Zealand. However, many are still at the theoretical and laboratory-scale, with few ocean scale field tests carried to date.
- A programme launched this year aims to assess national requirements (monitoring and verification, risk assessment, regulatory controls and public education) associated with three potential mCDR techniques by studying their natural equivalents in New Zealand coastal and open-ocean waters.
- The first field campaign was undertaken this year with New Zealand and International partners on our ocean-going research vessel *RV Tangaroa* in combination with a coastal research vessel *RV Kimiora*, looking at the natural supply of alkalinity from rivers, groundwater and sediments in Hawke's Bay, and the experimental response of sediment fluxes and phytoplankton to alkalinity addition.
- This work is supported by the Ministry of Business, Innovation and Employment's Endeavour Fund.

Demonstrate and develop commercial-scale, land-based culture of finfish, focusing on haku (yellowtail kingfish) at the Northland Aquaculture Centre

- An example of our progress toward this goal is our work aimed at ramping up production of versatile kingfish.
- New Zealand is aiming for the aquaculture sector to bring in $3 billion in annual revenue by 2035, with multiple strategies needed to support that goal.
- At the Northland Aquaculture Centre (NAC), Earth Sciences NZ is demonstrating commercial-scale, land-based production of haku (yellowtail kingfish). The farm's experimental Recirculating Aquaculture System (RAS) includes eight 350,000-litre tanks and provides greater production and environmental control, particularly through improved weather resilience.
- The RAS continues to optimise performance through increased automation while maintaining production levels. Standing biomass on the farm has increased from 120 tonnes to 160 tonnes, demonstrating the system's growing efficiency and capability.
- This performance is backed up by research from the NAC, with a review published this year by our team that examined yellowtail kingfish aquaculture, with a particular focus on production in RAS.
- The RAS is a joint venture by Earth Sciences NZ and the Northland Regional Council.

Providing evidence to balance sustainability of fisheries stocks and the impacts of fishing on the environment with economic opportunities.

- An example of progress toward this goal is our survey into fish abundance, undertaken in collaboration with industry and regulators.
- The first fish abundance survey in 30 years was conducted off the east coast of the North Island (known to industry as FMA 2), providing valuable information to support future fisheries management decisions.
- This year, industry, science, and regulators worked together towards the shared goal of delivering the survey in the most cost-effective way. Earth Sciences NZ worked with Seafood New Zealand and Trophia Ltd, a small research company, to successfully carry out a multi-vessel scientific trawl survey focused on tarakihi, snapper, and red gurnard, as well as several other important commercial species.
- The survey collected fishery-independent data to support fisheries management decisions, with fishing vessels from Gisborne Fisheries and Moana New Zealand coordinating efforts across the survey area. Earth Sciences NZ staff measured more than 6,500 fish and collected over 1,800 otoliths (ear bones used to determine fish age) from catches sampled at fish processing facilities in Gisborne and Auckland, generating consistent and reliable data to inform future fisheries management decisions.

Better protection of New Zealand's marine environments from pests and diseases now and in future.

- An example of our progress toward this goal is our work aimed at understanding exotic *Caulerpa* in New Zealand.
- Since the discovery of exotic *Caulerpa* in 2021, Biosecurity New Zealand (BNZ) has been working to understand the impact on the marine environment and on recreational and commercial fisheries species.
- This year, our teams have been undertaking field campaigns for BNZ to understand the extent and impact of *Caulerpa* and anticipate where new incursions might occur, including trials of AI technology.
- We have been assisting the development and testing of techniques to remove or minimise *Caulerpa*, including applying salt or chlorine, using benthic matting to smother the plant, suction dredging and exposure to UV-C.
- Our teams have continued to develop new detection tools to assist how New Zealand carries out its biosecurity programmes, including AI detection.

Science Missions

Atmosphere and Climate

Climate change is one of the most significant challenges facing New Zealand, affecting natural systems, infrastructure, communities and the economy.

Our science allows us to prepare for severe weather, adapt to unavoidable climate change impacts, anticipate and evaluate risks associated with climate change, and effectively reduce longer-term climate change impacts by mitigating greenhouse gas emissions. This strengthens the New Zealand economy and reduces economic losses.

Our work integrates observations, modelling and data analysis across atmospheric and climate systems, supported by advanced technologies and strong international collaboration.

We deliver this Mission through three Flagships: Future Climate, Changing Atmosphere, and Weather and Seasonal Forecasting.

Numerical and AI-based weather and climate modelling (using land, ocean and space observations) is enhanced and benefits key sectors, including aviation and transport, primary production, tourism, infrastructure and energy, conservation and emergency response within New Zealand and the Pacific.

- An example of our progress toward this goal is our project developing high-resolution climate projections using physics and AI.
- Understanding how global climate will respond to future increases in greenhouse gases relies on sophisticated climate models. These complex global models require vast computing power, and their resolutions do not reflect localised climate changes across New Zealand's complex terrain.
- Regional climate models (RCMs), implemented through a process called 'downscaling', provide higher resolution projections, and can be used to identify how local weather and extreme events may change in our warming climate. However, RCMs also come with an enormous computational cost.
- Earth Sciences NZ is developing the first physics-informed artificial intelligence (AI)-driven RCM emulator for climate projections tailored to New Zealand's unique geography and climate, enabling large ensembles of very high-resolution (2-12km) projections for the entire country.
- Utilising the power of AI allows projections to be tailored to the local level to inform investment in climate change adaptation. The advances improve the quality of the projections, greatly increasing the confidence in what is being predicted.
- In 2025, we released the first version of a new downscaled dataset produced by our leading AI model, which ranked among the top performers in a recent international AI model intercomparison study.
- The possibilities this unlocks are extremely exciting. We are just at the beginning of exploring the ways in which these technologies will help New Zealanders better understand climate-related risks, improve climate adaptation decision-making and support resilience to extreme weather events.
- This work is supported by the Ministry of Business, Innovation and Employment's Endeavour Fund.

Weather (minutes to weeks) and climate (months to centuries) forecasts are produced for weather/climate impact assessment, operational decision-making and long-term planning.

- An example of our progress toward this goal is our work building the next generation of weather forecasting.
- To build a more resilient New Zealand and enable economic wellbeing, we need to equip decision-makers and communities with timely, localised and impact-focused weather and climate forecasting.
- Earth Sciences NZ has made important progress toward the next generation of weather and climate forecasting by developing and testing artificial intelligence and machine-learning approaches alongside existing numerical weather prediction systems.
- We have established a research-to-operations framework for high-resolution neural weather modelling. This allows different AI forecasting approaches to be tested, compared and benchmarked against existing forecasting guidance, allowing the team to assess which AI methods are scientifically credible and operationally viable.
- Practical nowcasting applications have also been advanced, with the development of prototype systems for the UV Index and flood forecasting. A river-flow nowcasting case study for the Buller catchment showed improved representation of significant flow events compared with existing hydrological guidance. Researchers demonstrated the potential of renewable-energy nowcasting to support the energy sector with more frequently updated wind and solar forecasts.
- While several components remain at prototype or research stage, together these developments have established the scientific capability, software infrastructure, international collaborations, and operational pathways needed to accelerate the adoption of AI-enabled forecasting for the benefit of New Zealand and the wider Pacific region.

Ongoing and refined measurements of the atmosphere are used to document trace gas concentrations and emissions, calibrate satellite earth observations, and support global, national and local greenhouse gas mitigation.

- An example of our progress toward this goal is our work mapping New Zealand's urban carbon dioxide sources and sinks.
- Carbon dioxide from urban fossil fuel burning is responsible for 40% of New Zealand's gross carbon emissions. Understanding how much carbon dioxide is released by our cities and how much is absorbed by urban green spaces is key for effective mitigation policies.
- The CarbonWatch-Urban research programme is mapping carbon dioxide sources and sinks for every town and city in New Zealand, providing vital information to support the transition to a low-carbon economy and help meet our net-zero 2050 target.
- A critical part of the programme is the mobile lab – an electric van that collects atmospheric measurements and is also kitted out to take samples of air for analysis back at the Rafter Radiocarbon laboratory.
- This year the mobile lab has embarked on a national sampling campaign, covering a range of urban locations from Kaitaia to Bluff. The team has carried out seven road trips, along with additional sampling in urban centres in the lower North Island. While on the road the lab maps carbon dioxide, carbon monoxide, methane and black carbon in real time. The team has also collected 348 flask samples of air for radiocarbon analysis to understand how much of the carbon dioxide is coming from fossil fuels and how much is from biological sources.
- The mobile lab data extends that being gathered at our four permanent sites in the Auckland network. Once combined with cutting-edge modelling, the end result will enable decision-makers to better monitor emissions and target mitigation.
- This programme is supported through the Ministry of Business, Innovation and Employment's Endeavour Fund. Research partners are the Bioeconomy Science Institute, University of Auckland, Ministry for the Environment, StatsNZ and Ngāti Whātua Ōrākei.

Improved understanding of global-scale environmental change, variability, and impacts has led to improved predictive capabilities for hazards and disasters.

- An example of our progress toward this goal is our work to understand ice sheet behaviour under past warming.
- The West Antarctic Ice Sheet holds enough ice to raise global sea level by 4-5 m, but there is uncertainty around the temperature increase that could trigger the retreat of the ice sheet.
- Over the 2025/26 summer the Earth Sciences NZ co-led SWAIS2C (Sensitivity of the West Antarctic Ice Sheet to 2°C) team successfully retrieved a record-breaking 228-metre sediment core from beneath 523 metres of ice at Crary Ice Rise on the edge of the West Antarctic Ice Sheet.
- This is the first long sediment core obtained so close to the centre of West Antarctica, providing a direct record of how this margin of the ice sheet has behaved during past times of warmth. Previously ice sheet modellers have relied on geological records from much further afield.
- The team overcame demanding technical and logistical challenges to retrieve the core, including hot-water drilling and continuous operations at the remote field camp more than 700km from Scott Base.
- Analysis at a core description workshop at the Otago Repository for Core Analysis found the majority of the core is aged between 7 and 10 million years old. A substantial section containing shell fragments and marine microfossils indicates open ocean conditions, confirming major retreat of the ice sheet under climate conditions similar to those expected by the end of this century.
- Samples are being analysed by our international science team at laboratories around the world. The findings will contribute critical knowledge to ice sheet modelling and sea-level projections.
- SWAIS2C brings together partners from 10 countries through the International Continental Scientific Drilling Program. Antarctica New Zealand, Earth Sciences NZ, Te Herenga Waka—Victoria University of Wellington, and the United States Antarctic Program were central to delivering the complex field and drilling programme.

Our People

Our Leadership Team

James Palmer
Chief Executive

Patrick Baker
Chief Financial Officer

Peter Benfell
Chief Science Operations Officer – Geological Systems

Emma Bennett-Lawn
Chief People and Transformation Officer

Warrick Johnston
Chief Digital and Technology Officer

Dan Lambert
Chief Communications and Engagement Officer

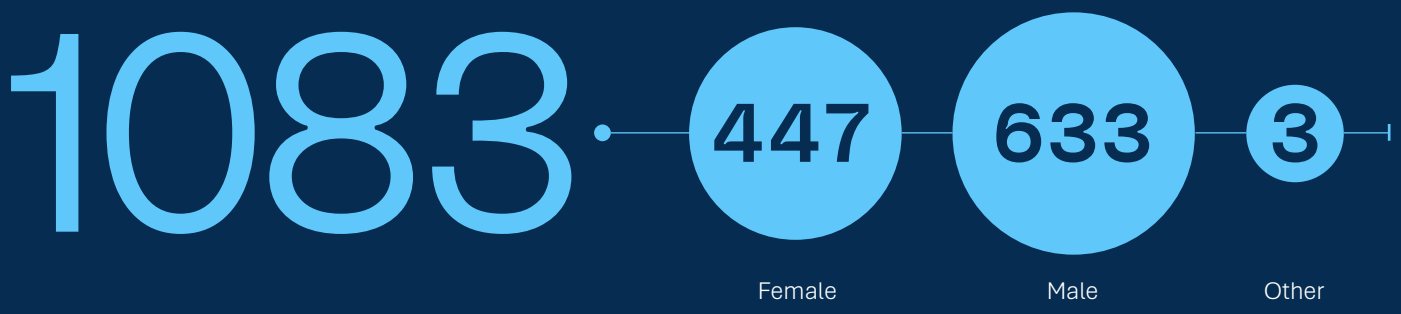
Helen Neil
Chief Science Operations Officer – Oceans, Water and Atmosphere

Marino Tahi
Chief Māori and Pacific Partnering Officer

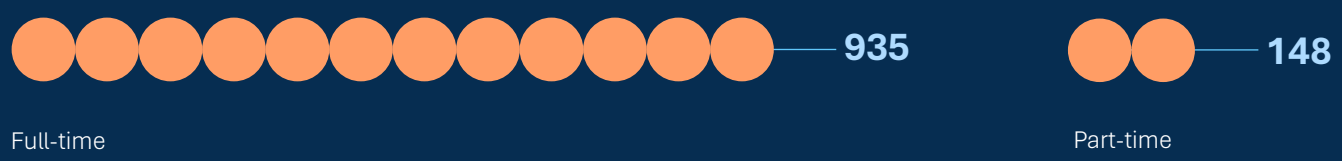
Alex Thompson
Chief Science Strategy Officer

