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Annual Report 2025

MAI I TE NGAHERE ORANGA *PROSPERITY FROM TREES*



Annual Report 2025

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

This annual report meets our reporting responsibilities under the Crown Research Institutes Act 1992 for the year ended 30 June 2025.

The report is available in digital format at www.scionresearch.com/annual-reports

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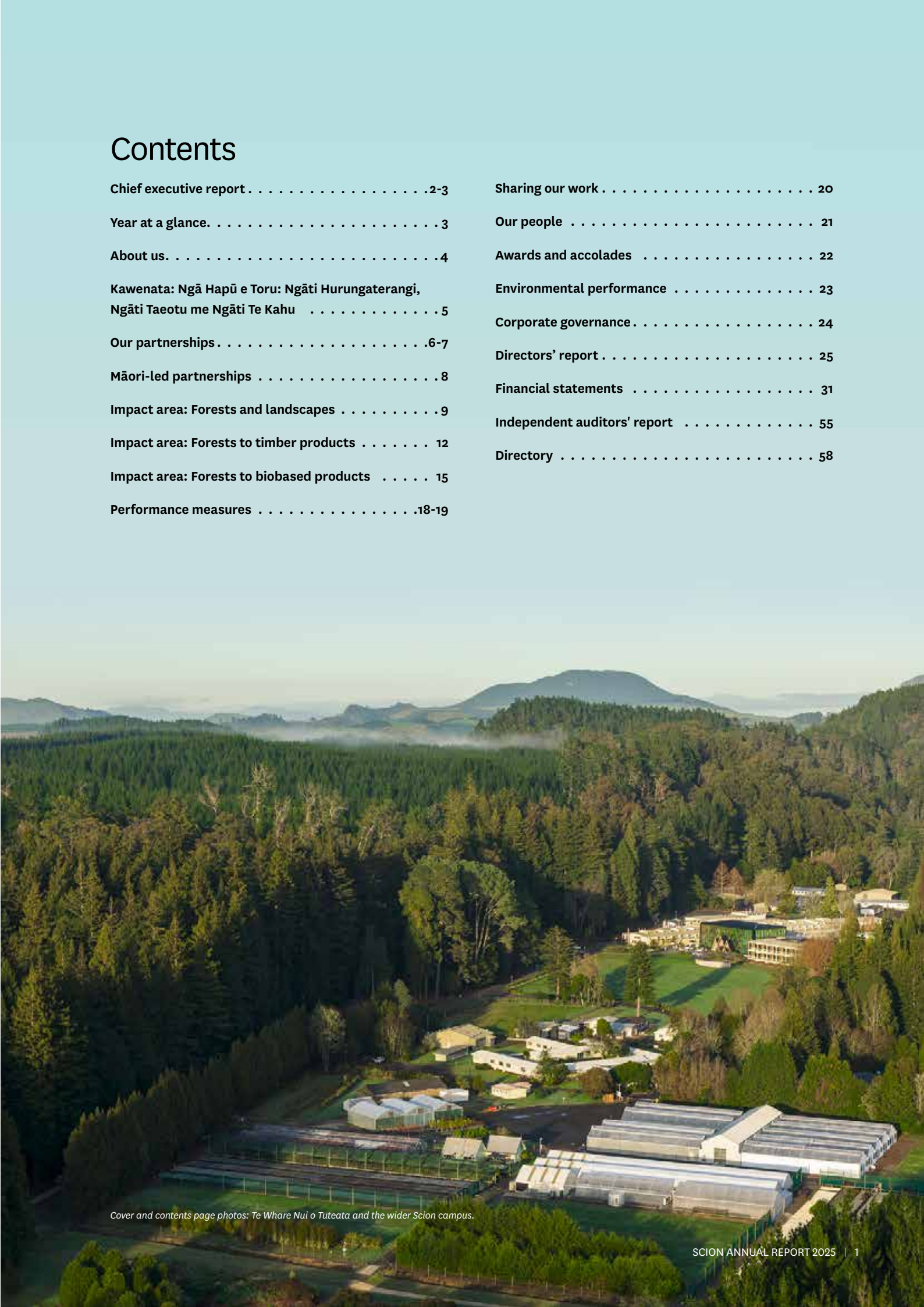
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Contents

Chief executive report	2-3	Sharing our work	20
Year at a glance.	3	Our people	21
About us.	4	Awards and accolades	22
Kawenata: Ngā Hapū e Toru: Ngāti Hurungaterangi, Ngāti Taeotu me Ngāti Te Kahu	5	Environmental performance	23
Our partnerships	6-7	Corporate governance	24
Māori-led partnerships	8	Directors' report	25
Impact area: Forests and landscapes	9	Financial statements	31
Impact area: Forests to timber products	12	Independent auditors' report	55
Impact area: Forests to biobased products	15	Directory	58
Performance measures	18-19		



Cover and contents page photos: Te Whare Nui o Tuteata and the wider Scion campus.

Chair and chief executive report

As part of the newly formed Bioeconomy Science Institute, the Scion Group has a unique opportunity to create impact for forestry, industrial biotechnology and advanced manufacturing as we work to grow a prosperous bioeconomy for New Zealand. We continue to collaborate with domestic and international partners on research programmes to deliver positive environmental, social and economic outcomes.

Over the past year, we have put significant effort into delivering impact for partners and customers. This is testament to the commitment and dedication of all Scion staff.

We ended the year on a positive note with \$3.5m in cost savings, and we realised extraordinary revenue from the sale of IP addresses. Together, these two factors led to a \$2.8m net profit – higher than what was budgeted. This put Scion in a good position as we merged into the Bioeconomy Science Institute.

Bringing our partners and staff along on the merger journey has been a focus for much of the past year, and we have focused on building and strengthening connections with the other legacy organisations.

We have also continued collaborating with iwi and iwi-based organisations to incorporate a matauranga Māori approach into our research and support Māori to achieve further economic growth from their forestry assets while contributing to their environmental, social and cultural objectives.

As we reflect on the Scion Group’s achievements over this past year, we look forward to the new opportunities the Bioeconomy Science Institute will bring to grow New Zealand’s sustainable, export-led bioeconomy and build a prosperous and sustainable low-carbon future.

Forming the Bioeconomy Science Institute

It is an exciting time to be part of the New Zealand science system. While not without its challenges, the formation of the Bioeconomy Science Institute has tremendous potential to make a step-change in how New Zealand manages and optimises the use of its biological resources. Since they were formed in 1992, the Crown Research Institutes (CRIs) have delivered on their remit to support strategic research and economic growth. This next step will supercharge how research can and will deliver impacts for New Zealand and the world.

Since the announcement in January 2025 that four new Public Research Organisations would be formed from the Crown Research Institutes, those at the CRIs that now form the Bioeconomy Science Institute have worked tirelessly to implement the changes required. Huge effort has been and is being put into establishing the Bioeconomy Science Institute while maintaining delivery of our ongoing science and business operations.

As of 1 July, the Board and Transition CEO took up the official mantle of leading the transition of the Bioeconomy Science Institute into a single functional research organisation. The hard work is still to come – aligning the suite of technologies and processes that will make us one integrated organisation that will have meaningful impact for New Zealand’s bioeconomy. We have no doubt the team is up for the challenge of building on the success of the legacy organisations to deliver something truly transformational.

Bringing together more than 2000 people with a wide range of skills, capabilities and experiences is not easy. But the formation of the Bioeconomy Science Institute is a genuine opportunity to change the status quo by supporting New Zealand’s critical bioeconomy with research for today and in planning for the future. The collective focus on impact in terms of dollars and for the environment and communities will see New Zealand maintain its reputation for innovation and protect the country’s financial, physical and cultural health.

Many thanks

The formation of the Bioeconomy Science Institute saw us farewell our Board in June 2025. On behalf of the Scion Group, we acknowledge the leadership of Chair Richard Westlake, Directors Nicole Anderson, Stana Pezic, Phil Taylor, Kiriwaitingi Rei-Russell, Tony Allison, Murray Sherwin and Future Director Zara Morrison throughout this time of change. We also acknowledge the members of the transitional governance group for initiating the merger process.

As we start our journey as the Bioeconomy Science Institute, we acknowledge Kim Wallace, Gray Baldwin, Candace Kinser and Andrew Morrison, all previously Directors at the legacy organisations, for joining our new Board. Their institutional and sector knowledge will provide a strong foundation for the new organisation in future.

We are also grateful to the Group CEOs for their leadership and support as we continue this journey to a single organisation.

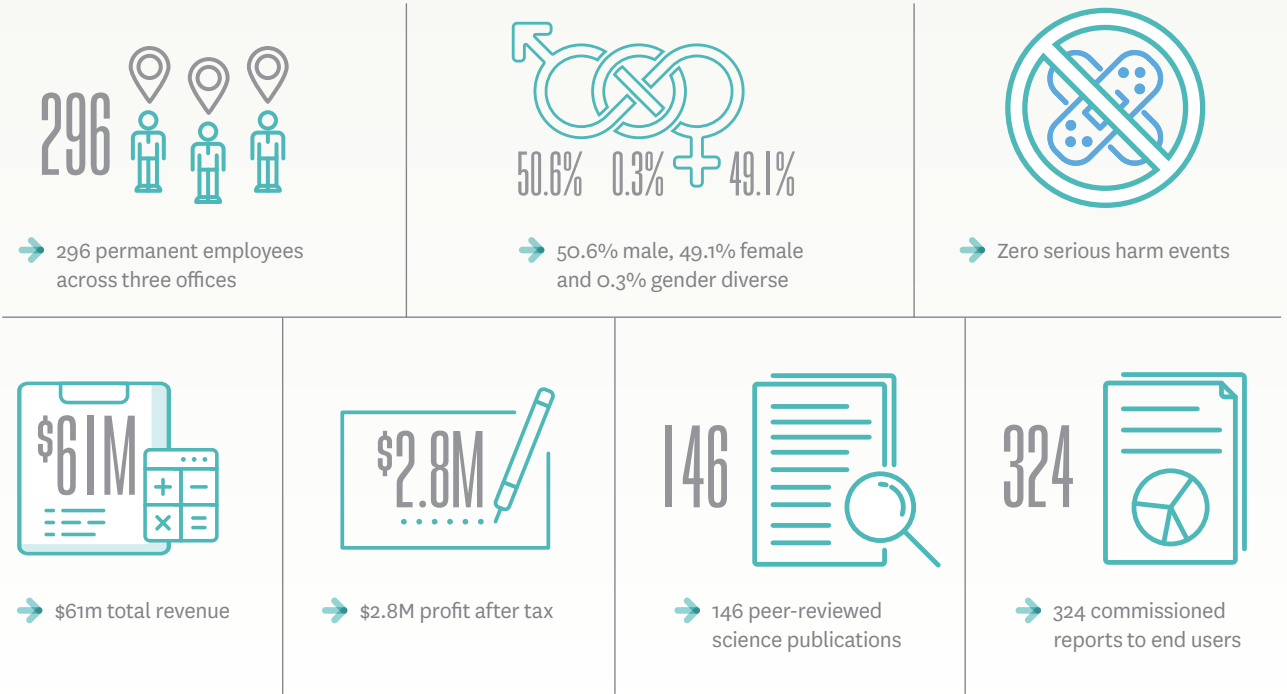
To all the staff at the Bioeconomy Science Institute – we thank you for your patience and dedication during what we know is a very unsettling time. Now more than ever the Māori proverb resonates: He aha te mea nui o te ao? He tangata, he tangata, he tangata. What is the most important thing in the world? It is people, it is people, it is people.

Barry Harris
Chair

Mark Piper
CEO

Dr Julian Elder
Group CEO

Year at a glance



About us

IMPERATIVES	IMPACT AREAS AND PORTFOLIOS	ASPIRATIONS
➔ Grow Aotearoa New Zealand's exports ➔ Accelerate Māori economic development ➔ Meet consumer demand for products that are sustainable and do not harm the environment ➔ Respond to global trade changes and competition ➔ Meet climate change commitments ➔ Reduce environmental stress and land erosion and enhance water quality ➔ Build more affordable homes in our cities and regions ➔ Increase disposable household incomes	Forests and landscapes To grow healthy, resilient forests primarily for their standing-forest benefits • <i>Establishing indigenous forests</i> • <i>Restoration, Protection & Mauri o Te Waonui a Tāne</i> • <i>Designing forests - Mahi Tahi Whaihua</i>  Forests to timber products Enhancing our production forest value chains, creating high-value timber products for Aotearoa New Zealand and the world • <i>Trees to high-volume wood products</i> • <i>Trees to high-value wood products</i> • <i>Distinct value indigenous wood products</i> • <i>New value digital forests and wood sector</i>  Forests to Biobased products To replace petrochemicals and non-sustainable materials with products from trees and other biomaterials • <i>High-value biorefineries</i> • <i>Bioproducts and packaging</i> • <i>Distributed and circular manufacturing</i> • <i>Integrated bioenergy</i>	➔ A productive, prosperous and resilient low-carbon economy supporting high-value jobs and exports ➔ New opportunities for sustainable regional economies and communities ➔ Significant improvement in productivity and wellbeing ➔ Healthy environments recognised as a key to resilience ➔ Thriving and sustainable Māori economy ➔ Net-zero emissions reduction target met through domestic action ➔ Protect and grow the value of New Zealand's planted forests, including with more diverse forest types and management systems

As part of the Bioeconomy Science Institute, the Scion Group is a New Zealand leader in forestry, industrial biotechnology and advanced manufacturing research. During our time as a stand-alone Crown Research Institute, our core purpose was to drive innovation and growth to create economic value and contribute to beneficial environmental and social outcomes.

For more than 75 years, we have led research that creates resilient planted forests, productive timber industries and sustainable product solutions.

The global imperative to transition away from fossil fuels and petrochemicals to sustainable biobased alternatives is a huge opportunity to grow New Zealand's economy. Our natural competitive advantage in growing sustainable biomass, combined with the Bioeconomy Science Institute's world-leading science and technology expertise, is a generational opportunity to create new levels of prosperity from this transformation.

Our strategy responds to critical imperatives for New Zealand. Our structure is aligned to clearly focus on impact, and our research enables the aspirational outcomes we seek.

We will work closely with our partners across the new Bioeconomy Science Institute throughout the coming year, building on long-standing relationships. A collective goal is to deliver a more dynamic system that can respond to New Zealand's priorities and keep pace with advancing technology.

Together we look forward to maximising the value of public investment in science, innovation and technology.

➔ Our core purpose

To drive innovation and growth from New Zealand's forestry, wood product and wood-derived materials and other biomaterial sectors, to create economic value and contribute to beneficial environmental and social outcomes for New Zealand.

➔ Our vision

Prosperity from trees. Mai i te ngahere oranga.

➔ Our mission

Enhancing New Zealand's prosperity, wellbeing and environment through trees.
Kia piki te ora, te taiao me te whai rawa o Aotearoa mā te ngāherehere.

Ngā Hapū e Toru:
Ngāti Hurungaterangi, Ngāti Taeotu me Ngāti Te Kahu

The Scion Group's partnership with the mana whenua of Te Papa Tipu – Ngāti Hurungaterangi, Ngāti Taeotu, Ngāti Te Kahu (Ngā Hapū e Toru) remains an important relationship the Bioeconomy Science Institute (BSI) is committed to upholding. The key focus areas that were agreed to by Scion Group and Ngā Hapū e Toru following the signing of the Kawenata (MOU) in 2022 have largely been achieved.

This includes embedding mechanisms to ensure representation in decision-making relating to activities and developments at Te Papa Tipu, such as through Scion Group's Master Plan Committee, Leasing Policy and the Te Papa Tipu Campus Vision.

➔ The proposed Te Papa Tipu Bio-Innovation Park is a key Scion Group-led initiative the Hapū trustees have provided input to during this reporting period. This is a significant infrastructure development that seeks to transform the campus as a leading global bioeconomy hub.

There have also been increased connections between Ngā Hapū e Toru and science and research within Scion Group. This has led to new opportunities to explore the implementation of the Kawenata in science. Hapū trustees are included in decisions regarding new developments, activities and tenants on Rotorua's Te Papa Tipu campus. This also includes the appointment of a Hapū trustee to our Master Planning Committee where all decisions are taken regarding our facilities and infrastructure.

* View our Kawenata here.



Our partnerships

Our partnerships and collaborations give us the strength and scale to create world-leading solutions that underpin the success of the forestry industry.

Over the year, we have continued working with domestic and international partners and customers across the private sector, government and the science, innovation and technology industry. We also partner with iwi/Māori on research projects.

All these partnerships enable us to achieve research breakthroughs in forestry, industrial biotechnology and advanced manufacturing. Innovation is needed to drive economic growth and transform New Zealand’s forestry and wood product sectors.

Our stakeholder engagement strategy and tools ensure we’re developing and sharing knowledge and solutions that deliver economic, environmental and social benefits for New Zealand.

Looking ahead, our new role as a group within the Bioeconomy Science Institute sees us working more closely with AgResearch, Manaaki Whenua - Landcare Research and Plant & Food Research. This will build on our long-standing collaborative relationships and ensure we remain at the forefront of the latest thinking, novel approaches and technological advances.



Māori-led partnerships developing new solutions

A key value proposition for the Scion Group is to support and enable growth of the Māori economy. We do this by investing and partnering in research that empowers Māori with tools and knowledge tailored to their values and aspirations to support decision-making. We co-develop high-value opportunities with Māori-owned enterprises, fostering sustainable economic growth through the bioeconomy. By promoting indigenous afforestation and resilient land use practices, we help protect biodiversity and environmental sustainability, to support intergenerational wellbeing and prosperity.

This work has included exploring Māori perspectives on bioenergy through a pilot survey, workshop and visual summary, identifying opportunities for sustainable land use, economic self-reliance and integration of mātauranga Māori. Findings showed strong interest in bioenergy opportunities but also highlighted challenges. These included high start-up costs, limited information, and uncertainty around cultural and environmental impacts.

We plan to develop a detailed case study modelling economic, environmental and cultural factors. It will evaluate whether targeted case study modelling can address barriers and support more confident decisions.

 To build international connections and share learnings, a presentation was given at the global BIOFOR conference. This showcased how Māori are exploring bioenergy options, the barriers to participation and the importance of cultural values in decision-making. This engagement strengthened relationships with Indigenous groups overseas working to align bioenergy development with self-determination and climate resilience.

Te Whakahoki Kauri: Repatriation Project

Kauri are a significant taonga species. Plants propagated during the Healthy Trees, Healthy Future programme (2016–2019) required either a funded research pathway or a return to te taiao where they belong.

Since 2019, smaller research projects were conducted on nearly 600 seedlings, alongside health monitoring and care of all plants. In October 2022, a new team re-engaged with the 14 mana whenua partners to return 32,000 kauri to their homelands through a Māori-led approach prioritising kauri and enduring partnerships.

The multi-disciplinary team collaborated with mana whenua through hui, site visits and knowledge sharing to support plant repatriation and re-planting aspirations. The project reflects the dedication of the team, guided by the strategic support of the Scion Group’s Restoration, Protection & Mauri o Te Waonui a Tāne portfolio. This success was founded in the unwavering commitment and kaitiaki values of mana whenua.

Repatriating these kauri enables restorative, cultural and kaitiaki outcomes. Strengthened relationships have led to a shared desire for future joint research, including promising findings on pathogen resistance. This offers a hopeful pathway for the long-term health of this taonga species.



* Read more about Te Whakahoki Kauri here.



Impact area: Forests and landscapes

The Scion Group develops tools and resources to support land managers and kaitiaki to maximise their land through high-performing forests and landscapes. A key objective is to enable economic growth and return on investment while building New Zealand’s natural capital.

Our science, research and innovation aims to provide knowledge and tools to grow and protect healthy resilient forests that are planted primarily for their standing forest benefits. The goal is to increase the diversity of options to enable investment in new forests and landscapes, while gaining an economic return.

We contribute to New Zealand’s success while supporting government, iwi/Māori, land managers and communities to use land sustainably. This includes reducing greenhouse gas emissions, sequestering carbon, increasing biodiversity and improving water quality.

 Our work this year helped support the building of the new emission trading scheme (ETS) tables. The ETS generated \$481m in 2024 and has generated over \$5.6b since its inception for New Zealanders.

Forests enable benefits and economic return beyond timber. For example, the Whakarewarewa Mountain Bike Park generates \$30-50m for Rotorua, with user spend spread across various areas such as accommodation, dining and shopping.

New Zealand tourism generates \$13.3b a year, with our natural scenery the biggest driver for visits. Our aim is to maximise these opportunities and help grow NZ’s gross domestic profit through afforestation, weaving forests into landscapes and protecting our indigenous forests.



This impact area is focused on growing and protecting healthy resilient forests.

IMPACT STORY

Partnership approach to wildfire research

The Scion Group worked with partners – Fire and Emergency New Zealand (FENZ), the University of Canterbury, the United States Forest Service (USFS) and San José State University – to conduct research burns in Canterbury in March 2025.

This research tested new theories on how wildfires spread under various conditions. It aimed to help improve operational and community readiness for and response to future events – and enhance firefighter and public safety.

This was the latest collaboration in a long-standing relationship between US and New Zealand researchers and firefighters. The USFS researchers brought skills, expertise and bespoke equipment to complement the Scion Group’s wildfire research capabilities and Scion’s equipment.

San José State University and the University of Canterbury also contributed unique skill and instrumentation for observing fire-atmosphere interactions.

The research also gave FENZ the opportunity to test spray bars and their efficiency at suppressing a spreading grass wildfire. Each team supported the other while testing their research objectives, maximising the appliances, equipment and expertise in the field.

This reasearch is increasingly important because wildfires are becoming more frequent and severe, and their behaviour in real-world conditions often defies existing models. Understanding how fire behaves helps us better predict wildfires in New Zealand and internationally, so we can more effectively plan, prepare and safely respond to wildfires.

* Read more about the Scion Group's wildfire research here.



Research burns underway in Canterbury in March 2025.

IMPACT STORY

Radiata moment for native forests

The Scion Group has the recipe for increasing indigenous tree afforestation at scale with high success rates.

This year, we shared its indigenous afforestation expertise at several national and international events, highlighting our projects and programmes focused on overcoming the obstacles facing land managers wanting to plant indigenous trees at scale.

Our work aims to lower the costs of indigenous tree afforestation and includes ensuring availability of healthy stock from nurseries and high survival rates.

New Zealand needs 300,000ha of new indigenous forest by 2035 to meet its climate change response goals. Increased indigenous forest planting – which New Zealanders support – will enhance carbon storage and biodiversity, improve water quality and wellbeing and reduce erosion risk.

Current cost and uncertainty around planting success put this afforestation at risk. Indigenous trees take longer to produce in the nursery than exotic species. They also cost more and require more post-planting care. Without labour-intensive support, survival rates are low, requiring successive waves of planting. New Zealand’s current model for indigenous afforestation is expensive – and untenable at scale.

The Scion Group has a way to solve this problem. We led integrated radiata pine research in the 1970s that successfully created practices to improve nursery management, quality standards, site preparation and logistics. This increased radiata pine survival rates by over 45 percent, decreased costs as processes became more efficient, established the Scion Group as a global leader in nursery research and made radiata pine the world’s most planted tree.

We have the capacity to replicate this programme for indigenous trees. This is a “radiata moment” that will allow new native forests to be established with confidence – at a fraction of the current cost.

* Read more about indigenous tree afforestation here.



The root systems of two tī kouka seedlings grown in different containers.

Impact area: Forests to timber products

The Scion Group’s pioneering research is transforming New Zealand’s forestry and timber product sectors, ensuring they remain resilient, sustainable and globally competitive. Contributing 42 percent of our revenue, this impact area delivers innovative and research-driven solutions that unlock commercial opportunities and foster positive economic, environmental and community outcomes while honouring the perspectives and knowledge of Māori culture.

By harnessing advanced technologies and fostering diverse value chains, the Scion Group empowers the forestry industry to adapt to evolving markets and climate challenges. Our work future-proofs the sector, maximising the value of forests from gene to timber products in the built environment.

Impactful examples:

- ForestInsights initiative: In partnership with Indufor, the Scion Group launched ForestInsights, New Zealand’s first comprehensive national dataset of planted forests. Leveraging artificial intelligence, satellite imagery and advanced algorithms, ForestInsights provides up-to-date mapping of forest boundaries, harvest history and stand age – from small woodlots to vast commercial forests. This spatial intelligence enables precise decision-making, enhances biosecurity readiness and informs infrastructure planning, benefiting the entire forestry value chain.

* Read more about ForestInsights here.



Scion Group research shows how forests can be transformed into timber products.

- Tree Root Microbiome Programme: the Scion Group’s leadership in tree microbiome research is setting new global standards. The five-year programme aims to develop more productive, drought-resistant and climate-resilient trees by understanding and harnessing beneficial microbiomes. This work supports the diversification of New Zealand’s forestry estate, reduces reliance on a single species and strengthens forest health against future challenges.