Our People at a Glance

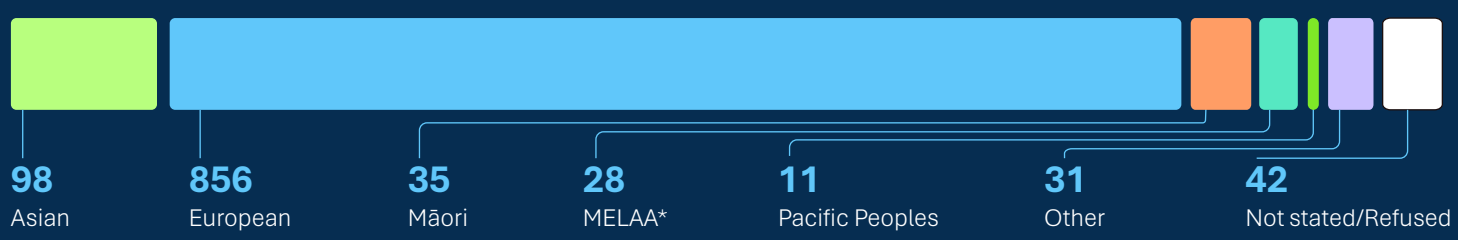
TOTAL HEADCOUNT



EMPLOYMENT TYPE



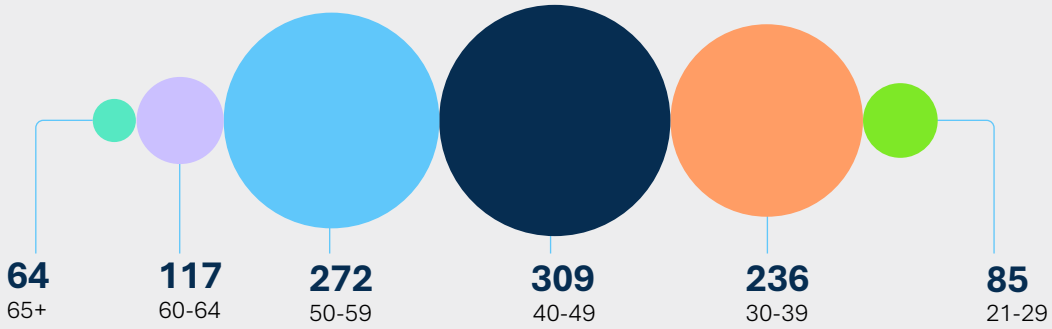
ETHNICITY



Some employees select multiple ethnicities. *MELAA stands for Middle Eastern / Latin American / African.

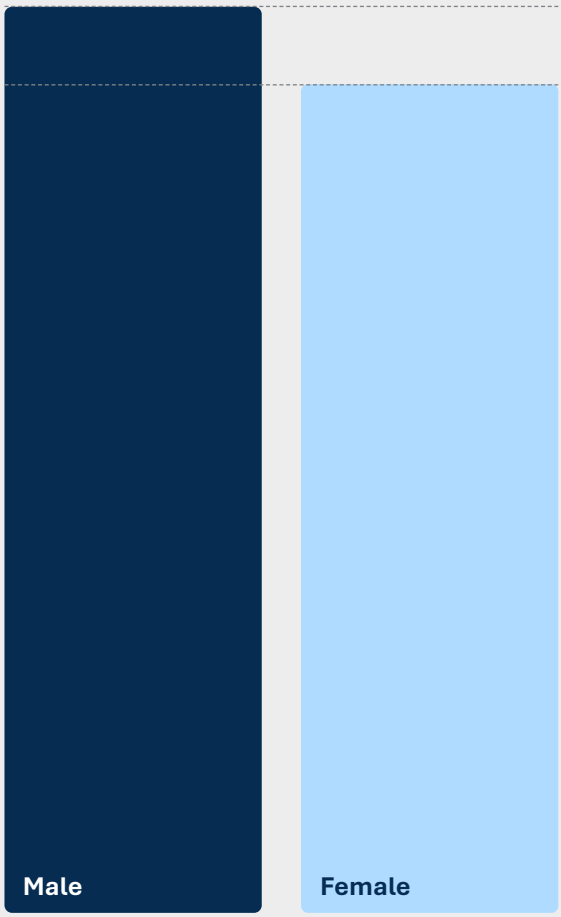
Our People at a Glance

AGE RANGE



AVERAGE PAY GAP *

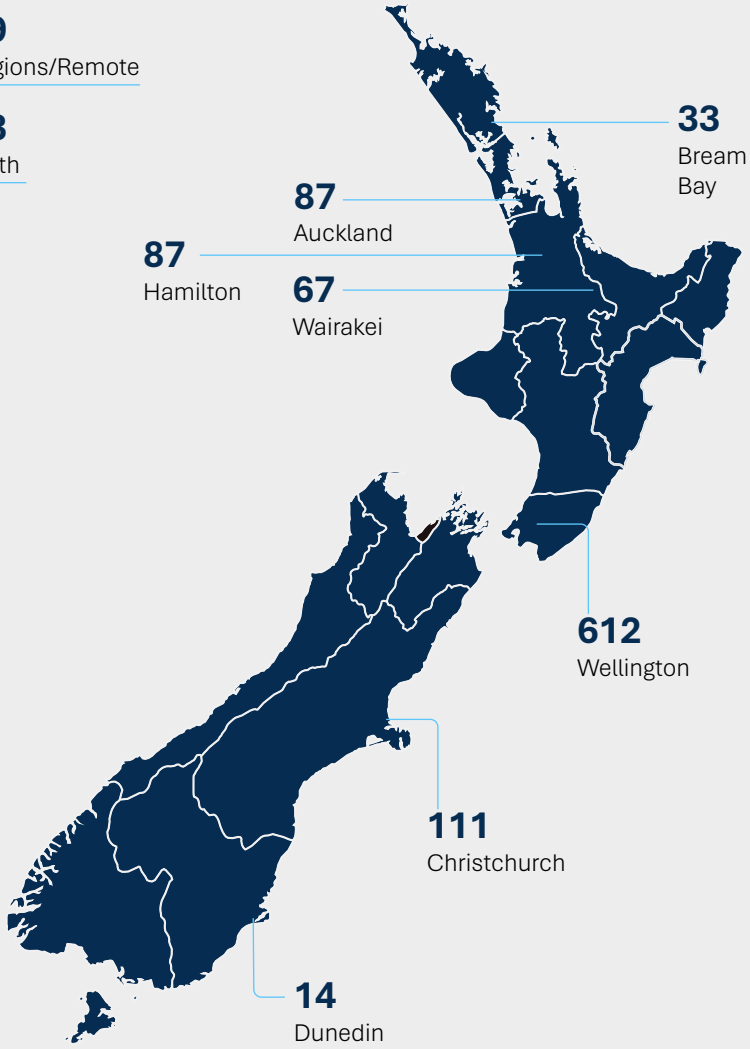
8.3%
between male and female



WHERE WE WORK

59
Regions/Remote

13
Perth



*Excluding subsidiaries

Investing in Our People

Our people are central to delivering impact for Earth Sciences NZ. As a newly formed organisation bringing together the strengths and expertise of our predecessor entities, we are committed to being a good employer and building a unified culture grounded in our shared purpose and values. Our people policies and practices promote fair, inclusive and respectful treatment across all aspects of employment, ensuring everyone has the opportunity to thrive.

Our people are critical to delivering scientific excellence and positive outcomes for New Zealand. We continue to invest in leadership development, employee engagement, wellbeing, and diversity and inclusion initiatives that strengthen our organisational capability and culture. Through these efforts, we aim to create an environment where our people feel valued, supported and empowered to contribute their unique skills and perspectives in advancing Earth Sciences NZ's purpose.

Supporting our people through change

This year, our focus was on supporting people through the first phase of integration, as we brought together organisational structures, systems and processes. Change management was underpinned by clear communication and opportunities for staff to engage, including consultation on the proposed leadership structure in August 2025, town halls, Q&A sessions, and updates.

Following the formation of the Executive Leadership Team in October 2025, further consultation focused on key enabling functions. Integration reviews are continuing to inform the future operating model and science structures.

Throughout this process, our intent has been to support people through change in a respectful and transparent way, with wellbeing support available to everyone, particularly those directly affected by change.

Leadership development

This year was about supporting leaders and teams through the first phase of integration. There has been a strong focus on bringing merged teams together: supporting them to create purpose for their teams, develop shared ways of working, and build a cohesive team culture that supports collaboration, trust, and high performance.

Leadership development was delivered across a range of senior leadership groups, focused on strengthening collaboration and ways of working. We also supported leaders to develop their coaching capability and delivered a variety of bespoke leadership and team-building sessions tailored to the needs of individual teams. A suite of leadership and management-focused eLearning courses was also developed and made available to all employees.

Early Career Network

The Early Career Network empowers early career staff across the organisation by providing opportunities for networking, upskilling, career development, and community. The last twelve months saw the merging of the two separate groups from our predecessor organisations, following a period of careful deliberation and planning.

The unified network, led by a 13-person council with members from diverse locations and career pathways, is now exploring new ways to reach, support and advocate for early career staff across Earth Sciences NZ. The network is supported by two co-sponsors from the Executive Leadership Team.

Equity, Diversity and Inclusion

Our Equity, Diversity, and Inclusion (EDI) approach strengthens every aspect of our work for both employees and when engaging clients and communities. We have an employee-led EDI Network which meets to support EDI initiatives, raise awareness and foster an inclusive community within the organisation.

The Kia Toipoto initiative concluded in October and was replaced by the Public Service Commission Workforce Diversity Strategy. We remain committed to exploring broader diversity, inclusion, workforce equity and fair remuneration frameworks as we continue our transformation journey to bring all our people together into one Earth Sciences NZ framework.

Other highlights from the 2025/26 year include:

- Engagement Survey: We ran our first Earth Sciences NZ employee survey, establishing a valuable baseline for employee experience and key themes. The Executive Leadership Team has incorporated the feedback into planning, with leaders sharing results with their teams.
- Training: We delivered Psychological First Aid workshops, giving participants practical skills to recognise and respond to wellbeing needs. We also ran two Te Reo Māori courses to build cultural capability and confidence across the organisation.
- Recognising and rewarding high performance: We are working towards consistent, transparent remuneration practices across the organisation, informed by job-sizing and pay-equity analysis. This work aims to ensure our people are remunerated fairly, relative to their roles and contribution to world-class science, and forms part of our ongoing engagement with staff and their representatives on pay and conditions.

Keeping our people safe

Strong Health, Safety and Wellbeing (HSW) practices continue to support safe operations as we develop a unified HSW Management System. We are retaining what works well and seeking opportunities to further strengthen our systems through collaboration, learning and recognised good practice.

We have enhanced our Critical Control Management Programme to improve visibility of the controls managing serious risks. Stronger verification and assurance processes help Earth Sciences NZ demonstrate that these controls remain effective and support the safe delivery of work.

Our people play a vital role in shaping HSW outcomes. Through consultation, participation, reporting and learning, they are sharing their knowledge and experience to help unify how we work. By developing fit-for-purpose procedures and learning from both successes and unplanned events, we are strengthening our systems, improving risk management and building a culture where people feel confident to speak up, contribute ideas and look out for one another.

In the year ahead, we will focus on building one trusted, continually improving system that supports great science, enables informed risk-based decisions, and delivers positive outcomes for our people, communities, partners and environment.

Te Ao Māori

Māori are significant leaders, partners, participants and end-users of Earth Sciences NZ science and research, and ensuring the organisation has sufficient capability and expertise to deliver impactful research with and for them is critical. This year, we advanced organisational capability, cultural transformation, workforce development, and integration, shifting from merger alignment to strategic delivery. Key achievements included launching Te Whatu Ao, expanding cultural capability programmes, strengthening Māori research leadership, and growing pathways for Māori researchers.

We provided training in te reo Māori and Te Tiriti o Waitangi awareness, developed a Māori language plan, and celebrated the 50th anniversary of Te Wiki o te Reo Māori through a suite of activities across multiple sites. During Matariki, we launched the organisation's Māori identity, Te Whatu Ao, and returned our gifted legacy Māori names, Te Pū Ao and Taihoro Nukurangi, to their origins.

We hosted seven Māori summer internships in 2025/26, giving students valuable experience. The Māori Graduate Internship Programme expanded into AI, machine learning and environmental analytics, supporting cultural capability and workforce growth in emerging technology areas. Te Piko o Te Māhuri supported early-career Māori researchers through proposal writing, conference participation, publication, science communication and leadership development.

Investment across the workforce pipeline, from internships and emerging researchers to leadership development, has expanded opportunities for Māori to contribute to scientific excellence. Cultural initiatives have strengthened organisational identity, capability, and commitment to delivering impactful outcomes for Māori. Continued investment will be critical to sustaining momentum, deepening innovation, and strengthening delivery partnerships. Our achievements provide a strong platform for future growth, reinforcing Earth Sciences NZ's commitment to science that is internationally excellent, innovative, and grounded in New Zealand's unique cultural context.

Earth Sciences NZ's Sustainability Journey

Environmental responsibility is integral to how Earth Sciences NZ delivers science and operates as an organisation. Our work supports New Zealand's sustainability goals through research and advice, while our own activities are managed with a disciplined focus on reducing environmental impact, consistent with our Statement of Corporate Intent. This commitment sits within our broader sustainability framework, which brings together environmental, social, cultural and economic outcomes. We also demonstrate leadership through our membership of the Sustainable Business Council.

In 2025/26, Earth Sciences NZ continued its carbon reduction journey with Toitū Envirocare, building on the commitment and work of our predecessor organisations.