* Read more about the Tree Root Microbiome Programme here.



Through these and other initiatives, the Scion Group is committed to transforming the forest-to-timber-products value chain, ensuring it remains a cornerstone of New Zealand’s economy, environment and communities for generations to come.

IMPACT STORY

New insights into forest water use

Scion’s Forest Flows programme delivered significant value by helping inform regional freshwater policy development and land-use decisions in a changing climate. The five-year programme, which ended in June 2024 and was funded by the Ministry of Business, Innovation and Employment (MBIE), researched forest hydrology in study sites around New Zealand, including an 1800ha catchment in Northland’s Te Hiku Forest. The New Zealand forestry industry has invested nearly \$650k to continue this monitoring following the completion of the programme.

Programme lead Dean Meason – who was recently named New Zealand’s forester of the year – threw the kitchen sink at the research to build a better understanding of what is happening to the water in New Zealand’s forests. Using cutting-edge sensor networks and digital modelling, the research provided new insights into forest water use and streamflow and drew international interest. The Scion Group has recently received government funding to continue collaborating with NASA on this research for a further three years.

The new programme is a collaboration with NASA’s Jet Propulsion Laboratory and the University of Massachusetts at Amherst. It will focus on the Aupōuri Peninsula’s Te Hiku region (Northland).

The programme will use data from multiple NASA satellite missions to generate a new way to accurately measure water use for different land uses and how it varies across the region. The programme will also monitor how water moves across the region above and below ground.

* Read more about Forest Flows here.



The Forest Flows research helped build a better understanding of water use in forests.

IMPACT STORY

Step towards wood-centric built environment

The Scion Group handed Timber Unlimited over to the New Zealand Timber Design Society in 2025, marking a new milestone in the country’s journey toward a more innovative and wood-centric built environment.

Timber Unlimited is an industry-neutral non-profit resource cofounded by the Scion Group (then Scion) in 2022. Hosted by us, it encourages and facilitates the use of timber in the design and construction of building and infrastructure projects, with a particular focus on the commercial, industrial, public and multi-story sectors.

As the country’s go-to timber resource, it provides all the design information and knowledge in one place, helping the industry make informed decisions and build better. Goals include enabling New Zealand to adopt low-carbon timber construction and demonstrating timber as an efficient, economical and sustainable advanced construction material.

Timber Unlimited also hosts the New Zealand Timber Design Awards to celebrate and promote innovation, creativity, sustainability and excellence in timber architecture from residential to commercial buildings.

Timber is a renewable resource that sequesters carbon dioxide and is sustainable, viable and locally supplied. The more it’s used, the faster New Zealand can transition to a lower-carbon reality.

The handover ensures the continued impact and reach of Timber Unlimited as it enters a new phase. It also highlights the Scion Group’s pivotal role in advancing sector transformation and knowledge transfer.

Formerly known as Timber Design Centre™, Timber Unlimited started as a consortium agreement between the Scion Group, BRANZ, the New Zealand Timber Design Society and the Wood Processors & Manufacturers Association of New Zealand (WPMA).



* Read more about Timber Unlimited here.



Timber Unlimited encourages the use of timber in design and construction.

Impact area: Forests to biobased products

This impact area is at the forefront of turning New Zealand into a global hub for advanced manufacturing and sustainable industrial biotechnology. This is underpinned by New Zealand’s natural competitive advantage around growing sustainable biomass, linked with an emerging biomanufacturing sector.

We are transforming the science and ensuring engineering, technology and infrastructure exist locally to support the tremendous growth opportunities. Outcomes include enhancing prosperity and productivity, creating high-paying jobs and mitigating climate change.

We work across rapidly emerging biotech, cleantech, advanced biomaterials and bioenergy, and with businesses developing high-value products.

Together with our partners, the Scion Group identifies new export opportunities and helps transform established companies and sectors.

The Scion Group’s collaboration with UsedFULLY has led to the development of a solvent-free fibre recycling technology that addresses global textile waste challenges. This innovative

solution has been successfully demonstrated in roading applications and offers a scalable path to industrial reuse. UsedFULLY, New Zealand’s first textile cleantech company, holds exclusive global rights to the technology. The initiative supports the transformation of post-commercial textile waste into high-value, low-carbon products.

We have partnered with AgriSea to transform waste seaweed into nanocellulose – a high-value, eco-friendly advanced material with global potential. Nanocellulose is used in various products, including electronics, medical devices and cosmetics. AgriSea’s biorefinery manufacturing the product opens in 2025, after our seven-year collaboration.

Seaweed can be harvested multiple times a year without harming the environment. AgriSea embodies the principles of scientific excellence and kaitiakitanga (guardianship of the whenua/land and natural resources). Opportunities such as these will give New Zealand the power to reduce waste, pollution and greenhouse gas emissions and grow prosperity, jobs and resilience.



The Scion Group works across emerging technologies to develop high-value products.

IMPACT STORY

Making livestock feed from greenhouse gases

The Scion Group is partnering with a central North Island Māori trust, geothermal experts and New Zealand scientists to develop livestock feed from greenhouse gases.

Nearly \$5m in funding from Tauhara North No. 2 Trust and the Ministry for Primary Industries (MPI) is supporting Rotorua-based geothermal consultancy Upflow and partners to progress the innovative laboratory-scale research. The work aligns with the Scion Group’s core purpose of driving innovation and growth, creating economic value and contributing to beneficial environmental and social outcomes for New Zealand.

The research has shown how two microorganisms – a bacterium and an algae – can be used together to convert carbon dioxide and methane into a protein-rich biomass. This biomass is created when microorganisms feed off greenhouse gas emissions captured from geothermal power stations, such as those used to generate electricity in the

central North Island. The biomass produced comprises several potentially commercially valuable components, including protein for animal feed.

Industrial biotechnology processes pivotal to the project were jointly developed by Scion’s Biotechnology team, University of Canterbury researchers and Tauhara North No. 2 Trust. These novel process generates a biomass rich in protein, which is initially being explored as an animal feed ingredient. Potential for premium products is also being investigated. There is potential for a range of high-value consumer products, including for human nutrition.

The four-year project is taking place at Upflow’s satellite office, on Rotorua’s Te Papa Tipu campus.

* Read more about livestock feed from greenhouse gases here.



Work is underway to develop livestock feed from greenhouse gases. Credit to Roy Taoho.

IMPACT STORY

Creating sustainable packaging solutions

The Scion Group is integrating advanced technology to grow the bioeconomy and unlock economic growth, jobs and new high-value export products.

We work with companies, manufacturers and exporters to optimise packaging products and develop sustainable options. It’s important brand stories are reinforced through design and materials throughout this work.

Our collaborations include creating sustainable packaging solutions using advanced biomanufacturing and biomaterials. One such example – a collaboration between the Scion Group and Rotorua’s Mamaku Blue winery – involves turning agricultural waste into a sustainable, compostable alternative to plastic packaging, with the development of moulded fibre trays infused with blueberry pomace. The work supports New Zealand’s circular bioeconomy, repurposing organic waste into valuable products and maximising resource efficiency while minimising environmental impact.

With funding from the Bioresource Processing Alliance (BPA) Summer Student Internship, our researchers are working

with partners to explore whether incorporating agricultural by-products into moulded fibre trays can enhance their strength and moisture resistance.

We hope incorporating these byproducts will improve the functionality of fibre trays and provide an innovative use for materials that would otherwise end up in landfill.

The global drive to eliminate single-use plastic packaging has created a need for this type of leading-edge research and development. We are focused on creating technically feasible solutions to meet consumer demand.

* Read more about eco-friendly alternatives here.



The Scion Group works with partners to create sustainable packaging options.

Performance measures

Indicator name	Measure	2024/2025 Target	2024/2025 Actual
End user collaboration	Revenue per full-time employee (FTE) from commercial sources, as at the end of 24/25 FY.	\$69,384	\$68,132
Research collaboration	Publications with collaborators (peer-reviewed publications from Scopus database).	100	120
Technology and knowledge transfer excellence	Commercial reports per scientist FTE.	>2.0	2.67
Science quality	Impact of science publications - mean citation score greater than 4 by the end of 24/25 FY.	>4	6.08
Financial indicator Measure	Revenue per FTE	\$218,855	\$212,616
Stakeholder engagement	Relevant partners have a high level of confidence that Scion sets research priorities relative to their industry	>85%	78%
	Percentage of stakeholders have engaged with Scion about their strategic direction.	>50%	46%
	Māori partners’ relationship measures are ‘very good’ or ‘improving’ through customer survey	>80%	78%
	Relevant end-users who are likely or very likely to recommend working with Scion.	>90%	79%
Māori economic development	Partnerships (number(N) and value (\$)) and value, established with Māori entities to support economic development through the forest industry.	N>15 \$>\$2.5M	N= 14 \$4.2M
Accelerated commercialisation	Technologies in Scion’s pipeline (number (N) and co-investment (\$)); projects that progress to the business case stage (2 case studies to validation stage).	N>14 \$>\$500K Cases to validation stage >2	N=17 \$802,570 7 Case to validation stage

Performance measures

Programme number	Programme name	Programme Performance Measure	Annual Report Note
IA01.01.01	Indigenous plant production at scale	Foster at least one partnership to co-develop a breeding programme for resilient indigenous forest trees in the context of future climates.	One active partnership formed.
IA01.01.03	Transitioning to Ngahere	Launch one demonstration plot to show the potential of complex multi-age, multi-species forest to maximise biodiversity and community resilience in a changing climate.	Potential site locations have been identified, site assessment is planned for 2025/26FY.
IA01.02.02	Protect and Restore - Whakamaru Ngahere	Implement a pathway that enables Te Ao Māori capability, capacity, leadership and partnerships for active participation and knowledge application in ngahere ecosystems.	A pathway has been enabled through the Kia Ora te Waonui Programme.
IA01.02.02	Protect and Restore - Whakamaru Ngahere	Develop new research and tools that quantify and mitigate risks of new pest and pathogen establishment in indigenous forests.	Collaborations have produced research and tools that improve our understanding of future NZ biosecurity risk, continuing into 2025/26FY.

Programme number	Programme name	Programme Performance Measure	Annual Report Note
IA01.03.02	Carbon Secure Forests	Contribute to New Zealand’s ongoing national and international carbon reporting obligations.	Contributed to 2024/25 and 2025/26 FY LUCAS workplan development and public consultaion with MBIE on proposed revisions to ETS tables.
IA01.03.02	Carbon Secure Forests	Deliver at least one tool that reflects our new understanding of the key factors and processes that influence the amount of carbon stored in deep soils (>30cm deep) beneath New Zealand's forests.	Research associated with this deliverable is underway, further progress towards this will shape up in 2025/26FY.
IA02.01.03	Sustainable Forest Management	Develop predictive forest hydrology models and tools for water use, retention and release.	Hydrology models developed. Being rolled out to inform decision making for regional councils.
IA02.01.04	Managing resilient forests for productivity and wood quality	Develop a predictive Red Needle Cast model for forest managers. Deliver improved germplasm to increase radiata pine productivity, disease resistance and climate resistance.	Predictive Red Needle cast tool developed and being trialed with industry.
IA02.01.04	Managing resilient forests for productivity and wood quality	Develop new treatment options to maintain forest health and resilience.	Screening fungicides and non-chemical treatment screening continuing into 2025/26FY.
IA02.02.01	Shaping future forestry, processing and built environments	Update value chain models to include its integrated social, economic and environmental value proposition for two alternative exotic species.	Projects contributing to this deliverable are progressing well, they will continue into 2025/26FY.
IA02.02.02	Quality performance and innovations	Correlate three performance attributes of two exotic species (untreated and enhanced) to performance targets of key selected products.	More than three performance attributes measured of two exotics, work to correlate requires more time to complete.
IA02.03.01	Indigenous forest to wood product paradigms	Develop at least one partnership with iwi and/ or Māori to support establishment of indigenous forests at scale (note collaboration with IA1.1).	Continuing to explore viable partners for future projects, expect this to continue into 2025/26FY.
IA02.04.01	Supply Chain Connectivity	Model the framework for a connected view of information flow in NZ forestry.	Case study to be developed on redwood processing catchment in 2025/26FY.
IA02.04.02	Intelligent forestry systems	Operationalise an advanced Inventory platform that aides processors in identifying feedstocks and helps with longer term strategic investment decision making.	The commercial product "Foresight" has been released, updates and new species will be added in 2025/26FY.
IA02.04.02	Intelligent forestry systems	Introduce an operational trial connecting nursery to planted forest with bio-degradable RFID, GPS locations and log marker code generation.	Portfolio direction has shifted, focus has moved to meet industry needs.
IA03.01.01	Indigenous Biorefineries	Support a Māori-owned company to operate a biorefinery, at least at pilot scale, in New Zealand using Scion-generated IP.	One pilot scale maori-owned biorefinery handing over in Aug 25, formal opening in Oct 25.
IA03.01.03	Alternative Sustainable Biomass based Biorefineries	Work with industry to have at least one high-value biorefinery product tested in a commercial product.	Research has delivered a product, business development plan will enable funding and industry engagement.
IA03.02.01	Bioplastics made in New Zealand	Demonstrate at least one novel biotechnology process tailored for New Zealand companies.	Two technologies are being assessed for commercialisation.
IA03.02.02	Compostable and Recyclable Packaging	Work with commercial partners to substitute petrochemical-derived packaging with sustainable alternatives for five commercially available products.	Four products developed to date, progressing well, continuing into the 2025/26FY.
IA03.03.01	Distributed Biomass Conversion	Together with commercial partners complete at least one case study on the feasibility and viability of distributed or mobile biomass conversion.	One case study developed with a commercial partner.
IA03.03.03	Modular & Circular Manufacturing	Develop and trial at least one scalable, modular bio-based product (re)processing technology with commercial partners.	Continuing to develop opportunities and investigating AI for resourcing re-processing technologies into 2025/26FY.
IA03.04.01	Transport Biofuels	Implement a commercialisation pathway for Scion's Marine Biofuel technology.	Biowave company formed to commercialise marine biofuels.
IA03.04.02	Process Heat Bioenergy	Develop the technology and protect any suitable IP for the distributed production of biohydrogen from waste.	The technology is developing well with some high levels of hydrogen being produced, continuing into 2025/26FY.