A key achievement this year was completing the first carbon emissions inventory and inventory management report, confirming our status in the Toitū carbonreduce programme. This significant piece of work brought together data from multiple systems and suppliers to provide our first organisation-wide view of carbon emissions. Our audited total net emissions for 2025/26 are 11,902 tCO2e, with marine fuel use, electricity use, employee commuting, and business air travel as our top emissions sources. The largest portion of our footprint is marine fuel at 5,923 tCO2e. Vessel fuel emissions are strongly influenced by the type and duration of research conducted from our vessels and vary considerably on an annual basis. However, we have for over a decade reduced vessel fuel consumption, and therefore emissions, by a reduction in vessel speed, and this operational control to limit emissions will remain in place. Other reduction activities successfully operationalised prior to the formation of Earth Sciences NZ also continue to reduce emissions at both national and local levels. These included reducing energy consumption by investment in renewable energy and technology that reduces the need for business travel.

We have set an initial overarching emissions reduction target for the merger transition period. Detailed planning is now underway to strengthen how environmental responsibility is embedded in day-to-day operations and integrated systems. This will give us a clearer understanding of emissions across the full organisation and support realistic, evidence-based reduction targets.

We remain committed to reducing our carbon footprint and ensuring we are innovative in building lower emissions into the planning and delivery of excellent science.

Performance Indicators

For the year ended 30 June 2026

The Earth Sciences NZ suite of performance indicators includes measures that are consistent across the Crown Research Institutes, as well as indicators that allow us to show performance against our own strategic direction. This year, Earth Sciences NZ has performed well against all of our indicators. Targets for 2026 are in brackets.

End-user collaboration

133 (92)

Revenue per FTE from commercial sources ($000)

Technology & knowledge transfer

1.4 (1)

Commercial reports per scientist FTE

Research collaboration

85% (>85%)

Papers co-authored with collaborators

Revenue generation

280 (256)

Revenue per FTE ($000)

Science quality

5.1 (≥2.5)

Impact of scientific publications

Operational delivery

98.7% (>90%)

% of projects delivered on time

Health and safety

1.86 (<3)

Recordable injuries per 200,000 work hours (rolling 12-month average)

Our Finances

Financial Summary

YEAR ENDED 30 JUNE $000	2026	2025	2024	2023	2022
Revenue and other gains	288,050	176,206	198,758	186,036	170,233
– Research	144,580	74,065	94,216	101,063	95,614
– Commercial science	143,187	101,904	102,646	84,972	74,618
– Change in fair value of biological assets	280	234	1,895	–	–
– Other income	3	3	1	1	1
Profit before interest and income tax	**9,461**	**5,161**	**3,795**	**7,474**	**8,902**
Profit before income tax	6,616	96	848	7,764	8,958
Profit for the year	4,677	(190)	(5,787)	5,938	6,470
Capital expenditure	24,423	34,472	52,546	45,270	40,817
Return on average equity (%)	2.1	(0.1)	(3.7)	3.8	4.3

The figures for 2025 and prior are for the former entity National Institute of Water and Atmospheric Research Ltd only, prior to amalgamation.

Actual performance versus Statement of Corporate Intent (SCI)

YEAR ENDED 30 JUNE $000	2026 Actual	2026 SCI	2025 Actual
Revenue and other gains	288,050	306,317	176,206
Operating expenses, depreciation, and amortisation	278,589	298,760	171,045
Profit before income tax	6,616	3,851	96
Profit for the year	4,677	3,025	(190)
Average total assets	379,083	315,810	287,577
Average shareholders' funds	226,014	180,676	153,397
Profitability			
Operating profit margin (%) (EBITDA/revenue)	14.1	12.2	14.9
Adjusted return on average equity after tax (%) (net surplus/adjusted average equity)	2.3	1.9	(0.1)
Return on average equity after tax (%) (net surplus/average equity)	2.1	1.7	(0.1)
Return on assets (%) (EBIT/average total assets)	2.5	2.4	1.8
Liquidity and efficiency			
Current ratio	0.82	0.7	1.1
Quick ratio	1.64	0.9	1.3
Financial leverage			
Debt to average equity (%)	(7)	(15)	34
Gearing (%)	(5)	0	34
Proprietorship (%) (average shareholders' funds/total assets)	48	47	53

The 2025 comparatives are for the former entity National Institute of Water and Atmospheric Research Ltd only, prior to amalgamation.

Overview of group financial performance

On 1 July 2025, the GNS Science legal entity was amalgamated into the NIWA legal entity and NIWA was renamed as New Zealand Institute for Earth Science Limited. The 2026 actual results therefore represent 12 months of trading for ESNZ while the 2025 comparatives represent 12 months trading for NIWA only. Accordingly, this overview of group financial performance discusses performance compared with the SCI Budget and does not address year over year changes.

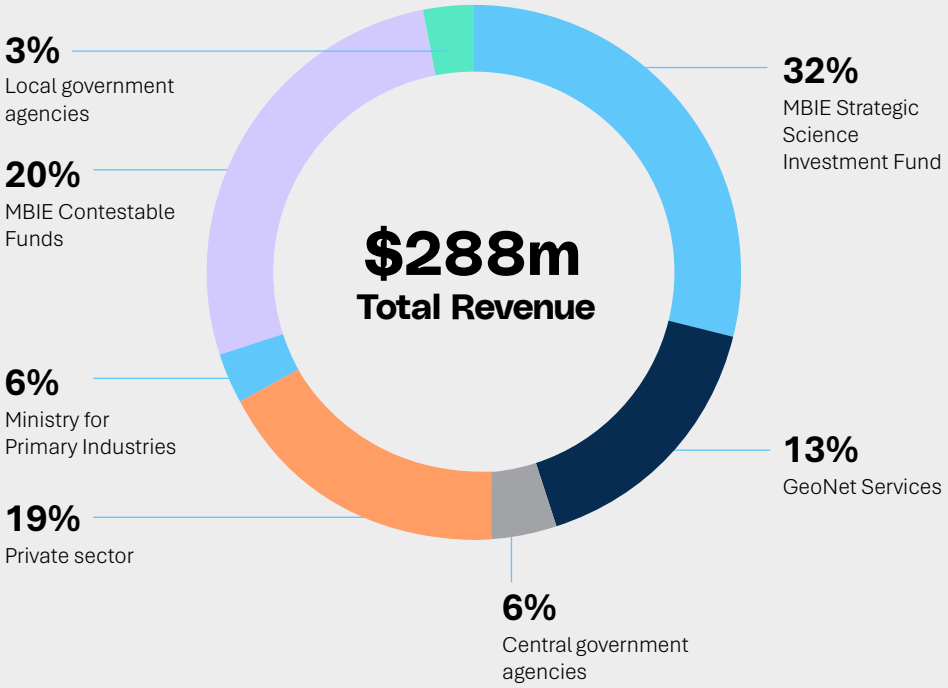
The 2025/26 financial year marked the successful establishment of New Zealand Institute for Earth Science Limited (ESNZ) following the amalgamation of NIWA and GNS Science. ESNZ delivered a strong first-year performance, generating revenue and other gains of $288 million, achieving profit before interest and tax of $9.5 million, maintaining positive operating cash flows of $30.5 million, fully repaying all external debt, and continuing to invest in science capability and infrastructure through $24.4 million of capital expenditure.

Revenue and other gains

ESNZ achieved revenue and other gains of $288 million for the year which was $18.3 million below budget, largely due to lower subcontractor pass-through activity and reduced revenue from vessel operations, Recirculating Aquaculture System (RAS) fish sales, and commercial contracts. Despite the revenue shortfall, ESNZ delivered a stronger-than-budget financial result, with profit before interest and tax of $9.5 million exceeding the SCI target of $7.6 million. This was primarily due to expenditure being $20.2 million below budget, which more than offset the lower revenue.

ESNZ continued to maintain a diversified revenue base, with 52% of revenue derived from MBIE-funded research programmes and the balance generated through applied science services and commercial activities.

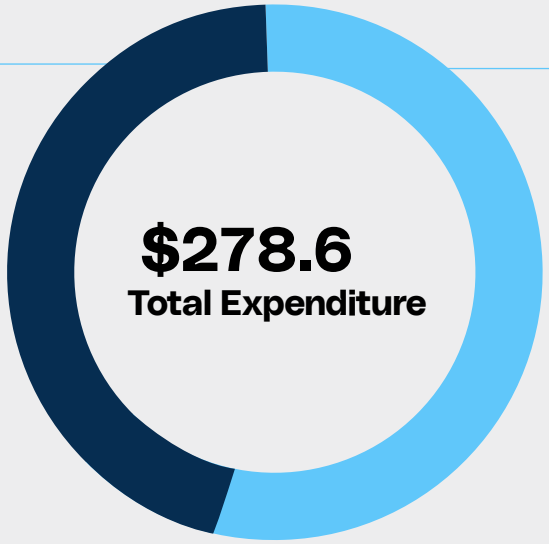
REVENUE



Expenditure

Expenditure for the year (before interest and tax) was $278.6m, $20.2m (6.8%) below budget. This lower than budget spending was after taking into account $4.0 million of actual unbudgeted merger-related costs, and reflected lower subcontractor pass-through activity, together with lower employee benefit and overhead costs. This careful control over spending enabled ESNZ to achieve profit before tax above budget despite revenue being below target.

EXPENDITURE



Capital expenditure

ESNZ continued to invest in science capability and infrastructure to support future research outcomes, with capital expenditure of $24.4 million during the year.

Capital structure and liquidity

Shareholders' equity at 30 June 2026 was $298.8 million which was $92.5 million above the level forecast in the SCI budget, primarily due to the adoption of the revaluation model for land and buildings effective from 1 July 2025. Total assets at year-end were $469.9 million. Surplus cash within the combined organisation was used to repay borrowings, resulting in net debt reducing to nil at 30 June 2026.

ESNZ's liquidity is primarily supported by operating cash flows. The Company also has access to banking facilities of $70.5 million, none of which were drawn at 30 June 2026 ($55.5 million drawn at 30 June 2025).

Dividends

As foreshadowed in the Company's Statement of Corporate Intent, the Directors of ESNZ have once again decided not to declare a dividend in respect of the 2026 year. This is in the light of a series of significant capital investments which have been made in recent years and will continue to be required to maintain and build the Company's capability and financial sustainability for the future. These investments include renovating or replacing the physical infrastructure and facilities at three of the Company's main sites.

Statement of profit or loss and other comprehensive income

YEAR ENDED 30 JUNE $000	Notes	2026 Actual	2026 SCI Budget	2025 Actual
Revenue and other gains	1			
Revenue		287,441	305,491	175,969
Change in fair value of biological assets	13	280	826	234
Other gains		329	-	3
Total revenue and other gains		**288,050**	**306,317**	**176,206**
Operating expenses	2			
Employee benefits expense		(150,520)	(152,228)	(89,198)
Other expenses		(97,018)	(116,572)	(60,718)
Total operating expenses		(247,538)	(268,800)	(149,916)
Profit before interest, income tax, depreciation, and amortisation (EBITDA)		**40,512**	**37,517**	**26,290**
Depreciation	4, 5	(30,581)	(29,963)	(20,356)
Amortisation	7	(470)	-	(773)
Profit before interest and income tax (EBIT)		**9,461**	**7,554**	**5,161**
Interest income		365	999	251
Finance expense	5	(3,210)	(4,702)	(5,316)
Net interest and other finance income/(expense)		(2,845)	(3,703)	(5,065)
Profit before income tax		6,616	3,851	96
Income tax expense	10	(1,939)	(826)	(286)
Profit for the year		**4,677**	**3,025**	**(190)**
Other comprehensive (loss)/income				
Items that may be reclassified to profit or loss:				
Foreign currency translation differences of foreign operations		6	–	(56)
Items that will not be reclassified subsequently to profit or loss:				
Revaluation gains on assets	4	88,384	–	–
Total comprehensive income for the year		**93,067**	**3,025**	**(246)**
Profit attributable to:				
Owners of the Parent		4,677	3,025	(190)
Profit for the year		**4,677**	**3,025**	**(190)**
Total comprehensive income attributable to:				
Owners of the Parent		93,067	3,025	(246)
Total comprehensive income for the year		**93,067**	**3,025**	**(246)**

The accompanying 'Notes to the financial statements' are an integral part of, and should be read in conjunction with, these financial statements. SCI Budget information is unaudited. The 2025 comparatives are for the former entity National Institute of Water and Atmospheric Research Ltd only, prior to amalgamation.

Statement of Changes in Equity

YEAR ENDED 30 JUNE 2026 $000	Notes	Share Capital	Retained Earnings	Revaluation reserve	Foreign Currency Revaluation reserve	Total equity
Balance at 1 July 2025		**24,799**	**128,814**	**–**	**(339)**	**153,274**
Profit for the year		**–**	4,677	–	–	4,677
Other comprehensive (loss)/ income		–	-	88,384	6	88,390
Total comprehensive income/ (loss)		**–**	**4,677**	**88,384**	**6**	**93,067**
Gain on amalgamation		–	52,412	–	–	52,412
Balance at 30 June 2026		**24,799**	**185,903**	**88,384**	**(333)**	**298,753**

YEAR ENDED 30 JUNE 2025 $000	Notes	Share Capital	Retained Earnings	Revaluation reserve	Foreign Currency Revaluation reserve	Total equity
Balance at 1 July 2024		**24,799**	**129,004**	**–**	**(283)**	**153,520**
Profit for the year		**–**	(190)	–	–	(190)
Other comprehensive (loss)/ income		–	-	–	(56)	(56)
Total comprehensive income/ (loss)		**–**	**(190)**	**–**	**(56)**	**(246)**
Balance at 30 June 2025		**24,799**	**128,814**	**–**	**(339)**	**153,274**

The accompanying 'Notes to the financial statements' are an integral part of, and should be read in conjunction with, these financial statements. The 2025 comparatives are for the former entity National Institute of Water and Atmospheric Research Ltd only, prior to amalgamation.

Share Capital

The Group has authorised issued and fully paid capital of 24,798,700 ordinary shares (2025: 24,798,700 ordinary shares). All shares carry equal voting and distribution rights and have no par value. Following the amalgamation, the National Institute of Water and Atmospheric Research Ltd (NIWA) continued as the surviving entity and was renamed to New Zealand Institute for Earth Science Ltd (ESNZ). The shares of the Institute of Geological and Nuclear Sciences Limited (GNS Science) were cancelled, leaving NIWA's share capital as the only remaining share capital of ESNZ.

Statement of Financial Position

AS AT JUNE 30 $000	Notes	2026 Actual	2026 SCI Budget	2025 Actual
Equity				
Share capital		24,799	24,799	24,799
Equity reserves		273,954	181,506	128,475
Shareholders' interest		**298,753**	**206,305**	**153,274**
Non-controlling interest		–	–	–
Total equity		**298,753**	**206,305**	**153,274**
Non-current liabilities				
Provision for employee entitlements	3	1,691	2,590	893
Term Loan		–	35,150	55,500
Capital grants from Crown	1	18,607	13,373	–
Lease liabilities	5	42,810	41,558	40,042
Deferred tax liability	11	22,533	2,107	6,535
Total non-current liabilities		**85,641**	**94,778**	**102,970**
Current liabilities				
Payables and accruals		14,141	21,270	6,896
Term Loan		–	-	–
Revenue in advance	1	50,939	42,032	12,625
Provision for employee entitlements	3	16,957	17,209	11,924
Capital grants from Crown	1	2,849	5,603	–
Taxation payable		–	1,327	–
Lease liabilities	5	644	–	553
Forward exchange derivatives		–	–	–
Total current liabilities		**85,530**	**87,441**	**31,998**
Total equity and liabilities		**469,924**	**388,524**	**288,242**
Non-current assets				
Property, plant, and equipment	4	352,991	195,403	208,720
Identifiable intangibles	7	853	55,549	849
Deferred tax asset	11	180	–	186
Right-of-use asset	5	40,560	38,845	38,814
Prepayments		5,219	448	750
Investment in associate		29	–	–
Total non-current assets		**399,832**	**290,245**	**249,319**
Current assets				
Cash and cash equivalents		15,203	30,394	2,662
Other short-term investments		–	13,000	–
Forward exchange derivatives		17	–	1
Receivables	8	28,153	27,913	14,140
Prepayments		8,573	7,779	9,361
Tax Receivable		880	175	588
Uninvoiced receivables	1	10,146	11,195	5,227
Inventory	9	4,712	4,780	4,816
Biological Assets	13	2,408	3,043	2,128
Total current assets		**70,092**	**98,279**	**38,923**
Total assets		**469,924**	**388,524**	**288,242**

The accompanying 'Notes to the financial statements' are an integral part of, and should be read in conjunction with, these financial statements. SCI Budget information is unaudited. The 2025 comparatives are for the former entity National Institute of Water and Atmospheric Research Ltd only, prior to amalgamation.

For and on behalf of the Board:

David Smol
Chair

Paul Connell
Audit and Risk Committee Chair

Authorised for issue
on 27 August 2026

Statement of Cash Flows

YEAR ENDED 30 JUNE $000	Notes	2026 Actual	2026 SCI Budget	2025 Actual
Cash flows from operating activities				
Cash was provided from:				
Receipts from customers and grants		286,944	305,463	182,971
Dividends received		3	–	3
Interest received		365	999	251
Cash was disbursed to:				
Payments to employees and suppliers		(251,012)	(270,180)	(171,069)
Interest paid	5	(3,210)	(4,699)	(5,316)
Taxation refund/ (paid)		(2,573)	(3,378)	184
Net cash inflow from operating activities	12	**30,517**	**28,205**	**7,024**
Cash flows from investing activities				
Cash was provided from:				
Sale of property, plant, and equipment		322	–	110
Term deposits maturing		10,000	10,000	–
Receipts of capital funding in advance		4,000	4,000	–
Cash was applied to:				
Purchase of property, plant, and equipment		(22,948)	(18,551)	(29,011)
Purchase of intangible assets		(416)	–	(819)
Investments in Subsidiaries		–	–	–
Investments in other term deposits		–	(10,000)	–
Net cash outflow from investing activities		**(9,042)**	**(14,551)**	**(29,720)**
Cash flows from financing activities				
Cash was provided from:				
Term Borrowings		–	–	19,500
Cash was applied to:				
Repayment of loan principal		(55,500)	(11,643)	–
Payment for lease principal		(516)	(509)	(581)
Net cash inflow/(outflow) from financing activities		**(56,016)**	**(12,152)**	**18,919**
Increase/(decrease) in cash and cash equivalents		**(34,541)**	**1,502**	**(3,777)**
Effects of exchange rate changes on the balance of cash held in foreign currency		213	1	(9)
Opening balance of cash and cash equivalents		2,662	28,891	6,448
Cash addition from amalgamation		46,869		
Closing cash and cash equivalents balance		**15,203**	**30,394**	**2,662**
Comprising:				
Cash at bank and on hand		12,664	20,394	1,927
Short-term deposits		2,539	10,000	735
Closing cash and cash equivalents balance		**15,203**	**30,394**	**2,662**

The accompanying 'Notes to the financial statements' are an integral part of, and should be read in conjunction with, these financial statements. SCI Budget information is unaudited. The 2025 comparatives are for the former entity National Institute of Water and Atmospheric Research Ltd only, prior to amalgamation.

Notes to the Financial Statements

1. Revenue and other gains

YEAR ENDED 30 JUNE $000	2026	2025
Research		
Strategic Funding	101,665	*61,933
Rendering of services	48,690	*12,132
Commercial Science		
Rendering of services	84,690	88,143
Sale of goods and associated installation services	11,465	13,761
GeoNet Services	37,843	–
Capital grants revenue	2,942	–
Change in fair value of biological assets	280	234
Dividends	3	3
Other income	472	–
Total revenue and other gains	**288,050**	**176,206**

* Revenue relating to funding from MBIE to help meet the operating costs of the RV Tangaroa for research voyages has been reclassified from Rendering of Services to Strategic Funding.

The accounting policies associated with the Group's operating revenues are as follows:

Contracts with customers

Revenue from contracts with customers is recognised in accordance with the five-step model set out in NZ IFRS 15:

1. Identify the contract with a customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognise revenue as or when a performance obligation is satisfied.

Key estimates and assumptions

Satisfaction of a performance obligation generally occurs as or when control of the outputs of the obligation is passed to the customer. Judgement is required to identify whether a performance obligation is satisfied over time or at a point in time, as well in applying methods for measuring progress towards the satisfaction of performance obligations. These judgements represent key assumptions concerning the future that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Generally, control for services is transferred, and revenue recognised, over time as the service is provided. The Group uses the 'percentage-of-completion method' to determine the appropriate amount of revenue to recognise in a given period. The stage of completion is measured by reference to the labour and non-labour costs incurred up to the end of the year as a percentage of total estimated costs for each contract. Contract duration is typically 1-5 years and revenue is recognised over time as service is rendered. The customer pays a fixed amount over the contract term in accordance with the payment frequency specified in the contract.

The Group recognises revenue from the sale of goods when control of the goods has passed to the customer, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and there is a high probability that a significant reversal in the revenue recognised will not occur. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances. The timing of the transfer of control varies depending on the individual terms of the sales agreement.

The Group does not expect to have any significant contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money as this is considered to not have a material impact.

Government grants

Government grants are recognised under NZ IAS 20 when there is a reasonable assurance that the Group will comply with the conditions attached to the grant, and that the grant will be received.

Government grants related to costs are deferred and recognised in profit or loss over the period in which the Group incurs the costs for which the grant is intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as revenue in advance and they are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

Government grants relating to income are recognised in profit or loss on a systematic basis over the periods in which the grants are intended to compensate. Where grant income has been recognised before the associated funding has been received, the related balance is included in Uninvoiced receivables. Where funding has been received in advance of the related costs being recognised, the amount is included in Revenue in advance.

A government grant that becomes receivable as compensation for expenses or losses already incurred, or for the purpose of giving immediate financial support to the Group with no future related costs, is recognised in profit or loss in the period in which the grant becomes receivable.

Strategic funding

ESNZ and the Crown are parties to a Strategic Science Investment Fund – Programmes Investment Contract (SSIF Contract) under which the Crown contracts ESNZ to perform research activities that support ESNZ's Statement of Core Purpose (SCP). Specific SCP outcomes, and their associated delivery programmes, are agreed annually with Shareholding Ministers and documented in ESNZ's Statement of Corporate Intent.

For financial reporting purposes this Strategic Funding is treated as a Government Grant in terms of NZ IAS 20. Strategic Funding received and recognised during the year was $101.665 million exclusive of GST (2025: $61.933 million for NIWA).

Capital grants from Crown

Government grants received in specie or in cash for the acquisition of network assets, are recognised at their fair value and held on the Statement of Financial Position as a deferred credit and recognised as revenue over the periods necessary to match the related depreciation charges, or other expenses of these assets, as they are incurred.

YEAR ENDED 30 JUNE 2026 $000	2026	2025
Capital grants recognised on amalgamation	20,398	–
Cash received in advance during the year	4,000	–
Cash returned during the year	–	–
Recognised as revenue during the year	(2,942)	–
Balance at 30 June	**21,456**	**–**
Represented by		
Current portion	2,849	–
Non-current portion	18,607	–
Capital grants from Crown at 30 June	**21,456**	**–**

Contract balances

Contract Assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer, conditional on something other than the passage of time. If the Group performs under a contract by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Contract assets are classified as 'Uninvoiced receivables' in the Statement of Financial Position.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services, a contract liability is recognised. Contract liabilities are recognised as revenue when the Group performs under the contract.

Contract liabilities are classified as 'Revenue in advance' in the Statement of Financial Position.

YEAR ENDED 30 JUNE 2026 $000	2026	2025
Revenue recognised that was included in the contract liability balance at the beginning of the year		
Rendering of services	9,414	13,016

2. Operating Expenses

Employee Benefits

YEAR ENDED 30 JUNE $000	2026	2025
Defined contribution plans	4,951	3,274
Defined benefit plans	301	324
Termination benefits	2,363	233
Other employee benefits	142,905	85,367
Total employee benefits expense	**150,520**	**89,198**

Other Expenses

YEAR ENDED 30 JUNE $000	2026	2025
Materials and supplies	15,599	14,907
Research collaboration	17,332	8,624
Property occupancy costs	10,038	7,222
Information technology	19,037	9,497
Remuneration of directors	508	398
Foreign currency (gain)/loss	(341)	32
Movement within loss allowance provision	1	(1)
Change in the fair value of derivatives	(16)	(1)
Other expenses	34,517	19,819
Total other expenses	**96,675**	**60,497**

Auditor's remuneration

YEAR ENDED 30 JUNE $000	2026	2025
Auditor's remuneration comprises:		
Fees to PwC for audit of the financial statements (Group)	334	214
Fees to PwC for audit related services	9	9
Total auditor's remuneration	**343**	**223**

3. Employee entitlements

Liabilities for wages and salaries, including non-monetary benefits and annual leave, long service leave, retirement leave, and training leave are recognised when it is probable that settlement will be required, and they are capable of being measured reliably. Provisions, in respect of employee benefits, are measured using the remuneration rate expected to apply at settlement. Employee benefits are separated into current and non-current liabilities. Current liabilities are those benefits that are expected to be settled within 12 months from balance date.

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

The provisions for long service leave, retirement leave, and training leave are dependent upon several factors that are determined by the expected employment period of employees, current remuneration, and the timing of employees' use of the benefits. Any changes in these assumptions will impact on the carrying amount of the liability. The employment period used to determine the appropriate long service leave liability is based upon historical average length of service. The training leave liability is based upon typical historical usage of the benefit.

AS AT JUNE 30 $000	2026	2025
Remuneration		
Salary accrual	3,621	3,647
Annual leave	12,659	7,962
Training leave	167	178
Long service leave	1,823	655
Retirement leave	378	375
Total employee entitlements	**18,648**	**12,817**
Comprising:		
Current	16,957	11,924
Non-current	1,691	893

4. Property, plant and equipment

Vessels, plant and equipment, other assets and work in progress are stated at cost less accumulated depreciation to date, less any impairment losses.

Effective from 1 July 2025, ESNZ adopted the revaluation model for land and buildings in accordance with NZ IAS 16. Under this model, land and buildings are carried at fair value, less subsequent accumulated depreciation and impairment losses, if any, for buildings since the last revaluation.

The comparative financial information for the year ended 30 June 2025 present land and buildings at historical cost less accumulated depreciation and impairment losses. The change in accounting policy was made to provide readers of the financial statements with more relevant information regarding the value of land and buildings, in accordance with NZ IAS 16 Property, plant and equipment and NZ IAS 8 Accounting policies. Land and buildings are recognised at fair value less accumulated depreciation, except capital work in progress which is recognised at historical cost.