Sharing our work

Science papers and quality		Publication metrics	
Calendar year Jan-Dec 2024			
H-index factor (5-year rolling average)		135.21	(up from 124.29)
Mean Citation Score		5.77	(up from 5.44)
Output types		Output total	Scion target
Commissioned reports to users		324	250
Internal reports		98	100
Key note and plenary presentations		11	10
New or improved processes, products, or services		11	5
Peer reviewed articles		146	130
Presentations on technical information and research results <i>Note: These numbers are attributable to organisational changes and continued internal education required regarding eligibility for inclusion in the Pure repository.</i>		210	300
Publications on technical information and research results <i>Note: The higher publication numbers are due to the increase in media coverage and conference contributions, and the inclusion of non-peer reviewed articles.</i>		332	150
Total		1132	945

Collaborations

Publication collaborations with international research institutions (comprises peer-reviewed articles, technical publications and contract reports)	172	(up from 160)
Publication collaborations with other New Zealand institutions (comprises peer-reviewed articles, technical publications and contract reports)	165	(up from 104)

Tech transfer

Commissioned reports to users	324	(up from 314)
Peer-reviewed articles	146	(up from 124)
Presentations on technical information and research results	210	(up from 194)
Publications on technical information and research results	332	(up from 216)

Communication

Followers on social media channels	21,470	(9.6% increase)
Views of YouTube videos	26,220	(13.9% increase)
Website page views	226,927	(13.5% decrease)

Our people



The Scion Group’s People, Culture and Safety team contributes to the achievement of our strategy through supporting management and leadership activities. We are committed to building the right people assets, organisational culture and health and safety performance.

A key focus this year has been supporting our leaders and staff through the transition to our new role within the Biosecurity Science Institute. We also supported our teams to continue delivering on our programmes and targets.

The Scion Group is committed to a working environment grounded in principles of empowerment, diversity, equity, inclusion, innovation, accountability and development.

This year, we continued our investment in our Active Manager Programme for all leaders. This was supported by our hands-on Setting People Up for Success programme, reinforcing key principles in a practical setting.

Flexibility is vital in a modern workforce and we support our people at different life stages, including returning parents, people transitioning into retirement and employees recruited from overseas.

To ensure equal employment opportunities, our internal promotion programmes are transparent and there is no discernible gender pay gap at band level.

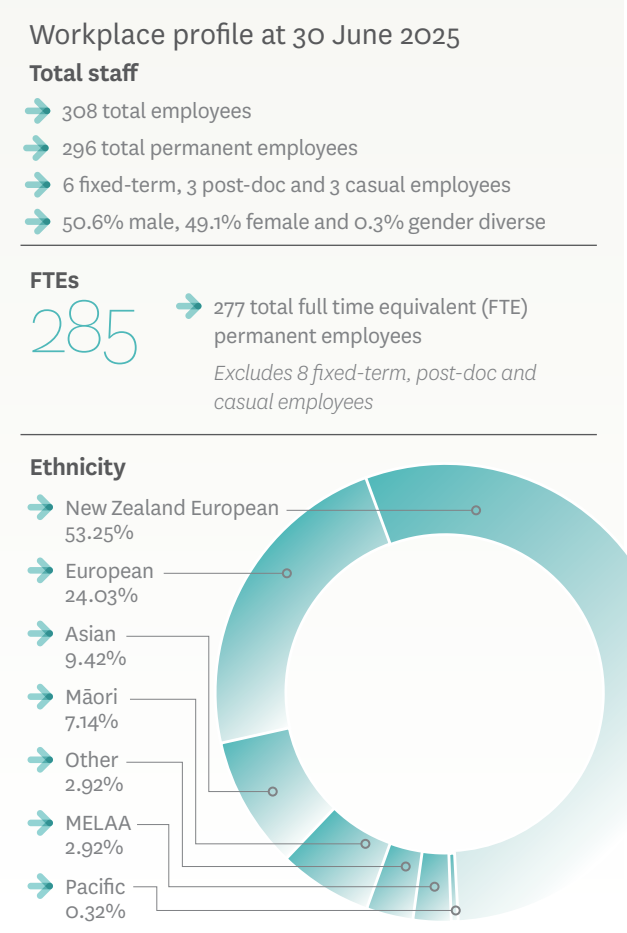
Our Pulse staff poll this year recorded an engagement rate of 60 percent (an increase of 8 percent), noting it took place during a period of significant organisational change. We are working with our partner CRIs in the Biosecurity Science Institute on a benchmark survey, so we can track staff engagement before and throughout the transition.

The Scion Group will continue going above and beyond the legislative requirements for being a good employer. As well as being the right thing to do, this is important to attract and retain leading experts in their field.

We maintain a strong commitment to health and safety, underpinned by a Safety II approach that encourages a culture where workers are actively involved in identifying solutions. Robust systems and procedures are in place to keep

workers safe, including the use of learning teams, traditional health and safety risk assessments, and structured incident management processes. There were zero serious harm incidents this year.

We have identified six hazard classes encompassing 18 risks, all of which have been mapped using bow-tie analysis to clearly define preventative and mitigative controls. Workers also have access to the Employee Assistance Programme (EAP), which provides confidential support for work-related and personal matters.



Awards and accolades

Multiple awards and honours were presented to our people again this year for world-class science, research, innovation and community contribution. A selection of our award winners this year:

Dean Meason: Forester of the Year 2025 award from the NZ Institute of Forestry for outstanding contribution to forest hydrology research. His work has provided insights that are shaping the future of forestry and water management.

Grace Villamor: Economics and Human and Behavioural Sciences Panel for the Marsden Fund, following an invitation from the Royal Society Te Apārangi. This prestigious appointment acknowledges Grace's expertise and contribution to international research.

Kim McGrouther: LR Benjamin Medal, the Appita Association's highest honour, celebrating Kim's outstanding contribution to research, sustainability and decades of service to New Zealand's pulp and paper industry.

Tripti Singh: Enduring Impact Award from the timber industry, shared with four colleagues at the 5th International Conference on Timber Bridges. The conference theme was international collaboration.

ZealaFoam: (a Bioeconomy Science Institute team **PwC Breakthrough Project Award** at the KiwiNet Research Commercialisation Awards. This work has developed an innovative sustainable plant-based alternative to polystyrene.

Natalie Graham: Chavasse Travel Award from the NZIF Foundation for exceptional contribution to forestry science and sustainability. Natalie has played a key role in Scion's genomics-based innovations.

Jamie Bridson: JEOL Brian Halton award from the New Zealand Institute of Chemistry, for an outstanding paper exploring how environmental factors affect the release of hazardous chemicals from microplastics.

Forest Growers Research annual awards

Dean Meason: Communication and Sector Engagement Award, for outstanding work on the Scion Group's Forest Flows project.

Stuart Fraser and Emily McLay: Innovation that Enhances Sector Value Award, for pioneering work on Red Needle Cast (RNC) within the Resilient Forests Programme.

Serajis Salekin: Science of International Quality Award, for work taking NZ forest science into a new space, especially our ability to model forests under a changing climate.

Stephanie Sopow: Contribution to a Science Team Award, for exceptional commitment to the Forestry Biosecurity Surveillance programme.

* Read more about Scion Group awards here.



Dean Meason — New Zealand Forester of the Year 2025.

Environmental performance

Continued sustainability focus leads to significant energy savings.

In 2025, the Scion Group marked eight years of gold certification through the Enviromark programme, which underpins the sustainability improvements we have made since joining in 2011. We have achieved significant savings by measuring our waste, water and energy use over time, and have raised staff awareness of the benefits of conserving the resources we use every day.

This financial year, we reduced our water usage by 8,570,000 litres compared to last year through increased focus on fixing leaks and upgrading water lines. This equates to just over \$84,000 in savings related to water usage and wastewater treatment costs. Energy savings for the year equated to \$212,559, with reductions in electricity and gas use. These energy savings were driven by upgrades in equipment, process changes by staff and a focused maintenance programme of our building control system, which centrally controls our mechanical and electrical equipment.

In December 2024, the first installation of 30kW solar panels on our Rotorua laboratory building signals the start of our shift to supplying renewable energy on-site. Planning for another 60kW is underway. The 30kW panel bank helps offset our electricity costs and provides 2-3 percent of our daytime demand.

In May 2025, our Metal for Trees programme reached a milestone of 1000 native trees funded for planting around NZ through Trees that Count. This environmental charity funds a tree for every \$10 donated. The metal comes from discarded electrical and science equipment as well as aluminium cans. Since December 2019, 3740kg of aluminium, steel and copper were recycled through this programme.

According to Trees that Count, 1000 native trees and shrubs can remove approximately 220 tonnes of CO₂ from the atmosphere over 50 years.

Waste to landfill	
2024-25	2023-24
29.64 t normal operations at our main site (down 1%)	27.97 t normal operations at our main site
19.07 t storage cleanouts at main site (down 33%)	28.52 t storage cleanouts at main site
Overall, 48.71 t (down 17%)	Overall, 58.5 t

Water usage	
2024-25	2023-24
63,800 m ³ (down 12%)	72,370 m ³

Note: Waste numbers are provided from our waste providers in monthly sustainability reports. Water values are from monthly on-site water meter readings that are checked internally against quarterly water rates invoices.

Verified Carbon emissions (Scope 1,2 &3)			
Scope	2024-25	2023-24	2022-23
Scope 1 (t CO ₂ eq)	In process of verification*	1126.64	1061.2
Scope 2 (t CO ₂ eq)		286.73	315.2
Scope 3 (t CO ₂ eq)		1193.63	1333.4
Total t (CO₂ eq)		2607	2709.8

* Carbon emission verification since 2022-23 is completed through Ekos Kamahi Ltd. The 2023-24 Carbon Inventory Report can be viewed here.

Water and waste data is verified by Ekos as part of the carbon emissions assessment.

Corporate governance

Prior to becoming a group within the Bioeconomy Science Institute on July 1, 2025, Scion operated under a Board of independent Directors appointed by its Shareholding Ministers: the Minister of Science and Innovation and the Minister of Finance. All members of the Board were independent.

- The responsibility of the Board was to guide and monitor the business of Scion and its subsidiaries including:
- reviewing and approving Scion’s strategy and Statement of Corporate Intent;
- adopting policies of corporate conduct (including risk management and delegations of authority) and ensuring that systems and procedures are in place to carry out those policies;
- adopting annual operating and capital plans and budgets;
- monitoring performance against key objectives and budgets on a monthly basis;
- ensuring Scion proactively met all health and safety requirements;
- evaluating the performance of the Chief Executive; and
- reviewing and improving the effectiveness of the Board.

The Board operated in accordance with Scion’s Constitution. It comprised up to seven directors who met up to 11 times a year, either in person or by video conference.

The Board had three standing committees: the Audit and Risk Committee, the People and Culture Committee and the Master Plan Committee.

Audit and risk

The function of the Audit and Risk Committee was to assist the Board in discharging its responsibilities regarding financial reporting, regulatory conformance and matters of risk management. The committee is the liaison point for internal and external auditors. It assessed the performance of financial management (the investment cases for major items of capital expenditure). The committee reviewed audit findings, annual financial statements and interim financial information. It also has oversight of the development and review of policies to ensure compliance with statutory responsibilities.

People and culture

The People and Culture Committee assisted the Board in the establishment and regular review of remuneration and organisational policies and practices. It also assisted the Board in discharging its responsibilities relating to the appointment, remuneration setting and review of Scion’s Chief Executive, approved the appointment and remuneration of executives, and had input into and monitored the achievement of the annual Health and Safety Plan.

Master plan

The objective of the Master Plan Committee was to provide master planning oversight to the design, build and operations of facilities and significant capital investments across all locations, and made recommendations to the Board. All discussions were made with full consideration to mana whenua.

Committee membership and workplans

Each standing committee comprised no fewer than three members of the Board, appointed by the Board from time to time. The committees met at least twice annually and intersessionally as required. All Directors were entitled to attend all committee meetings.

All discussions were to be made with full consideration to mana whenua. For the Rotorua campus those principles were set out in the kawenata between Ngā Hapū e Toru and Scion, which was signed in August 2022 and is available to read in Te Reo and in English.

Each committee established annual workplans and undertook an annual review of its objectives and responsibilities and its terms of reference. Each committee also made regular reports to the Board. The Board’s risk management policy and procedures involved formal reporting by management of the most significant risks Scion is exposed to. The Board regularly monitored management of those risks. There was also regular monitoring and reporting on progress in meeting recommendations made by external auditors.

Directors’ report

Principal activities

New Zealand Forest Research Institute Limited (trading as Scion) is a company registered under the Companies Act 1993. Our principal activity is to conduct research in accordance with the purpose and principles specified in Sections 4 and 5 of the Crown Research Institutes Act 1992 (the Act). Scion has met all the obligations under the Act for the year ended 30 June 2025.

Scion, a Crown Research Institute, is a science and technology company delivering solutions to commercial and government clients. While the principal research campus is in Rotorua, there are also offices in Christchurch and Wellington.

Our core purpose is to drive innovation and growth from New Zealand’s forestry, wood product and wood-derived materials and other biomaterial sectors, to create economic value and contribute to beneficial economic, environmental and social outcomes for New Zealand.

Summary of Group financial results to 30 June 2025

	2025 \$000	2024 \$000
Operating revenue	60,753	67,908
Profit/(loss) before tax	2,751	(2,946)
Taxation expense	98	(1,760)
Profit/(loss) after tax	2,849	(4,706)
Net comprehensive income attributable to shareholders	3,006	(4,517)
Equity		
Issued and paid up capital	17,516	17,516
Retained earnings	34,996	31,210
Reserve	(40)	713
Total equity	52,442	49,439

The state of the Company’s affairs

A commentary on the year’s performance is outlined in the Chair and CE Report (page 2), and in the opinion of the Directors, the state of the company’s affairs continues to be satisfactory.

Dividend

No dividend was recommended for the year ended 30 June 2025 (2024: \$0k).

Donations

No donations were made during the year ended 30 June 2025 (2024: \$0k).

Executive remuneration

Executive remuneration is managed within the terms and conditions of the Executive Remuneration Policy, summarised below. This policy sets out remuneration elements and design principles informing the remuneration arrangements for executive management.

Remuneration practice throughout the Scion Group is transparent in the way in which it is determined and administered and will always conform to sound corporate governance principles.

The People and Culture Committee oversees the application and implementation of the executive remuneration policy.

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

The Scion Group’s executive pay principles aim to achieve the following:

- To pay executives at a level commensurate with their contribution to the Scion Group and appropriately based on skill, experience and performance achieved.
- The level of remuneration paid is considered appropriate for motivation and retention of the calibre of executive required to ensure the successful formation and delivery of the Scion Group’s strategy and management of the environments in which it operates.
- Executive remuneration is set having regard to typical pay levels across organisations of a similar size along with public sector guidance.
- When reviewing remuneration, the committee considers all relevant factors, including:
 - Prevailing market and economic conditions
 - Organisational performance and individual experience and contribution;
 - Internal equity and pay parity;
 - Accurate benchmark position and job size; and
 - Market benchmark survey results.

Executive pay position and structure

Executive remuneration consists of base salary, KiwiSaver contributions and benefits, which makes up total remuneration.

The Base Salary and Total Remuneration Position in Range of individual executives are reviewed against the All Organisations Public Sector Base Salary Market Median Line and the All Organisations Public Sector Fixed Package Market Median Line.

Scion aims to position executive remuneration at the appropriate Position in Range (PIR) of the relevant All Organisations Public Sector Market Median Line.

Total executive remuneration for the 2024/25 financial year excluding Chief Executive remuneration was \$1,820,000 (2023/24 \$1,655,067).

Chief Executive remuneration

The structure of the Chief Executive’s remuneration is as outlined below:

	2025	2024
Base remuneration package	536,086	522,000
Benefits comprising KiwiSaver contributions, additional leave and insurance.	15,905	15,495
Discretionary Bonus*	104,036	25,785
Total remuneration	640,122	547,785

*The discretionary bonus paid was in relation to the 2024/25 performance

In addition to the benefits noted above, the Chief Executive receives three days company holidays, consistent with all the Scion Group employees and 25 days annual leave.

Employee remuneration

Section 211(1)(g) of the Companies Act requires the disclosure of the number of people paid in excess of \$100,000 in bands of \$10,000. Remuneration and compensation included performance awards, superannuation benefits, and KiwiSaver subsidy. Some other benefits were not quantified and are therefore excluded, including staff parking, home broadband and membership of relevant professional societies.

Employee remuneration continued

Bands	Number
\$540,000 - \$549,999	0
\$530,000 - \$539,999	1
\$260,000 - \$269,999	1
\$250,000 - \$259,999	1
\$240,000 - \$249,999	0
\$230,000 - \$239,999	1
\$220,000 - \$229,999	1
\$210,000 - \$219,999	1
\$200,000 - \$209,999	3
\$190,000 - \$199,999	1
\$180,000 - \$189,999	0
\$170,000 - \$179,999	4
\$160,000 - \$169,999	6
\$150,000 - \$159,999	5
\$140,000 - \$149,999	24
\$130,000 - \$139,999	12
\$120,000 - \$129,999	33
\$110,000 - \$119,999	17
\$100,000 - \$109,999	40
Total	151

Cessation payments

During the year ended 30 June 2025, \$740,583 was paid to 19 employees in relation to cessation of employment with Scion (2024: \$621,089 for 20 employees).

Cessation payments included \$73,237 for retirement benefits for two employees (2024 \$153,208 for five employees).

Company Directors

	Commenced	Concluded
Mr Richard Westlake	1 Jul 2024	30 Jun 2025
Ms Nicole Anderson	10 Jul 2023	30 Jun 2025
Ms Stana Pezic	14 Aug 2017	30 Jun 2025
Mr Brendon Green	1 Feb 2022	31 Jan 2025
Ms Kiriwaitangi Rei-Russell	10 Jul 2023	30 Jun 2025
Mr Phil Taylor	10 Jul2023	30 Jun 2025
Mr Tony Allison	17 Jul 2023	30 Jun 2025
Mr Murray Sherwin CNZM	17 Jul 2023	30 Jun 2025
Ms Zara Morrison (Future Director)	1 Jul 2023	30 Jun 2025

Directors’ interests

Any business the company has transacted with, or organisations in which a Director has an association has been carried out on a commercial ‘arms-length’ basis.

Directors' interests included in the interest register during the year are:

Director’s interests	Relationship
Richard Westlake	
The New Zealand Home Loan Company Limited (Sibling company of Kiwibank Ltd, both owned 100% by Schedule 4A Crown Company, Kiwi Group Capital Limited	Independent Director and Chair
Hospice New Zealand Inc Te Kahu Pairuri o Aotearoa	Independent Director and Chair
Westlake Governance Limited (WGL) / Global Governance Advisory Pty Limited (GGA)	Director and shareholder
Kāpiti Districts Aero Club Inc	Member
Murray Sherwin	
Sherwin & Co Limited	Principal and Director
RBNZ Staff Superannuation Scheme	Trustee
NZIoD, Wellington branch committee	Member
Iron Duke Partners	Advisory Board member
The Woodstock Trust	Trustee
Stana Pezic	
Cerbere Investments Limited	Director and Shareholder
Wood Processors and Manufacturers Association	Chair
Pink Ice Limited	Director
NZFF Holdco Limited and subsidiary companies	Director

Director’s interests	Relationship
Tony Allison	
Smiths City Finance Limited	Managing Director and Shareholder
Visionalli Limited	Managing Director and Shareholder
AA Cleaners (Otago) Limited	Director
Pioneer Finance Holdings Limited (including Pioneer Finance Technology Limited , Pioneer Finance Services Limited and Pioneer Finance Limited)	Director
Mason and Wales Architects	Independent Chair
Larnach Castle Limited	Independent Chair
Phil Taylor	
Port Blakely NZ Limited	Managing Director
South Blakely Trust	Trustee
Port Blakely LLC	Officer
Port Blakely Essential Oils Limited	Director
Tauranga Barge Company	Director
NZ Forest Owners Association	Executive Council Member
Forest Growers Levy Trust	Board Member
Te Papa Tipu Properties Limited	Director and Chair
The BioFactory GP Limited	Shareholder
Kiriwaitīngi Rei-Russell	
Pūtauaki Trust	Chair
NZ Institute of Directors	Facilitator
Te Kīwai Maui o Ngaruahine Limited	Director
Māori Investments Limited	Deputy Chair

Director’s interests	Relationship
Nicole Anderson	
International Accreditation Council	Chair
Far North Holdings Limited	Director
Te Rūnanga A Iwi O Ngāpuhi	Trustee
Te Ohu Kaimoana	Director
Top Energy Limited	Director
Telarc Limited	Director
Waitangi National Trust	Trustee
Zara Morrison	
Te Kura o Te Koutu	Employee
CMM Whanau Trust	Trustee

Scion executive management

Julian Elder	
The Elder Group	Director
Sala Street Holdings Limited	Director
Te Papa Tipu Properties Limited	Director
New Zealand Forest Certification Association	Chair
Jooules	Director
Telarc Limited	Director
Justine Wilmoth	
Te Papa Tipu Properties Limited	Operations Manager
Florian Graichen	
IEA Bioenergy	Executive Committee
Packaging New Zealand	Board Member
ANZPAC Plastics Pact - Collective Action Group	New Zealand representative
University of Waikato	Honorary Professor

* Disclosure of significant shareholdings only, e.g. not shares held by Family Trusts.

Directors’ remuneration

Director	30 June 2025
Richard Westlake	98,004
Nicole Anderson	46,332
Phil Taylor	44,185
Alaena Rei	42,852
Tony Allison	39,080
Brendon Green	24,997
Zara Morrison	8,000
Stana Pezic	44,852
Murray Sherwin	42,852
Total	\$ 391,145

Subsidiary entities

Dr Julian Elder, Phil Taylor, Veronica Butterworth and John Kahukiwa are directors of Te Papa Tipu Properties Limited.

The directors’ interests are:

Director name	Director’s interests	Relationship
Julian Elder	The Elder Group	Director
	Sala Street Holdings Limited	Director
	Te Papa Tipu Properties Limited	Director
	New Zealand Forest Certification Association	Chair (concluded 30 June 2025).
Phil Taylor	Port Blakely NZ Limited	Managing Director
	South Blakely Trust	Trustee
	Port Blakely LLC	Officer
	Port Blakely Essential Oils Limited	Director
	Tauranga Barge Company	Director
	NZ Forest Owners Association	Executive Council member
	Forest Growers Levy Trust	Board Member
	The Biofactory Group Limited	Shareholder
	Te Papa Tipu Properties Limited	Director and Chair

John Kahukiwa	Te Papa Tipu Properties Limited	Director
Veronica Butterworth	Te Papa Tipu Properties Limited	Director
	Ngā Hapū e Toru; Ngāti Hurungaterangi, Ngāti Taeotu, Ngāti Te Kahu o Ngāti Whakaue Charitable Trust	Trustee

Use of company information

During the year no notices were received from members of the Board requesting to use Scion information received in their capacity as Directors that would not otherwise have been available to them.