Any surplus on revaluation of land and buildings is recognised in other comprehensive income and accumulated in the Revaluation Reserve unless it offsets a previous decrease in value recognised in the statement of profit or loss, in which case it is recognised in the statement of profit or loss. A deficit on revaluation is recognised in the statement of profit or loss in the period it arises where it exceeds any surplus previously transferred to the Revaluation Reserve for the same asset, in which case it is recognised in other comprehensive income and reduces the Revaluation Reserve.

The Group's policy is to revalue commercial land and buildings every three years with valuations being performed by independent registered valuers based on the price that would be received to sell the asset in an orderly transaction between market participants under current market conditions. Valuation assessments are performed earlier than every three years if market evidence suggests that property values have moved materially since the time of the last valuation assessment.

The revaluations are conducted on a systematic basis across the Group so that the asset revaluations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at balance date. Where valuations are not obtained for land and buildings, the carrying values of these assets are reassessed for any material change.

The Company engaged Darroch Limited, an independent registered valuer, to provide a valuation of all the Group's land and buildings as at 30 June 2025 in accordance with NZ IAS 16 – Property, Plant and Equipment and NZ IFRS 13 – Fair Value Measurement. A further revaluation of a subset of the Group's land and buildings was undertaken as at 30 June 2026 in accordance with the Group's revaluation policy.

During the year ended 30 June 2026 a surplus of $88.384m was recognised directly in the Revaluation Reserve for buildings where the valuation exceeded the carrying value, and a deficit of $537k was recognised through the statement of profit or loss for a building where the valuation was lower than the carrying value.

Expenditure incurred on property, plant and equipment is capitalised where such expenditure will increase or enhance the future economic benefits provided by an asset's existing service potential. Expenditure incurred to maintain future economic benefits is classified as repairs and maintenance.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the statement of profit or loss and other comprehensive income.

Key estimates and assumptions

Revaluations

The methods and valuation techniques used for assessing the current market value of land and buildings by independent registered valuers are disclosed below. Changes in the estimates and assumptions underlying the valuation approaches could have a material effect on the carrying amounts of the properties, with changes in value reflected either in the revaluation gain on assets reserve or through the statement of profit or loss, as appropriate in accordance with the Group's accounting policy.

Techniques applied by the Group which are used to value certain classes of property, plant and equipment are considered to be level 3 in the fair value hierarchy. Inputs are not based on observable market data; that is, they are unobservable inputs. There have been no transfers between levels during the year.

The following table presents the valuation techniques, the significant unobservable inputs to fair value, the numbers of properties valued using these techniques and the dates of the most recent valuations.

Valuation technique	Description of technique	Relationships of unobservable inputs to fair value	Number of properties	Most recent valuation date
Income capitalisation	Capitalisation of the actual contract or potential net income from the property at an appropriate market derived rate of return. This is then adjusted for property specific factors. Capitalisation rates range from 6.0% to 9.0%.	The higher the capitalisation rate, the lower the fair value.	8	5: 1 July 2025; 3: 30 June 2026
Optimised depreciated replacement cost (buildings) and comparable market transactions (land)	This approach is used to value specialised building assets. The 'modern equivalent asset' cost is calculated for each building based on the estimated actual replacement cost of the building. Depreciation is then applied, according to the age and life of the building. Land is valued at a market value.	The higher the replacement cost, the higher the fair value.	3	3: 1 July 2025
Market comparison (land only)	This approach considers the sales of comparable properties. These sales are analysed on the basis of land value per square metre and adjusted for differences between properties.	The higher the sale price per square metre, the higher the fair value.	3	3: 1 July 2025

If land and buildings were measured using the cost model, the carrying amount would be as follows:

AS AT 30 JUNE $000	2026	2025
Land	21,681	19,125
Buildings	52,283	58,905
Total carrying amount	**73,964**	**78,030**

Key estimates and assumptions

Depreciation and impairment

The useful lives of items of property, plant and equipment are key assumptions concerning the future that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Property, plant and equipment items, except for freehold land and work in progress, are depreciated on a straight-line basis at rates estimated to write off their cost over their estimated useful lives. Determining the appropriate useful life of property, plant and equipment requires management judgement over factors including the expected period during which an item is expected to be capable of service performance, the likelihood of technical obsolescence, future utilisation plans, and the effect of the regulatory environment.

The estimated useful lives of the Group's property, plant and equipment assets are as follows:

Category	Useful life
Buildings and leasehold improvements	5–50 years
Vessels	20–31 years
Plant and equipment	8–10 years
Other assets	
IT equipment	3-8 years
Office equipment	5 years
Furniture and fittings	10 years
Motor vehicles	6 years
Small boats	10 years

The Group reviews the estimated useful lives of property, plant and equipment items, and assesses those assets for indicators of impairment, during each annual reporting period.

YEAR ENDED 30 JUNE 2026 $000	Land	Buildings	Leasehold impr'ts	Vessels	Plant & equip.	Other assets	Work in progress	Total
Cost								
Balance at 1 July 2025	19,125	101,131	6,835	78,447	135,096	63,189	39,717	443,540
Asset Addition from Amalgamation	2,527	24,503	–	–	72,882	20,979	4,772	125,663
Additions	–	–	–	–	79	–	24,963	25,042
Adjustments	–	(580)	(328)	(1)	–	(111)	–	(1,020)
Revaluation	48,801	(5,474)		–	–	–	–	43,327
Transfers	–	166	5,161	6,420	9,568	19,451	(40,766)	–
Disposals	–	(13)	(187)	(1,704)	(3,665)	(17,033)	–	(22,602)
Foreign currency adjustment	–	–	–	(1)	10	4	(16)	(3)
Balance at 30 June 2026	70,453	119,733	11,481	83,161	213,970	86,479	28,670	613,947
Accumulated depreciation and impairment losses								
Balance at 1 July 2025	–	42,226	1,534	32,413	106,226	52,421	–	234,820
Asset Addition from Amalgamation	–	17,005	–	–	46,021	16,683	–	79,709
Eliminated on revaluation	–	(59,951)	–	–	–	–		(59,951)
Depreciation	–	4,336	609	3,106	12,099	8,804	–	28,953
Transfers	–	–	–	–	–	–	–	–
Disposals	–	(48)	(139)	(1,574)	(3,289)	(17,531)	–	(22,581)
Foreign currency adjustment	–	–	–	–	(7)	12	–	5
Balance at 30 June 2026	–	3,568	2,004	33,945	161,050	60,389	–	260,956
Net book value at 30 June 2026	**70,453**	**116,165**	**9,477**	**49,216**	**52,920**	**26,090**	***28,670**	**352,991**

* The Work in Progress balance as at 30 June 2026 primarily comprises the cost of the Group's cost of design work so far undertaken in respect of the proposed redevelopment of ESNZ's research centres in Christchurch and Wellington. The continued recognition of the previous expenditure as part of property, plant and equipment is based on the expectation that the proposed redevelopments will proceed and will be similar to the design work completed to date. Changes to the plans for redevelopments may result in write-off of any past expenditure that does not contribute to the eventual redevelopments.

YEAR ENDED 30 JUNE 2025 $000	Land	**Buildings	**Leasehold impr'ts	Vessels	***Plant & equip.	Other assets	Work in progress	Total
Cost								
Balance at 1 July 2024	19,125	101,030	6,954	76,898	127,397	63,180	23,623	418,207
Additions	–	(79)	119	–	(842)	346	*29,045	28,589
Transfers	–	180	385	1,549	9,437	1,400	(12,951)	–
Disposals	–	–	(623)	–	(904)	(1,746)	–	(3,273)
Foreign currency adjustment	–	–	–	–	8	9	–	17
Balance at 30 June 2025	19,125	101,131	6,835	78,447	135,096	63,189	39,717	443,540
Accumulated depreciation and impairment losses								
Balance at 1 July 2024	–	40,230	1,206	29,731	99,170	48,820	–	219,157
Depreciation	–	1,859	328	2,687	8,382	5,522	–	18,778
Disposals	–	(551)	–	–	(870)	(1,688)	–	(3,109)
Transfers	–	688	–	(2)	(452)	(234)	–	–
Foreign currency adjustment	–	–	–	(3)	(4)	1	–	(6)
Balance at 30 June 2025	–	42,226	1,534	32,413	106,226	52,421	–	234,820
Net book value at 30 June 2025	**19,125**	**58,905**	**5,301**	**46,034**	**28,871**	**10,768**	***39,717**	**208,720**

* Restated to reflect reclassification between Work in Progress and Prepayments.

** Buildings and Leasehold Improvements have been presented as separate classes because they are measured on different bases under IAS 16: Buildings are carried under the revaluation model, while Leasehold Improvements are carried at cost.

***Restated to reflect reclassification between Plant & equip. and Buildings.

5. Right-of-use asset and lease liability

The Group's leases relate to buildings and land. These leases are recognised as a right-of-use asset and a corresponding liability. Each lease payment is allocated between the lease liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present-value basis. Lease liabilities include the net present value of fixed payments.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the Group's incremental borrowing rate is used, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment, with similar terms and conditions.

Right-of-use assets are measured at cost, comprising the amount of the initial measurement of lease liability. These assets are subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise small storage spaces.

Reconciliation of right-of-use asset balance

Year Ended 30 June $000	2026	2025
Right-of-use asset net book value opening balance	38,814	39,373
Lease modifications and additions	3,367	1,019
Disposals	–	–
Depreciation	(1,629)	(1,577)
Foreign currency adjustment	8	(1)
Right-of-use asset net book value closing balance	**40,560**	**38,814**
Represented by:		
Cost	51,742	48,372
Accumulated depreciation	(11,182)	(9,558)
Right-of-use asset net book value closing balance	**40,560**	**38,814**

Reconciliation of lease liabilities

Year Ended 30 June $000	2026	2025
Net present value of future lease liability opening balance	40,595	40,158
Additions and modifications	3,460	1,019
Disposals	–	–
Interest for the year*	2,403	2,377
Lease payments made	(3,016)	(2,952)
Foreign currency adjustment	12	(7)
Net present value of future lease liability closing balance	**43,454**	**40,595**
Current lease liability	644	553
Non-current lease liability	42,810	40,042
Total lease liabilities closing balance	**43,454**	**40,595**

* The total finance expense of $3,210k shown in the statement of profit or loss and other comprehensive income for 2026 comprises the lease interest of $2,403k shown in the table above, together with loan interest payments of $807k.

Lease liabilities maturity analysis

AS AT JUNE 30 2026 $000	Minimum lease payments	Interest	Present value
Within one year	3,181	(2,537)	644
One to five years	12,018	(9,147)	2,871
Beyond five years	47,302	(7,363)	39,939
Total lease liabilities at 30 June 2026	**62,501**	**(19,047)**	**43,454**

AS AT JUNE 30 2025 $000	Minimum lease payments	Interest	Present value
Within one year	2,946	(2,393)	553
One to five years	11,072	(9,046)	2,026
Beyond five years	46,815	(8,799)	38,016
Total lease liabilities at 30 June 2025	**60,833**	**(20,238)**	**40,595**

Lease-related expenses included in the statement of profit or loss and other comprehensive income

YEAR ENDED 30 JUNE $000	2026	2025
Depreciation	1,629	1,577
Short-term and low-value leases	841	340
Interest on leases	2,403	2,377
Total lease-related expenses	**4,873**	**4,294**

6. Heritage assets

ESNZ has three collections and three databases that have been defined as heritage assets. Heritage collection assets are those assets held for the duration of their physical lives because of their unique scientific importance, and heritage databases are maintained as an incidental part of existing business operations.

The nature of these heritage assets, and their significance to the science ESNZ undertakes, makes it necessary to disclose them. In the directors' view, the cost of these heritage assets cannot be assessed with any reliability, and accordingly these assets have not been recognised for financial reporting purposes.

ESNZ has the following heritage assets:

Type	Description
Marine Benthic Biology Collection	A national reference collection of marine invertebrates.
National Climate Database	A national electronic database of high-quality climate information, including temperatures, rainfall, wind, and other climate elements.
Water Resources Archive Database	A national electronic database of river and lake locations throughout New Zealand, including levels, quality, and flows.
New Zealand Freshwater Fish Database	A national electronic database of the occurrence of fish in the fresh waters of New Zealand, including major offshore islands.
The National Paleontological Collection	A national reference collection of type and figured specimens, and comprehensive stratigraphic and geological collections of fossil taxa from New Zealand and its surrounding area including Antarctica.
The National Petrological Reference Collection	A national reference collection of rock and mineral samples from on- and offshore New Zealand and worldwide from the earliest days of the Geological Survey to today.

7. Identifiable intangibles

Purchased identifiable intangible assets, comprising copyrights and software, are stated at cost less accumulated amortisation to date, less any impairment losses.

Internally generated identifiable intangible assets, which arise from development costs that meet the recognition criteria, are recognised as an asset in the statement of financial position. Capitalisation is limited to the amount which, taken together with any further related costs, is likely to be recovered from future economic benefits. Any excess is recognised as an expense.

All other development and research costs are expensed as incurred.

Subsequent to initial recognition, internally generated intangible assets are stated at cost less accumulated amortisation to date, less any impairment losses, on the same basis as purchased identifiable intangible assets.

Key estimates and assumptions

The useful lives of identifiable intangible assets are key assumptions concerning the future that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Identifiable intangible assets are amortised on a straight-line basis at rates estimated to write off their cost over their estimated useful lives. Determining the appropriate useful life of identifiable intangible assets requires management judgement over factors including the expected period during which an item is expected to be capable of service performance, the likelihood of technical obsolescence, and future utilisation plans.

The estimated useful lives of the Group's identifiable intangible assets are as follows:

Category	Useful life
Copyrights	5 years
Development costs	5 years
Software	3 years

The Group reviews the estimated useful lives of identifiable intangible assets, and assesses those assets for indicators of impairment, during each annual reporting period.

YEAR ENDED JUNE 30 2026 $000	Software	Copyrights	Development costs	Work in progress	Total
Cost					
Balance as at 1 July 2025	12,933	215	351	86	13,585
Asset Addition from Amalgamation	4,500	–	1,129	–	5,629
Additions	(4)	–	–	405	401
Disposals	(51)	–	–	–	(51)
Transfers	491	–	–	(491)	–
Foreign currency Adjustment	22	–	–	–	22
Balance as at 30 June 2026	17,891	215	1,480	–	19,586
Accumulated amortisation and impairment losses					
Balance as at 1 July 2025	12,270	215	250	–	12,735
Asset Addition from Amalgamation	4,477	–	1,094	–	5,571
Amortisation	445	–	25	–	470
Disposals	(51)	–	–	–	(51)
Foreign currency Adjustment	–	–	8	–	8
Balance as at 30 June 2026	17,141	215	1,377	–	18,733
Net book value as at 30 June 2026	**750**	**–**	**103**	**–**	**853**

YEAR ENDED JUNE 30 2025 $000	Software	Copyrights	Development costs	Work in progress	Total
Cost					
Balance as at 1 July 2024	12,373	215	377	30	12,995
Additions	472	–	–	352	824
Disposals	(206)	–	(24)	–	(230)
Transfers	295	–	–	(295)	–
Foreign currency Adjustment	(1)	–	(2)	(1)	(4)
Balance as at 30 June 2025	12,933	215	351	86	13,585
Accumulated amortisation and impairment losses					
Balance as at 1 July 2024	11,722	215	255	–	12,192
Amortisation	754	–	19	–	773
Disposals	(206)	–	(24)	–	(230)
Foreign currency Adjustment	1	–	–	–	1
Balance as at 30 June 2025	12,271	215	250	–	12,736
Net book value as at 30 June 2025	**662**	**–**	**101**	**86**	**849**

8. Receivables

Receivables are stated at amortised cost using the effective interest rate, less an allowance for expected losses.

A loss allowance provision is established when the assessment under NZ IFRS 9 deems a provision is required. Changes in the carrying amount of the provision are recognised in the statement of profit or loss and other comprehensive income. Debts which are known to be uncollectable are written off against the provision, once approved by the Board of Directors.

YEAR ENDED 30 JUNE $000	2026	2025
Trade receivables	28,149	14,138
Sundry receivables	4	2
Loss allowance provision	–	–
Total	**28,153**	**14,140**
Classified as:		
Non-current	–	–
Current	28,153	14,140
Total	**28,153**	**14,140**

Included in the Group's trade receivables balance at the end of the year is one Crown debtor's balance which equates to 12.9% of the Group's total receivables balance (2025: 12.3%). 100% of that debtor's balance is less than 60 days overdue and is deemed to be low credit risk (2025: 98%).

The Group considers that a large proportion of its customers have a low credit risk associated with them. Before providing any service or goods to a new customer on credit terms, a check is undertaken when deemed appropriate to verify the creditworthiness of the customer. The Group reserves the right to charge interest at a rate of 2% per month, calculated daily, on all invoices remaining unpaid at the due date.

Included in the Group's trade receivable balance are debtors with a carrying amount of $2,847k (2025: $794k) which are more than 60 days past due at the reporting date. The Group has not created a provision for this balance because the amounts are still considered recoverable. The Group does not hold any collateral over past due or impaired balances.

The Group has applied the simplified approach to providing for expected credit losses, which requires the recognition of a lifetime expected loss provision for trade receivables. To measure the expected credit losses, trade receivables have been grouped based on days past due. The expected loss rates are based on the payment profiles of customers on a lifetime basis and the corresponding historical credit losses over a period of five years, adjusted for any significant known amounts that are not receivable. The total expected credit loss allowance provision has been determined as nil (2025: nil) for the Group.

AS AT JUNE 30 2026 $000	**Expected Loss Rate**	**Gross Carrying Amount**	**Loss Allowance Provision**
Current	0.0%	21,731	–
Past due 1 – 30 days	0.0%	3,159	–
Past due 31 – 60 days	0.0%	412	–
Past due 61 – 90 days	0.0%	925	–
Past due >90 days	0.0%	1,922	–
Total		**28,149**	**–**

9. Inventory

Inventory is stated at the lower of cost and net realisable value. The basis on which cost is calculated is first in first out (FIFO) for consumables, finished goods and work in progress; and weighted average for raw materials.

AS AT 30 JUNE $000	2026	2025
Consumables	1,020	837
Raw materials	275	125
Finished goods	3,417	3,854
Total inventory	**4,712**	**4,816**

10. Income tax

The income tax expense for the year is the tax payable on the current year's taxable income, based on the income tax rate for each jurisdiction. This is then adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and changes in unused tax losses.

The income tax expense is determined as follows:

YEAR ENDED 30 JUNE $000	2026	2025
Current tax	91	702
Deferred tax relating to temporary differences	1,848	(416)
Total income tax expense	**1,939**	**286**

Reconciliation of income tax expense

YEAR ENDED 30 JUNE $000	2026	2025
Profit before income tax	6,616	96
Tax at current rate of 28%	1,852	27
Adjustments to taxation:		
Other non-deductible expenses / (Non-assessable income)	28	(60)
Australian-based subsidiary subject to foreign tax	11	42
Depreciation changes to buildings	–	–
(Over)/under provision in previous year	48	277
Income tax expense	**1,939**	**286**

11. Deferred tax liability and assets

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that sufficient taxable amounts will be available against which those deductible temporary differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset and liability giving rise to them are realised or settled, based on the tax laws that have been enacted or substantively enacted at balance date.

Current and deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred or current tax is also recognised in other comprehensive income or directly in equity, or where it arises from the initial accounting for a business combination.

YEAR ENDED JUNE 30 2026 $000	**Opening balance as at 1 July 2025**	**Credited/ (charged) from amalgamation**	**Credited/ (charged) to profit or loss**	**Credited/ (charged) to Equity**	**Closing balance as at 30 June 2026**
Property, plant, and equipment	(7,898)	(436)	(2,963)	(15,355)	(26,651)
Uninvoiced receivables	(1,463)	1,634	(3,013)	–	(2,842)
Employee benefits	2,145	–	2,124	–	4,269
Unrealised forex gains/losses on creditors/debtors	33	–	(30)	–	3
Doubtful debts	–	–	–	–	–
Right of Use assets	(10,869)	–	(488)	–	(11,357)
Lease liability	11,368	–	799	–	12,167
Change in fair value of biological assets	(65)	–	(79)	–	(144)
Tax loss	400	–	1,802	–	2,203
R&D Tax credit (Australian-based subsidiary)	–	–	–	–	–
Total	**(6,349)**	**1,198**	**(1,848)**	**(15,355)**	**(22,353)**

YEAR ENDED JUNE 30 2025 $000	Opening balance as at 1 July 2024	Credited/ (charged) from amalgamation	Credited/ (charged) to profit or loss	Credited/ (charged) to Equity	Closing balance as at 30 June 2025
Property, plant, and equipment	**(7,685)**	**–**	**(213)**	**–**	**(7,898)**
Uninvoiced receivables	(1,519)	–	56	–	(1,463)
Employee benefits	2,551	–	(406)	–	2,145
Unrealised forex gains/losses on creditors/debtors	198	–	(165)	–	33
Doubtful debts	–	–	–	–	–
Right of Use assets	(11,027)	–	158	–	(10,869)
Lease liability	11,247	–	121	–	11,368
Change in fair value of biological assets	(530)	–	465	–	(65)
Tax loss	–	–	400	–	400
R&D Tax credit (Australian-based subsidiary)	–	–	–	–	–
Total	**(6,765)**	**–**	**416**	**–**	**(6,349)**

In accordance with the Income Tax Act 2007 the Group is not required to establish or maintain an imputation credit account by virtue of its classification as a Crown Research Institute.

12. Cash and cash flows

12a Cash and cash equivalents and other short-term investments

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash, and which are subject to an insignificant risk of changes in value.

Other short-term investments consists of deposits with financial institutions with maturities over three months which are presented as a separate line item in the statement of financial position.

12b Reconciliation of the profit for the year to net cash from operating activities

YEAR ENDED 30 JUNE $000	**2026**	**2025**
Profit for the year	4,677	(190)
Add/(less) non-cash items		
Net (gain)/loss on disposal of property, plant and equipment	600	82
Depreciation and impairment	30,581	20,356
Amortisation of identifiable intangibles	470	773
Revaluation loss	537	–
Net foreign currency (gain)/loss	(14)	(47)
Change in fair value of biological assets	(280)	(234)
Revenue recognised for GeoNet grant	(2,942)	–
Increase/(decrease) in deferred tax	1,770	(416)
Add/(less) movements in working capital		
Increase/(decrease) in payables and accruals and revenue in advance	12,580	(12,960)
Increase/(decrease) in employee entitlements	64	(4,619)
Decrease/(increase) in receivables and prepayments	(14,437)	* 3,442
Increase/(decrease) in Capital grants from the crown	1,059	–
Decrease/(increase) in inventory and uninvoiced receivables	(1,546)	(49)
Increase/(decrease) in taxation payable and receivable	(2,584)	886
Increase/(decrease) in forward exchange derivatives	(18)	–
Net cash flows from operating activities	**30,517**	**7,024**

* Restated to reflect reclassification between additions to Property, Plant and Equipment Work in Progress (investing activities) and Prepayments (operating activities).

13. Biological assets

Biological assets consist of pre-harvest fish stock in tanks associated with the Company's experimental commercial-scale Recirculating Aquaculture System at its Northland Marine Research Centre in Ruakaka. This stock is measured at fair value less estimated costs to sell, with any gain or loss resulting from the fair value measurement recognised in profit or loss.

The target live weight of the harvestable fish is 2.5kg. Once fish have reached this mass of 2.5kg, they are considered saleable and are transferred from the immature to mature biological assets accounts.

YEAR ENDED 30 JUNE 2026 $000	Immature fish	Mature fish	Total
Opening balance as at 1 July 2025	1,738	390	2,128
Growth of biological assets and movement in fair value less estimated costs to sell	2,777	589	3,366
Reclassification from immature to mature	(2,442)	2,442	–
Sale of harvested produce	–	(3,086)	(3,086)
Closing balance as at 30 June 2026	**2,073**	**335**	**2,408**

YEAR ENDED 30 JUNE 2025 $000	Immature fish	Mature fish	Total
Opening balance as at 1 July 2024	1,284	611	1,895
Growth of biological assets and movement in fair value less estimated costs to sell	2,309	643	2,952
Reclassification from immature to mature	(1,855)	1,855	–
Sale of harvested produce	–	(2,719)	(2,719)
Closing balance as at 30 June 2025	**1,738**	**390**	**2,128**

Determining fair value

The pre-harvest fish stock has been valued with reference to its stage of development, the length of the growth cycle, the number in the water, total biomass in the water, and the fair value per kg at the point of harvest. The fair value per kg at the point of harvest is determined with reference to market prices achieved during the three months preceding balance date. This method of valuation falls into Level 2 on the fair value hierarchy.

Non-financial measures

YEAR ENDED 30 JUNE 2026 TONNES	Immature fish	Mature fish	Total
Opening balance as at 1 July 2025	100	21	121
Growth of biological assets	174	36	210
Reclassification from immature to mature	(148)	148	–
Sale of harvested produce	–	(186)	(186)
Closing balance as at 30 June 2026	**126**	**19**	**145**

YEAR ENDED 30 JUNE 2025 TONNES	Immature fish	Mature fish	Total
Opening balance as at 1 July 2024	90	42	132
Growth of biological assets	123	32	155
Reclassification from immature to mature	(113)	113	–
Sale of harvested produce	–	(166)	(166)
Closing balance as at 30 June 2025	**100**	**21**	**121**

14. Subsidiaries

The Group financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company. Control is achieved where the Company has the power (including the ability to use the power) to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

All intra-group transactions, balances, income, and expenses are eliminated in full on consolidation.

The subsidiaries of the Group and their activities are listed below:

Name	Country	Principal activities	Ownership
New Zealand Research Vessels Ltd	New Zealand	Vessel charters for scientific research	100%
Unidata Pty Ltd	Australia	Supplier of environmental technology products	100%
ESNZ Aquaculture Ltd	New Zealand	Experimental commercial-scale production of high value finfish	100%
GNS Science International Ltd	New Zealand	Non-trading and removed from the Companies Register on 23 July 2026	100%

All subsidiaries have a balance date of 30 June. During the year the Company did not acquire or dispose of a stake in any subsidiary.

15. Related party transactions

The Government of New Zealand (the Crown) is the ultimate shareholder of the ESNZ Group. No transactions with other New Zealand Government-owned entities are considered related party transactions in terms of NZ IAS 24. No related party debts have been written off or forgiven during the year. Any business the ESNZ Group has transacted in which a director or an employee has an interest has been carried out on a commercial basis. Any potential conflict is recorded in the minutes of Board meetings for directors, and a separate interest register for employees. The interests register containing all relevant interests is updated on a regular and timely basis.