Directors’ indemnity and insurance

Scion has insured all Directors and the Directors of its subsidiaries against liabilities to other parties (except to Scion or a related party of Scion) that may arise from their position as Directors. The insurance does not cover liabilities that may arise from criminal actions.

Auditor

In accordance with Section 21 of the Crown Research Institutes Act 1992, the Office of the Auditor General is Auditor for the Company and, pursuant to Section 29 of the Public Finance Act 1977, has appointed Ernst & Young to undertake the audit on its behalf. Auditor remuneration is detailed in note 10 to the financial statements (page 41).

New Zealand Forest Research Institute Limited

Financial statements

for the year ended 30 June 2025

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2025

	Note	ACTUAL 2025 \$000	BUDGET (unaudited) 2025 \$000	ACTUAL 2024 \$000
Revenue	6	60,753	65,273	67,908
Other Income/(expenditure)	7	(16)	-	(89)
Expenditure	8	(57,971)	(64,512)	(70,743)
Finance costs	9	(15)	-	(21)
Profit before tax		2,751	761	(2,945)
Tax expense	15	98	-	(1,760)
Profit/(loss) for the year after tax		2,849	761	(4,705)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods net of tax				
Gains on revaluation of land and buildings		-	-	-
Remeasurement gain/(loss) on Defined Benefit Plan		(20)	-	11
Revaluation of Carbon Units		177	-	178
Total other comprehensive income, net of tax		157	-	189
Total comprehensive income for the period attributable to the shareholders of the parent company		3,006	761	(4,516)

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2025

	Ordinary Shares	Asset Revaluation & Pension Reserve	Retained Earnings	Total equity
	2025 \$000	2025 \$000	2025 \$000	2025 \$000
Balance as at 1 July 2023	17,516	524	35,916	53,956
Loss for the year	-	-	(4,705)	(4,705)
Other comprehensive income	-	189	-	189
Total comprehensive income	-	189	(4,705)	(4,516)
Balance as at 30 June 2024	17,516	713	31,211	49,440
Balance as at 1 July 2024	17,516	713	31,211	49,440
Profit / loss for the year	-	-	2,849	2,849
Other comprehensive income	-	157	-	157
Transfer of Revaluation Reserve on sale of Carbon Credits	-	(903)	903	-
Total comprehensive income	-	(746)	3,752	3,006
Balance as at 30 June 2025	17,516	(33)	34,963	52,446

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2025

		ACTUAL	BUDGET	ACTUAL
		2025	(unaudited)	2024
	Notes	\$000	2025	\$000
ASSETS				
Non-current assets				
Property, plant and equipment	17	43,009	44,963	44,587
Biological assets	18	1,370	1,476	1,404
Intangible assets	19	299	1,706	1,066
Investments	20	86	85	68
Right-of-use assets	16	229	229	394
Deferred tax asset	15(d)	-	620	-
Total non-current assets		44,993	49,079	47,519
Current assets				
Cash and cash equivalents	22	12,707	6,452	9,464
Trade and other receivables	23	8,340	14,587	8,712
Inventories	24	167	192	177
Total current assets		21,214	21,231	18,353
Total assets		66,207	70,310	65,872
LIABILITIES				
Non-current liabilities				
Provisions	12	468	411	428
Defined benefit plan	13	216	684	258
Lease liabilities	16	125	137	278
Total non-current liabilities		809	1,232	964
Current liabilities				
Trade and other payables	14	11,455	16,446	13,064
Provisions	12	315	48	510
Defined benefit plan	13	108	5	250
Lease liabilities	16	152	140	166
Deferred tax liabilities	15(d)	926	-	1,027
Tax payable		-	272	-
Total current liabilities		12,956	16,911	15,469
EQUITY				
Share capital	11	17,516	17,516	17,516
Revaluation reserves	11	(40)	855	713
Retained earnings	11	34,966	33,796	31,210
Total equity		52,442	52,167	49,440
Total liabilities and equity		66,207	70,310	65,872

For and on behalf of the Board, who authorised the issue of these accounts on 11 September 2025.

Signatures



Barry Harris
Chair



Kim Wallace
Deputy Chair

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2025

		ACTUAL	BUDGET	ACTUAL
		2025	(unaudited)	2024
	Notes	\$000	2025	\$000
Cash flows from operating activities				
Receipts from customers (excluding government grants)		40,328	65,000	38,079
Receipts from government grants		23,786	-	27,354
Interest received		479	273	590
Payments to employees		(34,386)	(34,775)	(38,051)
Payments to suppliers		(23,827)	(24,720)	(23,140)
Restructuring costs		-	-	(488)
Interest paid		(15)	-	(21)
Income taxes paid		-	(156)	(291)
Net cash inflow / (outflow) from operating activities	26	6,365	5,622	4,032
Cash flows from investing activities				
Proceeds of property, plant and equipment		(3,861)	(6,000)	(6852)
Proceeds from sale of property, plant and equipment		-	-	17
Sale of intangible assets		904	-	-
Net cash inflow / (outflow) from investing activities		(2,957)	(6,000)	(6,835)
Cash flows from financing activities				
Repayment of the lease liabilities		(165)	-	(165)
Net cash inflow / (outflow) from financing activities		(165)	-	(165)
Net Increase/(decrease) in cash held		3,243	(378)	(2,968)
Add opening cash brought forward		9,464	6,830	12,432
Ending cash carried forward	22	12,707	6,452	9,464

The statement of accounting policies and the accompanying notes form an integral part of these financial statements.

MATERIAL ACCOUNTING POLICY INFORMATION
FOR THE YEAR ENDED 30 JUNE 2025

1. Statement of Accounting Policies

Reporting entity

New Zealand Forest Research Institute Limited is a Crown Research Institute registered under the Companies Act 1993. The registered office is Te Papa Tipu Innovation Park, 49 Sala Street, Rotorua. The consolidated financial statements consist of New Zealand Forest Research Institute Limited and its subsidiaries (the Group). The consolidated financial statements of New Zealand Forest Research Institute Limited for the year were authorised for issue in accordance with a resolution of the directors on the date as set out on the Consolidated Statement of Financial Position.

New Zealand Forest Research Institute Limited (the Company) is domiciled and incorporated in New Zealand and is wholly owned by the Crown.

The activities of New Zealand Forest Research Institute Limited include a range of research and development programmes aimed to drive innovation and growth from New Zealand's forestry, wood-derived materials and other biomaterial sectors to create economic value and contribute to beneficial environmental and social outcomes for New Zealand.

New Zealand Forest Research Institute Limited trades as Scion and these names have identical meaning in this report.

2 Summary of material accounting policies

a. Basis of preparation

The consolidated financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand (NZ GAAP) and the requirements of the Companies Act 1993, the Financial Reporting Act 2013, the Public Finance Act 1989, the Crown Entities Act 2004 and the Crown Research Institutes Act 1992. The consolidated financial statements have also been prepared on a historical cost basis, except for biological assets, carbon credits and certain heritage assets that have been measured at fair value.

The consolidated financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$'000).

The financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the year. Following a structure review, management and the Board consider

that the organisation is well placed to make the most of the research and revenue opportunities expected to be available while appropriately using its full capabilities. A financial management plan has been executed by management, with future financial periods projecting to return small surpluses. The Statement of Corporate Intent for future financial periods outlines the future revenue and expenditure of the organisation.

b. Statement of compliance

The consolidated financial statements have been prepared in accordance with NZ GAAP. For the purpose of complying with NZ GAAP, the Group is a for profit entity. They comply with New Zealand equivalents to International Financial Reporting Standards (IFRS), and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities. The consolidated financial statements comply with IFRS.

c. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 30 June. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);

Exposure, or rights, to variable returns from its involvement with the investee; and

The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

The contractual arrangement with the other vote holders of the investee;

Rights arising from other contractual arrangements; and

The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets,

liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non controlling interests;
- Derecognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss;
- Reclassifies the group's share of components previously recognised in other consolidated income (OCI) to profit or loss or retained earnings, as appropriate, as would be required if the group had directly disposed of the related assets or liabilities.

d. Associate companies

The Group's investment in its associates is accounted for using the equity method of accounting in the consolidated financial statements. The associates are entities over which the Group has significant influence and that are neither subsidiaries nor joint ventures.

The Group deems it has significant influence if it has over 20% of the voting rights.

The reporting dates of the associates and subsidiaries, and the Company, are identical, and the associates' accounting policies conform to those used by the Company for like transactions and events in similar circumstances.

Associate companies have been reflected in the consolidated financial statements on an equity accounting basis which shows the Group's share of profit in the Consolidated Statement of Comprehensive Income and its share of post-acquisition increases or decreases in net assets, in the Consolidated Statement of Financial Position.

The Group's investment in fair value through profit and loss is accounted for using the equity method of

accounting in the consolidated financial statements. The investments in fair value through profit and loss are entities over which the Group has less than 20% of the voting rights and that are neither subsidiaries nor joint ventures.

e. Intangible assets

Intangible assets acquired separately are capitalised at cost and those acquired from a business combination are capitalised at fair value as at the date of acquisition. Following initial recognition, the cost model is applied to the class of intangible assets.

Research costs are not capitalised and expenditure is charged to profit and loss in the year in which the expenditure is incurred. Other intangible assets are capitalised where they meet the relevant criteria and include the purchase price and any directly attributable cost of preparing the asset for its intended use.

The useful lives of these intangible assets are assessed to be either finite or indefinite.

Where amortisation is charged on assets with finite lives, this expense is recognised in profit and loss.

Intangible assets are tested for impairment where an indicator of impairment exists, and in the case of indefinite life intangibles, annually, either individually or at the cash generating unit level. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit and loss when derecognised.

(i) Software. A summary of the policies applied to the Group's capitalised software is as follows:

	Software
Useful lives	Finite
Method used	Four years – straight-line
Type	Acquired
Impairment test/ recoverable	Amortisation method reviewed at each financial year-end
Amount testing	Reviewed annually for indicators of impairment

(ii) Carbon credits. New Zealand emission reduction units (NZUs) are recognised when the Group controls the units, provided that it is probable that economic benefits will flow to the Group and the fair value of the units can be measured reliably. Control of the NZUs arises when the Group is entitled to claim the NZUs from the Government.

NZUs are initially measured at fair value on entitlement as an intangible asset unless the Board has determined they are held for sale, in which case they would be recorded at fair value as inventory.

Following initial recognition, the intangible asset is measured at fair value when the Board considers there is an active market for the sale of NZUs. NZUs determined as held for sale at recognition and recorded as inventory, are subsequently measured at the lower of cost and net realisable value.

The liability arising from the deforestation of eligible land is measured using the market value approach. A liability exists and is recognised on pre-1990 forests if the land use changes from forestry.

f. Biological assets

Biological assets consist entirely of tree plantations which are measured at fair value less any point of sale costs. Gains and losses arising on initial recognition or change in fair value, less estimated point of sale costs, are included in profit and loss in the period in which they arise.

The fair value of tree plantations is determined by an independent valuer.

The valuation method for immature trees is the net present value of future net harvest revenue less estimated costs of owning, protecting, tending and managing trees. For mature trees, fair value is deemed to be the net harvest revenue value.

g. Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost, where relevant on purchase from the Crown as at 1 July 1992, adjusted for subsequent additions at cost, disposals, depreciation and impairment. Plant and equipment are recorded at cost less accumulated depreciation less accumulated impairment losses (if any). Land and capital work in progress are recorded at cost. Some library books have been identified as heritage assets and are recorded at fair value as determined by an independent valuer. Valuations are obtained every five years or more often where circumstances indicate that a significant change in fair value has occurred.

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

When an item of property, plant and equipment is disposed of the difference between the net disposal proceeds and the carrying amount is recognised as a gain, or loss, in profit and loss.

Depreciation is provided for using the straight-line method to allocate the historical cost, less an estimated residual value, over the estimated useful life of the asset.

The useful lives of the major classes of assets have been calculated as follows:

Buildings and land improvements	20 – 60 years
Plant and equipment	3 – 20 years
Furniture and fittings	10 – 20 years
Motor vehicles	3 – 7 years
Library books and periodicals	20 years or longer

h. Recoverable amount of non-financial assets

At each reporting date, the Group assesses whether there is any indication a non-financial asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, however, if the asset’s value in use cannot be estimated to be close to its fair value less costs to sell, and it does not generate cash inflows that are largely independent of those from other assets or Groups of assets, it is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

i. Trade and other receivables

Trade receivables are classified as financial assets at amortised costs. Trade receivables are initially recognised at fair value and subsequently valued at amortised cost less impairment allowance.

The Group applies a simplified approach in calculating expected credit losses (ECLs) for trade receivables, i.e. a loss allowance for trade receivables is based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The provision rates are based on days due for grouping of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

j. Inventories

Consumable stores are valued at the lower of cost, on a weighted average price of stock on hand, and net realisable value.

Nursery stocks are valued at lower of cost or net realisable value. Changes in net realisable value are recognised in the profit and loss account in the period in which they occur.

k. Research costs

Research costs are expensed in the period incurred.

l. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management’s best estimate of the expenditure required to settle the present obligation at the consolidated statement of financial position date using a discounted cash flow methodology.

m. Employee benefits

(i) Wages, salaries and annual Leave

The liability for wages, salaries and annual leave recognised in the Consolidated Statement of Financial Position is the amount expected to be paid at balance date. Provision has been made for benefits accruing to employees for annual leave in accordance with the provisions of employment contracts in place at balance date.

(ii) Long service leave

The liability for long service leave (which includes service recognition leave) is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(iii) Defined benefit plan

The defined benefit plan is unfunded. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit actuarial valuation method. Actuarial gains and losses are recognised through other comprehensive income in the period in which they arise.

The defined benefit liability recognised in the Consolidated Statement of Financial Position represents the present value of the defined benefit obligations.

Long service leave and defined benefit plan provisions are based on an actuarial valuation.

n. Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets

(i) *Right-of-use assets.* The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Building	3–6 years
Forestry rights	70 years

(ii) *Lease liabilities.* At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate

implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(iii) *Short-term leases and leases of low-value assets.* The Group applies the short-term lease recognition exemption to its short-term leases of temporary buildings (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor. Leases in which the Group retains substantially all the risks and benefits of ownership of the leased asset are classified as operating leases.

o. Cash and cash equivalents

Cash and cash equivalents in the Consolidated Statement of Financial Position comprise cash at bank and in-hand and short-term deposits with an original maturity of three months or less or greater than three months with no significant risk of a change in value from an early withdrawal.

For the purposes of the Consolidated Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

p. Goods and services tax (GST)

All items in the financial statements are stated net of GST, with the exception of trade receivables and payables, which are inclusive of GST invoiced.

q. Foreign currencies

(i) *Functional and presentation currency.* Both the functional and presentation currency of New Zealand Forest Research Institute Limited and its subsidiaries is New Zealand dollars.

(ii) *Transactions and balances.* Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the Consolidated Statement of Financial Position date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

r. Revenue recognition

(i) *Revenue from contracts with customers*

Research revenue. Research revenue from both Government and commercial sources is recognised over time using an input method to measure progress toward complete satisfaction of the service, because the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date. Revenue is recognised by reference to costs incurred to date and other contracted commitments. Work completed but not invoiced is recorded as accrued revenue while work invoiced but not completed is recorded as revenue in advance.

Government revenue under research revenue includes non-devolved revenue received from the Ministry of Business, Innovation and Employment in the form of Endeavour Funding, and Preseed Accelerator Fund programmes.

Sale of goods and rendering services (fee for services). Revenue from work programmes under Commercial Testing Services and Nursery crops is recognised at the point of time when control is transferred to the customer, generally on dispatch of crops to the customer or when service is completed.

(ii) *Other revenue*

Government grants. Government grants includes devolved revenue from the Ministry of Business, Innovation and Employment in the form of Strategic Science Investment Funding and COVID-19 Response and Recovery Funding. Government grant revenue is only recognised after all appropriate conditions have been met.

Rent revenue. Rent revenue is recognised on a straight-line basis over the lease term.

Interest revenue. Interest revenue is recognised when earned based on applicable interest rates applied to the Group's cash deposit balances.

s. Taxation

The income tax expense charged to the profit and loss includes both the current year's provision and the income tax effects of temporary differences calculated using the liability method. Current income tax relating to items recognised directly in equity is recognised in equity and not in profit or loss.

Tax effect accounting is applied on a comprehensive basis to all temporary differences. A debit balance in the deferred tax account, arising from temporary differences or income tax benefits from income tax losses, is only recognised if it is probable there will be taxable profits available in the future against which the deferred tax asset can be utilised.

Subsequent realisation of the tax benefit is subject to the requirements of income tax legislation being met.

t. Trade and other payables

Trade and other payables are classified as financial liabilities at amortised costs. They are carried at amortised cost and due to their short-term nature they are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 60 days of recognition.

3 Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that effect the reported amounts of revenue, expenses, assets and liabilities, and the accompanying disclosures.

a. Revenue recognition from contracts with customers

Revenue is predominately recognised based on the percentage of work completed on a project basis over time. Percentage of work completed is based on costs incurred from inception of the project as a percentage of total forecasted project costs. Management judgement is required in estimating total forecasted costs which impacts the revenue recognised (Note 2), the revenue in advance (Note 8) and accrued revenue (Note 17).

In determining if a customer contract can be recognised over time, management have considered their right to receive payment for work done up to the point of any termination of contract. In the absence of a termination clause management has assessed that the Group has a clear right to be paid for work completed up to the point of termination.

b. Heritage assets

The Group holds several heritage assets which have significant value due to being both rare, and having importance to the nation. Where a heritage cost can be measured reliably they are revalued at least every five years and included as part of property plant and equipment.

The increase/decrease in value is recognised in the Consolidated Statement of Financial Position through other comprehensive income.

Due to the nature of some heritage assets, management does not believe they can be valued reliably. These assets have been identified and disclosed. Details of heritage assets can be found in Note 17 and 28.

c. Biological assets

The Group's biological assets consist of tree plantations. These are valued at the net present value of future net harvest revenue less estimated costs of owning, protecting, tending and managing trees. The valuation process includes several judgements and estimations around discount rates, future costs, and future prices. Management used the experience of a registered forestry valuer to reduce the risk of misstatement resulting from these judgements and estimates.

4 Accounting standards issues but not yet effective

There are no standards that have been issued but not yet effective that we expect to have a material impact on the Group.

In May 2024, the XRB issued NZ IFRS 18 Presentation and Disclosure in Financial Statements, as a replacement for NZ IAS 1, effective for the Group's financial year beginning 1 July 2027. The requirements in the new standard are designed to achieve comparability of the financial performance of similar entities, especially related to how "operating profit or loss" is defined. It also requires new disclosures for some management-defined performance measures. The Group is in the process of assessing the impact of adopting the new standard and, based on its preliminary assessment, does not expect the adoption to have a material impact on the consolidated financial statements.

5 New accounting standards and amendments

There are no new accounting standards or amendments that have had a material impact on this years financial statements.

6. Revenue and Other Income		
	ACTUAL 2025 \$000	ACTUAL 2024 \$000
(a) Revenue		
<i>Revenue from research contracts</i>		
Ministry of Business, Innovation and Employment revenue	15,918	16,001
Other Government and Crown Research Institute revenue	5,539	9,639
Commercial research revenue	13,929	16,405
	35,386	42,045
<i>Government grants</i>		
Strategic Science Investment Fund	23,786	23,786
	23,786	23,786
<i>Other revenue</i>		
Commercial lease revenue	1,107	1,232
Interest revenue	442	551
Other revenue	32	294
	1,581	2,077
Total Revenue	60,753	67,908
(b) Other Income/(Expenditure)		
Change in fair value of plantation trees	(34)	(72)
Revaluation of non-controlling interests	18	(17)
	(16)	(89)
7. Other Income/(Expenditure)		
	ACTUAL 2025 \$000	ACTUAL 2024 \$000
8. Expenditure		
Personnel remuneration and expenses	34,070	37,547
Other personnel related costs	337	689
Contractors and subcontractors	13,955	18,098
Consumables	1,035	1,505
Travel and accommodation	1,213	1,427
Rental and equipment hire costs	230	285
Depreciation on leases	164	170
Depreciation on owned assets	5,416	5,585
Amortisation	42	50
(Gain)/loss on disposal of fixed assets	(3,035)	(189)
Restructuring costs	-	951
Premises	3,543	3,617
Directors' fees	427	341
Other	574	667
	57,971	70,743
9. Finance Costs		
Lease interest	15	21
	15	21

10. Auditor's Remuneration		
	ACTUAL 2025 \$000	ACTUAL 2024 \$000
Amounts paid or due and payable to the auditors for:		
Auditing financial statements		
Parent entity auditor	206	191
	206	191

11. Equity	New Zealand Forest Research Institute Limited has authorised, issued and paid up capital of 17,516,000 (2024: 17,516,000) ordinary shares. Shares do not have a par value.
	All shares have equal rights with respect to voting, dividends and distribution on winding up. There are no restrictions on the distribution of dividends or repayment of capital.
	No dividends were declared or paid to shareholders during the year (2024: \$nil).
	The Asset Revaluation and Pension Reserve is used to record increments and decrements in the fair value of heritage assets, fair value movement in revaluation of carbon units and remeasurement of defined benefit plan liabilities. Movements in the asset revaluation and pension reserve are not reclassified to the profit and loss in subsequent periods.
	<i>Capital Management</i> Scion is 100% Crown owned. Scion completes a five year plan on an annual basis and as part of that five year plan, any capital requirements for the future. When managing capital, management's objective is to ensure the entity continues as a going concern while balancing its financial goals of delivering returns in line with market cost of capital, with its public good goals of reinvesting in science that will benefit New Zealand. Management uses total equity as capital. The Group has no externally imposed capital requirements.

12. **Provisions** The Group has provisions for long service leave and restructuring. The long service leave provision was actuarially valued by Aon Hewitt Consulting, an independent risk management and consulting organisation.

The restructuring provision has arose as a result of the recent change process undertaken by Scion in May 2024. As at 30 June 2024, there were a number of unpaid restructuring costs, and as such a provision has been made for this. The amount represents the unpaid portion of the redundancy cost.

The provisions are made up as follows:

	ACTUAL 2025 \$000	ACTUAL 2024 \$000
Current Provision	315	510
Non-Current Provision	468	428
	783	938

Movement in each class of provision during the year is as follows:

	Long Service Leave 2025 \$000	Restructuring 2025 \$000	TOTAL 2025 \$000
Balance 1 July	459	-	459
Amounts used during the year	(106)	-	(106)
Provisions made during the year	122	463	585
At 30 June 2024	475	463	938

ACTUAL 2025			
Current			
At 1 July 2024	475	463	938
Provision reversed during the year	-	-	-
Amounts used during the year	(73)	(190)	(263)
Provisions made during the year	108	-	108
Balance 30 June	510	273	783

13. **Pension Plans**

a) Defined Benefit Plan

Scion operates an unfunded final salary defined benefit plan. The level of benefits provided depends on the member's length of service and salary at retirement age. The plan is closed to new members and will cease when the current members have either retired or left the Group. There are no assets backing the unfunded liability.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit actuarial valuation method. Actuarial gains and losses are recognised in the profit and loss account. Past service cost is recognised immediately in profit or loss.

The defined benefit liability recognised in the Consolidated Statement of Financial Position represents the present value of the defined benefit obligations.

	ACTUAL 2025 \$000	ACTUAL 2024 \$000
Net plan expense		
Current service cost	7	12
Interest cost on benefit obligation	20	27
Net actuarial gains recognised in the year	20	(11)
Net plan expense/(income)	47	28

The net plan expense is included in the Personnel remuneration and expense line in Note 8 Expenditure.

	Defined Benefit Plan				
	2025 \$000	2024 \$000	2023 \$000	2022 \$000	2021 \$000
Benefit liability included in the Consolidated Statement of Financial Position					
Present value of defined benefit obligation	324	508	604	618	670

Changes in the present value of the defined benefit obligation are as follows:

	ACTUAL 2025 \$000	ACTUAL 2024 \$000
Opening balance	508	604
Current service cost	7	12
Interest cost	20	27
Actuarial gains recognised in the year	20	(11)
Benefits paid	(231)	(124)
Closing balance	324	508
Current provision	108	250
Non-current provisions	216	258
	324	508

a) Defined Benefit Plan (cont.)

The principal actuarial assumptions used in determining the defined benefit plan obligations are shown below:

	Actual 2025	Actual 2024
10yr discount rate	5.67%	5.33%
Future salary increases	3.00%	2.20%

At 30 June a change in the assumed rates of salary growth and resignation rates, all other assumptions remaining unchanged, would affect the balance of the liability as follows:

	ACTUAL 2025 \$000	ACTUAL 2024 \$000
Current obligation	510	508
Salary growth		
Reduction of 1% per annum	486	499
Increase of 1% per annum	536	518
Resignation rates		
150% of assumed rates	479	504
50% of assumed rates	545	512

Interest rate assumptions are based on Treasury's published risk-free discount rates.

b) Defined Contribution Plan

During the period defined contributions totalling \$881k (2024: \$1,016k) were made to the Government Superannuation Fund and KiwiSaver.