Key management personnel compensation

YEAR ENDED 30 JUNE $000	2026	2025
Short-term benefits	7,354	4,031

The table above includes the remuneration of the Chief Executive, Executive Leadership Team and the Board of Directors. The 2026 benefit included remuneration for an average of 11.5 FTE, while the 2025 benefit was for an average of 8.3 FTE. The higher number of FTEs in FY26 reflects that at the start of the year, the ESNZ ELT included staff from both predecessor entities. During the year this structure was gradually transitioned to the current composition of eight FTEs in addition to the Chief Executive Officer.

16. Financial Instruments and Risk Management

The classification of financial assets and liabilities depends on the purpose for which the financial assets and liabilities were incurred. Management determines the classification of the Group's financial assets and liabilities at initial recognition.

Financial assets

Classification

The Group classifies its financial assets in the following measurement categories: those to be measured at amortised costs, and those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss). The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flow.

For assets measured at fair value, gains and losses will be recorded in either profit or loss, or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Group reclassifies debt investments when, and only when, its business model for managing those assets changes.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets and liabilities at fair value through profit or loss – Derivative financial instruments

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term, or if so designated by management.

Derivatives are also categorised as held for trading, unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date. After initial recognition, they are measured at their fair values. Gains or losses on re-measurement are recognised in the statement of profit or loss and other comprehensive income.

Financial Assets at Amortised Cost

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

- The asset is held to collect the contractual cash flows, and
- The contractual terms give rise to cash flows that are solely payments of principal and interest.

Impairment of financial assets

The Group assesses, on a forward-looking basis, the expected credit losses associated with its assets carried at amortised cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 8 details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables only, the Group applies the simplified approach permitted by NZ IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Capital management

The Group has the following requirements imposed upon it under the Crown Research Institutes Act 1992:

to operate in a financially responsible manner so that sufficient operating funds are generated to maintain financial viability;

to provide an adequate rate of return on shareholders' funds; and

to operate as a going concern.

The Group's policy is to maintain a strong capital base to maintain shareholder and creditor confidence and to sustain future development of the business.

The Group's policies in respect of capital management and allocation are reviewed regularly by the Board of Directors.

The overdraft and flexible credit facilities available from ANZ Bank (refer note 16 subsection 'Financing facilities') are not subject to financial covenants.

Capital refers to the equity and borrowings of the Group.

There have been no material changes in the Group's management of capital during the year.

Fair value of financial instruments

The carrying value of all financial instruments is considered to approximate fair value.

All the Group's forward exchange derivatives are classified as being within level 2 of the fair value hierarchy as defined by NZ IFRS 13 Fair Value Measurement (2025: the same). Their fair value is determined with reference to quoted rates for identical instruments on active markets.

Credit risk

Credit risk is the risk that a third party will default on its obligations to ESNZ and the Group, causing a loss.

In the normal course of business, the Group incurs credit risk from trade receivables, uninvoiced receivables, and transactions with financial institutions (cash and short-term deposits and derivatives).

The Group has a credit policy that is used to manage this risk. As part of this policy, limits are placed on the amounts of credit extended to third parties, and care is taken to ensure the creditworthiness of third parties dealt with. All credit risk exposures are monitored regularly.

The Group does not require any collateral or security to support financial instruments, because of the quality of financial institutions and counterparties it deals with. There are no significant concentrations of credit risk, other than with the New Zealand Government, which the Group does not consider represents a material credit risk.

The exposure to the Group to credit risk as at 30 June 2026 was $53,256k (total exposure to credit risk, comprising cash and cash equivalents $15,203k, uninvoiced receivables $9,982k, and receivables net of provisions $28,071k) (2025: $22,028).

Further analysis on the receivables balance can be found in note 8.

The Group has not renegotiated the terms of any financial assets which would result in the carrying amount no longer being past due or avoid a possible past due status.

The Group's maximum exposure to credit risk by geographic region is as follows:

AS AT 30 JUNE $000	**2026**	**2025**
New Zealand	47,284	18,997
Australia	1,079	585
USA	1,784	1,177
Other Asia Pacific countries	1,838	566
Other regions	1,271	703
Provision for doubtful debts	–	–
Total exposure to credit risk	**53,256**	**22,028**

Interest rate risk

Interest rate risk is the risk that cashflows will fluctuate because of changes in market interest rates. This could affect the return on investments as well as the cost of debt.

The interest rates on the Group's investments and debt facilities are as follows:

YEAR ENDED 30 JUNE $000	2026	2025
Investments		
Cash (on call)	2.25%	3.25%
Other short-term investments	Not held	Not held
Debt facilities		
Overdraft facility	5.44%	6.14%
Flexible credit facility	3.55%-4.33%	6.60%-4.33%

The directors do not consider there is any significant exposure to interest rate risk.

Currency risk

The Group undertakes transactions in foreign currencies from time to time, and, resulting from these activities, exposures in foreign currency arise. It is the Group's policy to hedge foreign currency trading transaction risks economically as they arise. To manage these exposures, the Group may use financial instruments such as forward foreign exchange contracts.

The Group's exposure to foreign currency-denominated non-derivative financial instruments was as follows, based on notional amounts:

AS AT 30 JUNE 2026 $000	AUD	EUR	USD	FJD	GBP	CAD	CHF	SGD
Cash balances	875	18	1,833	7	16	1	44	3
Trade receivables	650	10	2,467	7	152	–	–	100
Trade payables	(164)	(72)	(170)	–	(83)	–	–	–
Statement of financial position exposure	1,361	(44)	4,130	14	85	1	44	103

AS AT 30 JUNE 2025 $000	AUD	EUR	USD	FJD	GBP	CAD	SGD
Cash balances	798	4	91	4	35	7	6
Trade receivables	397	–	172	67	137	–	103
Trade payables	(158)	(53)	(57)	–	(1)	(1)	–
Statement of financial position exposure	1,037	(49)	206	71	171	6	109

ESNZ has a regularly reviewed treasury management policy in place which ensures the appropriate management of currency risk.

Liquidity risks

Liquidity risk represents the Group's ability to meet its contractual obligations. The Group evaluates its liquidity requirements on an ongoing basis. In general, the Group generates sufficient cash flows from its operating activities to meet its obligations arising from its financial liabilities and has credit lines in place to cover potential shortfalls.

Payables and accruals of $6.73 million (2025: $3.63 million) have a contractual maturity of less than one year. This is based upon the earliest date on which the Group can be required to pay.

Financing facilities

The Group has access to financing facilities made available by ANZ Bank with a total value of $70.5 million (2025: $70.5 million). There were no drawdowns outstanding as at 30 June 2026 (2025: $55.5 million). The total facility of $70.5 million relates to an overdraft facility of $0.5 million (on-call) and a flexible credit facility of $70.0 million. In addition, the Group has access to financial and performance guarantee facilities with limits of $0.2 million and $0.6m respectively.

These facilities are unsecured and there are no financial covenants.

17. Capital commitments

AS AT 30 JUNE $000	2026	2025
Commitments for future capital expenditure		
Contracted, but not provided for	800	716

18. Amalgamation

On 1 July 2025, under Part XIII of the Companies Act 1993, National Institute of Water and Atmospheric Research Ltd (NIWA) and Institute of Geological and Nuclear Sciences Limited (GNS Science) amalgamated to form New Zealand Institute for Earth Science Limited (ESNZ). The GNS Science legal entity was amalgamated into the NIWA legal entity and NIWA was renamed as New Zealand Institute for Earth Science Limited.

The 2026 actual results therefore represent 12 months of trading for ESNZ. The 2025 comparatives represent 12 months trading for NIWA only.

The amalgamation of NIWA and GNS Science has been accounted for as a business combination involving entities under common control, as NIWA and GNS Science were Crown Research Institutes, with the same shareholding ministers.

The assets and liabilities of GNS Science, being the non-continuing company, have been recognised at the carrying amounts as recognised previously in the audited closing 30 June 2025 balance sheet of GNS Science.

The Amalgamation of NIWA and GNS Science balance sheets as at 1 July 2025 is as follows:

$000	NIWA	GNS Science	ESNZ
Equity			
Share capital	24,799	–	24,799
Equity reserves	128,620	52,412	181,032
Shareholders' interest	**153,419**	**52,412**	**205,831**
Non-controlling interest	–	–	–
Total equity	**153,419**	**52,412**	**205,831**
Non-current liabilities			
Provision for employee entitlements	893	1,629	2,522
Term Loan	55,500	–	55,500
Capital grants from Crown	–	17,757	17,757
Lease liabilities	40,042	–	40,042
Deferred tax liability	6,535	–	6,535
Total non-current liabilities	**102,970**	**19,386**	**122,356**
Current liabilities			
Payables and accruals	6,896	10,641	17,537
Term Loan	–	–	–
Revenue in advance	12,414	23,042	35,456
Provision for employee entitlements	11,924	4,138	16,062
Capital grants from Crown	–	2,640	2,640
Taxation payable	–	2,564	2,564
Lease liabilities	553	–	553
Forward exchange derivatives	–	–	–
Total current liabilities	**31,787**	**43,025**	**74,812**
Total equity and liabilities	**288,176**	**114,823**	**402,999**

Table continues on next page (64)

$000	NIWA	GNS Science	ESNZ
Non-current assets			
Property, plant, and equipment	208,720	45,955	254,675
Identifiable intangibles	849	57	906
Deferred tax asset	186	1,198	1,384
Right-of-use asset	38,814	–	38,814
Prepayments	750	–	750
Total non-current assets	**249,319**	**47,210**	**296,529**
Current assets			
Cash and cash equivalents	2,662	46,869	49,531
Other short-term investments	–	10,000	10,000
Forward exchange derivatives	2	(1)	1
Receivables	14,140	3,989	18,129
Prepayments	9,361	3,637	12,998
Tax Receivable	588	–	588
Uninvoiced receivables	5,202	3,077	8,279
Inventory	4,816	–	4,816
Biological Assets	2,128	–	2,128
Intra-company	(42)	42	–
Total current assets	**38,857**	**67,613**	**106,470**
Total assets	**288,176**	**114,823**	**402,999**

19. Subsequent events

There are no material events occurring subsequent to 30 June 2026 which require adjustment or disclosure in the financial statements.

Preparation disclosures

Reporting entity

New Zealand Institute for Earth Science Limited ('ESNZ' or 'the Company') and its subsidiaries form the consolidated Group ('the ESNZ Group' or 'the Group'). ESNZ is a profit-oriented company registered in New Zealand under the Companies Act 1993. The financial statements for the ESNZ Group are presented in accordance with the requirements of the Crown Research Institutes Act 1992, the Crown Entities Act 2004, the Public Finance Act 1989, the Companies Act 1993, and the Financial Reporting Act 2013.

Nature of activities

The ESNZ Group conducts earth, water and climate science in New Zealand and overseas.

As part of announced reforms of the New Zealand's science, innovation and technology system, legislation to convert ESNZ from a Crown Research Institute into a Public Research Organisation is expected to be introduced to Parliament in due course. The legislation is still being drafted, and it is not clear when it may be enacted or whether, once enacted, it will have any effects on the activities of ESNZ.

Basis of preparation

The measurement basis adopted in the preparation of these financial statements is historical cost, except for biological assets, Land, Buildings and financial instruments as identified in specific accounting policies above. Effective from 1 July 2025, ESNZ adopted the revaluation model for land and buildings in accordance with NZ IAS 16. Under this model, land and buildings are carried at fair value, less subsequent accumulated depreciation and impairment losses for buildings.

The presentation currency of the Group and functional currency used in the preparation of these financial statements is New Zealand dollars.

All amounts disclosed in the financial statements and notes have been rounded to the nearest thousand New Zealand dollars unless otherwise stated.

Accounting policies are selected and applied in a manner that ensures that the resulting financial information meets the concepts of relevance and reliability, ensuring that the substance of the underlying transaction or event is reported. The accounting policies have been applied in preparing the financial statements for the year ended 30 June 2026. The 2025 comparatives represent 12 months trading for NIWA only.

The 2026 Statement of Corporate Intent (SCI) Budget that is used for comparative information is not audited.

Comparative information has been reclassified to correct the presentation of certain amounts between property, plant and equipment and prepayments, and between operating and investing activities in the statement of cash flows. The reclassification has no impact on total assets, equity, profit or loss or net cash flows.

Statement of compliance

The financial statements have been prepared in accordance with New Zealand generally accepted accounting practice (NZ GAAP). They comply with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable financial reporting standards appropriate for profit-oriented entities.

The financial statements comply with International Financial Reporting Standards Accounting Standards (IFRS Accounting Standards).

Goods and services tax (GST)

The financial statements are prepared on a GST-exclusive basis, except for receivables and payables, which are stated GST-inclusive.

Foreign currencies

Transactions

Transactions in foreign currencies are converted to the functional currency of the Group, being New Zealand dollars, by applying the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. At the end of each year, monetary assets and liabilities are translated to New Zealand dollars using the closing rate of exchange at balance date, and any exchange gains or losses are recognised in the statement of profit or loss and other comprehensive income.

Translation of foreign operations

On consolidation, revenues and expenses of foreign operations are translated to New Zealand dollars at the average exchange rates for the year. Assets and liabilities are converted to New Zealand dollars at the rates of exchange ruling at balance date. Exchange rate differences arising from the translation of the foreign operations are recognised in other comprehensive income and accumulated as a separate component of equity in the Group's foreign currency translation reserve. Such exchange differences are reclassified from equity to profit or loss (as a reclassification adjustment) when the foreign operation is disposed of.

Adoption of new and revised standards

There are no standards that are not yet effective and that would be expected to have a material impact on the Group.

Our Governance

Our Board of Directors

David Smol
(Chair)

Mary-Anne Macleod
(Deputy Chair)

Dr Anne Barnett

Professor Chris Bumby

Paul Connell

Peter Landon-Lane

Bruce Parkes

Paul White

Corporate Governance Disclosures

Board and committee meeting attendance

The table below shows director attendance at these Board meetings and committee member attendance at committee meetings. In addition, any director may attend any committee meeting.

Director	Board	Audit & Risk Committee*	People & Culture Committee*
David Smol (Chair)	9	5	2
Mary-Anne Macleod (Deputy Chair)	12	–	3
Peter Landon-Lane	12	5	–
Paul Connell	12	5	–
Paul White	12	–	3
Chris Bumby	12	–	3
Anne Barnett	4	1	–
Bruce Parkes	3	–	2
Total meetings held	**12**	**5**	**3**

* Only attendances by Committee members and the Board Chairman (who attends in an ex officio capacity if not a formal member) are recorded

Directors' remuneration

The total remuneration received or receivable by directors of ESNZ during the year was:

YEAR ENDED 30 JUNE $000	2026	2025
Barry Harris (Chairman) (ceased 30 Jun 2025)	–	133
Janice Fredric (Deputy Chairman) (ceased 30 Jun 2025)	–	58
Margaret Hyland (ceased 31 December 2024)	–	23
Dean Moana (ceased 30 Jun 2025)	–	46
Livia Esterhazy (ceased 30 Jun 2025)	–	46
David Smol (appointed 1 July 2025)	117	-
Mary-Anne Macleod	94	46
Peter Landon-Lane	79	44
Paul Connell (appointed 1 July 2025)	58	–
Paul White (appointed 1 July 2025)	58	–
Chris Bumby (appointed 1 July 2025)	58	–
Bruce Parkes (appointed 16 February 2026)	22	–
Anne Barnett (appointed 16 February 2026)	22	–

Subsidiary company directors

The following people held office as directors of ESNZ's subsidiary companies at 30 June 2026:

Subsidiary Company	Directors
New Zealand Research Vessels Limited	J Palmer[1], P Baker[1]
Unidata Pty Ltd	W Johnston[1], P Baker[1], R Schop[2]
ESNZ Aquaculture Limited	J Palmer[1], P Baker[1]
GNS Science International Limited	D Smol, P. Benfell[1]

1 Employee of the Group's parent company
2 Employee of Unidata Pty Ltd

No fees were paid in respect of membership of subsidiary boards. Insurance for directors and employees

Insurance for directors and employees

The ESNZ Group has insured its directors and employees against any costs or liabilities of the type referred to in s162(5) of the Companies Act 1993.

Auditors

In accordance with Section 21(1) of the Crown Research Institutes Act 1992, the Group's auditor is the Auditor-General. The Auditor-General has appointed Troy Florence of PricewaterhouseCoopers to conduct the audit on his behalf. The audit remuneration and fees paid for other services are detailed in note 2.

Interests register

The following are transaction types recorded in the interests register for the year.

Interested transactions

Any business the ESNZ Group has transacted in which a director has an interest has been carried out on a commercial basis. Any potential conflict is recorded in the minutes of Board meetings. A register containing all relevant interests is updated on a monthly basis.

Directors' remuneration

Details of the directors' remuneration are provided in the 'Directors' remuneration' section above.

Use of company information by directors

Pursuant to section 145 of the Companies Act 1993 there were no recorded notices from directors requesting to use company information received in their capacity as directors that would not otherwise have been available to them.

Share dealings

During the year no director purchased, disposed of, or had recorded dealings of any equity securities of the ESNZ Group.

Directors' loans

No loans by the ESNZ Group to any director were made or were outstanding during the year.

Director and Entity	Position
David Smol	
Contact Energy Limited	Director
Co-operative Bank	Director
New Zealand Transport Agency	Member
External Advisory Committee for Department of Internal Affairs	Chair
Risk and Audit Committee for Ministry of Social Development	Chair
Council for Victoria University of Wellington	Member
Risk and Audit Committee for Department of Prime Minister and Cabinet	Member
Defence Capability Board	Director
Rimu Road Consulting Limited	Director (appointed 1 August 2026)
Tait Communications Limited	Director
Mary-Anne Macleod	
University of Waikato	Council Member
Araneacattus Family Trust	Trustee
MacMacleod Limited	Director/Shareholder
DairyNZ Ltd	Director
Environmental Protection Authority	Director (until 1 July 2026), Deputy Chair (appointed 1 July 2026)

Director and Entity	Position
Ministry for the Environment	Consultant and mentoring advisor (until July 2026)
Fire and Emergency New Zealand	Director (until 15 August 2026)
New Zealand Transport Agency	Director
Bay Venues Limited	Director
Paul White	
Te Rarawa Iwi	Member
Torea Tai Consultants Limited	Director and Shareholder
Top Energy Consumer Trust	Trustee
Ngāi Tūpoto ki Motukaraka Trust	Chair
Peter Landon-Lane	
AsureQuality Ltd	Chair
Fruitinovo Limited	Advisor (appointed 16 July 2025)
ENZA Sunrising (Holdings) Ltd	Director (until 01 December 2025)
Paul Connell	
WorkSafe New Zealand	Director
Environmental Protection Authority	Deputy Chair/Chair ARC (until 30 June 2026)
ETEL Limited	Director (until 31 July 2025)
Telarc Limited	Director/Chair (until 30 June 2026)
Audit and Risk Committee for Auckland Council	Chair
Audit and Risk Committee for Waikato Regional Council	Chair (appointed 1 January 2026, previously a member)
WEL Networks and subsidiary companies	Director (until 09 July 2025)
Wellington City Council Audit and Risk Committee	Chair (appointed 31 May 2026, previously a member)
Connell and Associates Limited	Director/Shareholder
Chris Bumby	
Robinson Research Institute, Victoria University of Wellington	Professor & Chief Scientist
Simpson Grierson	Spouse – Equity partner
Callaghan Innovation	Spouse – Director (until 01 December 2025)
Fire and Emergency New Zealand	Spouse – Counsel (Whakaari Coronial Inquiry)
Cullbeck Ltd	Director (appointed 19 September 2025)
Bruce Parkes	
Transpower New Zealand Limited	Director (appointed 16 February 2026)
Hardie Pacific Limited	Advisor on strategy and government relations (appointed 16 February 2026)
Anne Barnett	
HTS-110 GP Limited	Director (appointed 16 February 2026)
Annex Consulting Limited	Director (appointed 16 February 2026)
Rekover Therapeutics Limited	Director (appointed 16 February 2026)
Kry10 NZ Limited	Head of Product and Marketing, Shareholder (appointed 16 February 2026)

Disclosure of directors' interests

No specific disclosures were made by directors pursuant to s140(1) of the Companies Act 1993. General disclosures of interest made by directors during the year pursuant to section 140(2) are as follows: Employees' remuneration

YEAR ENDED 30 JUNE 2026 $	**2026**
100,000 - 109,999	104
110,000 - 119,999	94
120,000 - 129,999	102
130,000 - 139,999	100
140,000 - 149,999	73
150,000 - 159,999	54
160,000 - 169,999	44
170,000 - 179,999	29
180,000 - 189,999	12
190,000 - 199,999	21
200,000 - 209,999	12
210,000 - 219,999	12
220,000 - 229,999	12
230,000 - 239,999	14
240,000 - 249,999	8
250,000 - 259,999	5
260,000 - 269,999	2
270,000 - 279,999	1
290,000 – 299,999	1
310,000 - 319,999	1
390,000 - 399,999	1
410,000 - 419,999	1
420,000 - 429,999	2
430,000 - 439,999	1
590,000 - 599,999	1

Employees' remuneration

The number of employees (not including directors) whose remuneration exceeded $100,000 during the year, stated in brackets of $10,000, was:

The remuneration reflected in the above excludes payments in respect of the cessation of employment of employees. In 2026, the Group made payments of $2,546k for compensation or other benefits in respect of the cessation of employment of employees (2025: $3,610k).

Executive Remuneration

Remuneration Components

The Group's Executive Leadership Team (ELT), including the Chief Executive, receive fixed remuneration only. This consists of base salary and benefits, including KiwiSaver and insurance. A new Chief Executive was appointed with effect from 1 March 2026. The remuneration packages that the former and current Chief Executives received during the year are presented separately below.

Chief Executives' remuneration

The Chief Executives' remuneration packages that applied for 2026, together with the comparative information for the prior year, are as follows:

Former Chief Executive

YEAR ENDED 30 JUNE $	**2026**	**2025**
Base salary	494,092	716,649
Benefits*	78,775	97,265
Termination benefits**	366,818	–
Annual leave cashout	207,671	–
Total Remuneration	**1,147,356**	**813,914**

* Benefits comprised KiwiSaver, life and health insurance, and vehicle fuel expenses. The Group contributed a matching company contribution to the former Chief Executive's KiwiSaver scheme of 5% of gross taxable earnings which in 2026 was $44,259 (2025: 37,310).
** Termination benefits comprised payments in line with contractual terms of employment.

Current Chief Executive

YEAR ENDED 30 JUNE $	**2026**	**2025**
Base salary	236,273	–
Benefits*	8,181	–
Total Remuneration	**244,454**	**–**

* Benefits comprise KiwiSaver, and life and health insurance. The Group contributes a matching company contribution to the Chief Executive's KiwiSaver scheme of 3.5% of gross taxable earnings, which in 2026 was $8,181.

A summary of total Chief Executive remuneration during the past five years is as follows:

YEAR ENDED 30 JUNE $	**Total remuneration**
2026	* 817,321
2025	813,914
2024	814,923
2023	744,164
2022	715,406

* The 2026 figure shown comprises 8 months relating to the former Chief Executive ($572,866) and 4 months relating to the current Chief Executive ($244,454). For comparability with prior years, termination benefits paid to the former Chief Executive during the year are excluded.

Executive Leadership Team remuneration

Immediately following the amalgamation on 1 July 2025, ESNZ's Executive Leadership Team (ELT) consisted of 14 members of the former GNS and NIWA ELTs combined, in addition to the former Chief Executive. Restructuring actions during the year reduced the size of the team to its current eight members, in addition to the Chief Executive. The remuneration paid to all Executive Leadership Team members combined (excluding the former and current Chief Executives) during 2026, together with the comparative information for the prior year, is as follows:

YEAR ENDED 30 JUNE $	**2026**	**2025**
Base salary	3,991,082	2,606,965
Benefits*	186,210	147,690
Termination benefits	1,207,216	–
Total Remuneration	**5,384,508**	**2,754,655**

* Benefits include employer contributions to superannuation schemes (KiwiSaver or legacy government superannuation schemes, as applicable), insurance and wellness allowances.

The combined value of the annual remuneration packages for the eight current members of the Company's ELT is $3,470,255.

Donations

No donations were made during the year (2025: $1,000).

Statement of Responsibility

The following statement is made in accordance with section 155 of the Crown Entities Act 2004.

1. The Board of the Company is responsible for the preparation of these financial statements and the judgements used therein.
2. The Board of the Company is responsible for establishing and maintaining a system of internal controls designed to provide reasonable assurance as to the integrity and reliability of financial reporting.
3. In the opinion of the Board, these financial statements reflect a true and fair view of the financial position and operations of the Group for the year ended 30 June 2026.

David Smol
Chair
27 August 2026

Paul Connell
Audit and Risk Committee Chair
27 August 2026

Independent Auditor's Report

Independent Auditor's Report

To the readers of New Zealand Institute for Earth Science Limited's group financial statements for the year ended 30 June 2026

The Auditor-General is the auditor of New Zealand Institute for Earth Science Limited group (the group). The Auditor-General has appointed me, Troy Florence, using the staff and resources of PricewaterhouseCoopers, to carry out the audit of the financial statements of the group, on his behalf.

Opinion

We have audited the financial statements of the group that comprise the statement of financial position as at 30 June 2026, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include material accounting policy information and other explanatory information on pages 2 to 25.

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 New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards Accounting Standards (IFRS Accounting Standards).

Basis for our opinion

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

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible on behalf of the group for preparing financial statements that are fairly presented and comply with NZ IFRS and IFRS Accounting Standards.

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

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

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

Responsibilities of the auditor for the audit of the financial statements

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

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

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

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

- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.

- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements, or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- We plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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

Our responsibilities arise from the Public Audit Act 2001.

Other Information

The Board of Directors is responsible for the other information. The other information comprises all of the information included in the annual report other than the financial statements, and our auditor's report thereon. The other information we obtained prior to the date of this auditor's report comprised the Financial Summary and Actual performance versus Statement of Corporate Intent (SCI), the Corporate governance disclosures, the Statement of Responsibility and the Directory. The remaining other information in the Annual Report is expected to be made available to us after that date.

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

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

When we read the other information not yet received, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Directors and use our professional judgement to determine the appropriate action to take.

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, PricewaterhouseCoopers has carried out an engagement in the area of agreed-upon procedures regarding payments received in accordance with a research agreement, which is compatible with those independence requirements. Other than the audit and this engagement, we have no relationship with, or interests in, the group.

Troy Florence
PricewaterhouseCoopers
On behalf of the Auditor-General
Auckland, New Zealand
27 August 2026

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Auditor
Troy Florence with the assistance of PricewaterhouseCoopers on behalf of the Auditor-General

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ASB Bank Limited
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Bank of New Zealand

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Te Whatu Ao