	ACTUAL 2025 \$000	ACTUAL 2024 \$000
14. Trade and Other Liabilities		
Trade payables	2,692	5,027
Employee payables and accruals	3,979	4,101
Revenue in advance	4,784	4,387
	11,455	13,515

The carrying amount disclosed above is a reasonable approximation of fair value. Trade creditors are non-interest bearing and are normally settled within 60 days.
Revenue in advance includes advances received to 30 June each year. Total revenue recognised during the year that was in Revenue in Advance at the start of the year totals \$4.4m (2024: \$8.8m).

	ACTUAL 2025 \$000	ACTUAL 2024 \$000
15. Income tax	Actual	Actual
(a) Income tax expense	2025	2024
The major components of income tax expense in the Consolidated Statement of Comprehensive Income are:		
Current income tax		
Current income tax change	47	-
Adjustments to prior year current income tax change	-	(116)
	47	(116)
Deferred income tax		
Deferred tax expenses/(income) related to prior year	(55)	88
Relating to origination and reversal of temporary differences	(90)	1,788
Impact of changes to building depreciation	-	-
	(145)	1,876
Income tax expense/(income) reported in the Consolidated Statement of Comprehensive Income	(98)	1,760
(b) Amounts charged or credited directly to other comprehensive income		
<i>Deferred income tax related to items charged (credited) directly to other comprehensive income</i>		
Remeasurement of gain/loss on defined benefit plan	6	(3)
Revaluation of carbon credits	(188)	53
Deferred tax charged to other comprehensive income	(182)	50
(c) Reconciliation between the aggregate tax expense recognised in the Consolidated Statement of Comprehensive Income to tax expense calculated at the statutory income tax rate		
Accounting profit(loss) before income tax	2,751	(2,945)
Tax at the statutory income tax rate of 28% (2024: 28%)	770	(825)
Adjusted by:		
Prior year income tax	(55)	(28)
Entertainment	7	11
Impact of changes to building depreciation	(63)	2,518
Other	(757)	84
Income tax expense	(98)	1,760
(d) Deferred income tax relates to the following:		
<i>Deferred tax liabilities</i>		
Property, plant and equipment	-	(1,996)
Leases	13	14
Nursery inventory	-	-
Standing timber	(384)	(393)
Carbon credits	(65)	(253)
	(436)	(2,628)
<i>Deferred tax assets</i>		
Property, plant and equipment	(1,801)	-
Patents and trademarks	8	89
Payroll provisions	895	907
Allowance for impairment loss	37	9
Other	371	596
Sub-total other	(490)	1,601
Net deferred tax asset/(liability) per Consolidated Statement of Financial Position	(926)	(1,027)

The Group has \$Nil tax losses (2024: \$218k) included in Other Deferred Tax assets above.

Legislation to remove the tax depreciation on commercial and industrial buildings was enacted at the end of March 2024. Building structure assets are now subject to 0% tax depreciation from the 2024/2025 income year onwards, but building fit-out assets will continue to be depreciable. This change reduced the tax base of building structure assets, and has therefore seen an increase to the income tax expense as a result of the increase to deferred tax due to the legislation change.

16. Leases

Group as a Lessee

The Group has lease contracts for buildings in Christchurch and Wellington plus Forestry rights in Puruki. The building leases are for terms of 3 to 6 years with the Forestry rights being for a period of 70 years. The Group obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets. The lease contracts include extension and termination options.

Set out below are the carrying amounts of right-of-use assets recognised and the movement during the period:

	Building \$000	Forestry Rights \$000	Total \$000
As at 30 June 2023	464	100	564
Additions	-	-	-
Depreciation expense	(168)	(2)	(170)
As at 30 June 2024	296	98	394
Additions	-	-	-
Disposals	-	-	-
Modifications	-	-	-
Depreciation expense	(163)	(2)	(165)
As at 30 June 2025	133	96	229

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	ACTUAL 2025 \$000	ACTUAL 2024 \$000
As at 1 July	444	608
Realignment of lease end date	-	6
Accretion of interest	15	21
Payments	(182)	(191)
As at 30 June	277	444
Current	152	166
Non-Current	125	278
	277	444

The following are the amounts recognised in profit or loss:

Depreciation expense of right-of-use assets	164	170
Interest expense on lease liabilities	15	21
Variable lease payments (included in Other Expenditure)	-	36
Total Amount recognised in profit or loss	179	227

The Group had total cash outflow for leases of \$165k in 2025 (2024: \$291k).

17. Property, Plant and Equipment

GROUP	Land & Improvements	Buildings	Plant & Equipment	Furniture & Fittings	Motor Vehicles	Books & Periodicals	Capital Work in Progress	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
At 1 July 2023								
Cost	2,244	31,827	61,443	9,165	1,266	106	6,004	112,055
Accumulated depreciation and impairment	(899)	(14,374)	(48,314)	(4,085)	(908)	(7)	-	(68,587)
Net book amount	1,345	17,453	13,129	5,080	358	99	6,004	43,468
Year ended 30 June 2024								
Opening net book amount	1,345	17,453	13,129	5,080	358	99	6,004	43,468
Additions	-	124	-	-	-	-	6,972	7,096
Transfers from CWIP	-	2,684	3,268	382	107	-	(6,441)	-
Disposals	-	-	(177)	(111)	(21)	-	(83)	(392)
Depreciation expensed	(49)	(651)	(3,901)	(830)	(154)	-	-	(5,585)
Closing net book amount	1,296	19,610	12,319	4,521	290	99	6,452	44,587
At 30 June 2024								
Cost	2,244	34,637	63,025	9,435	1,327	106	6,452	117,226
Accumulated depreciation and impairment	(948)	(15,027)	(50,706)	(4,914)	(1,037)	(7)	-	(72,639)
Net book amount	1,296	19,610	12,319	4,521	290	99	6,452	44,587
Year ended 30 June 2025								
Opening net book amount	1,296	19,610	12,319	4,521	290	99	6,452	44,587
Additions	-	-	7,065	90	52	-	3,843	11,050
Transfers from CWIP	-	-	(1,299)	(24)	-	-	(7,207)	(8,530)
Disposals	-	-	-	-	-	-	-	-
Impairment charge recognised in profit and loss	-	-	1,296	24	-	-	-	1,320
Depreciation expensed	(48)	(683)	(3,684)	(869)	(134)	-	-	(5,418)
Closing net book amount	1,248	18,927	15,697	3,742	208	99	3,088	43,009
At 30 June 2025								
Cost	2,244	34,638	68,789	9,501	1,379	106	3,088	119,745
Accumulated depreciation and impairment	(995)	(15,709)	(53,094)	(5,760)	(1,171)	(7)	-	(76,736)
Net book amount	1,249	18,929	15,695	3,741	208	99	3,088	43,009

Books and periodicals include some library books classified as Heritage Assets. The Group engaged Rowan Gibbs, an antiquarian bookseller of 37 years' experience of Smith's Bookshop Limited to determine the fair value of the heritage library books as at 30 June 2022. Refer to Note 28 regarding other heritage assets.

18. Biological Assets

Biological assets consist of tree plantations. The Group has 65.5 hectares of trees planted initially for experimental purposes. When experiments are completed, they are classified as biological assets. Trees will be harvested when they reach maturity.

	ACTUAL 2025 \$000	ACTUAL 2024 \$000
Carrying amount 1 July	1,404	1,476
Sale of Trees	-	-
(Loss)/Gain from changes in fair value less estimated point-of-sale costs	(34)	(72)
Carrying amount 30 June	1,370	1,404

The above biological assets are level 3 in the fair value hierarchy.

The Group has tree plantations at two locations:

31 hectares of immature Radiata Pine is located at Puruki. The trees were planted for experimental purposes. The Group has a forestry right which expires in 2067.

(a) 34.5 hectares of immature Radiata Pine is located at Mamaku plus 2.2 hectares of mature Sitka Spruce. The trees were planted for experimental purposes. The Group has a forestry right which terminates when the trees are harvested or in 2043, whichever is the earlier.

(b) The tree plantations were valued as at 20 June 2025 by PF Olsen Limited, an independent forestry management and consultancy company.

The valuation method for immature trees is the net present value of future net harvest revenue less estimated costs of owning, protecting, tending and managing trees. For mature trees fair value is deemed to be the net harvest revenue value.

Fair value is sensitive primarily to log prices. Significant increase (decreases) in log prices would result in a significantly higher (lower) fair value.

	Software \$000	Carbon Credits \$000	Total \$000
19. Intangible Assets			
At 1 July 2023			
Cost	2,401	780	3,181
Accumulated amortisation	(2,342)	-	(2,342)
Net book amount	59	780	839
Year ended 30 June 2024			
Opening net book amount	59	780	839
Additions	102	-	102
Disposals	(3)	-	(3)
Amortisation expense	(50)	-	(50)
Increase/(Decrease) in fair value	-	178	178
Closing carrying amount 30 June	108	958	1,066
At 30 June 2024			
Cost	2,500	958	3,458
Accumulated amortisation	(2,392)	-	(2,392)
Net book amount	108	958	1,066

Year ended 30 June 2025			
Opening net book amount	108	958	1,066
Additions	-	-	-
Disposals	-	(904)	(904)
Amortisation expense	(40)	-	(40)
Increase/(Decrease) in fair value	-	177	177
Closing net book amount	68	231	299
At 30 June 2025			
Cost	2,500	231	2,731
Accumulated amortisation	(2,432)	-	(2,432)
Net book amount	68	231	299

The Group holds a total of 3,970 (2024: 19,494) New Zealand Emission Reduction Units (NZUs). Of these units, 3,970 (2024: 5,340) were allocated at zero cost and o (2024: 14,154) were purchased for a cost of \$ok (2024: \$61k).

These units are classed as level 1 in the fair value hierarchy.

20. Investments

	Shares	Percentage Held 2025	Percentage Held 2024	Balance Date
Subsidiaries				
Te Papa Tipu Properties Limited	100	100%	100%	30 June
Sala Street Holdings Limited	100	100%	100%	30 June
Sala Street Holdings Limited was incorporated on 9 November 2015.				
The company holds the Group’s 50% investment in Scion Terax technologies.				
All subsidiaries are incorporated in New Zealand.				
	Shares	Percentage Held 2024	Percentage Held 2023	
Investments in fair value through profit and loss				
Biopolymer Network Limited	150	15%	15%	
Kiwi Innovations Network Limited	18	7%	7%	
WQI Limited (Liquidated)	12,500	5%	5%	
		ACTUAL 2024 \$000	ACTUAL 2023 \$000	
Investments in fair value through profit and loss				
Net Asset Valuation		86	68	
Changes in valuation of the above are transacted annually through fair value through profit and loss.				
WQI Limited was removed from the companies office register in September 2023 following the liquidation process.				

21. Non-current assets available for sale

The Group was allocated a whole “Class B” internet address range in the early 1980’s with the advent of the internet. The allocation resulted in approximately 65,000 IPv4 IP addresses. These addresses have been recorded with a nil cost and therefore have not been added onto the balance sheet as per the Intangible Assets accounting policy. This financial year, the Group sold \$3M of these addresses and intends to sell the remaining IP addresses next financial year. At this point, the sale will be recorded directly through the profit and loss as a gain and disposal of non-current asset.

	ACTUAL 2025 \$000	ACTUAL 2024 \$000
22. Cash and Cash Equivalents		
Cash on hand	-	-
Bank	-	7
Call deposits	6,954	3,952
Short-term deposits	5,753	5,505
	12,707	9,464

	ACTUAL 2025 \$000	ACTUAL 2024 \$000
23. Trade and Other Receivables and Accrued Revenue		
Trade receivables	4,933	5,457
Allowance for impairment loss	(131)	(34)
Other debtors	11	49
Prepayments	1,331	1,177
Accrued revenue	2,196	2,055
Related party receivables:		
Investments in fair value through profit and loss	-	8
Carrying amount 30 June	8,340	8,712

(a) The carrying amount of trade and other receivables disclosed above is a reasonable approximation of fair value due to the short-term nature of the receivables.

(b) Accrued revenue is initially recognised for revenue earned from research projects as receipt of consideration is conditional on successful completion of projects. Upon completion of the project, the amounts recognised as accrued revenue are reclassified to trade receivables.

(c) Trade receivables are non-interest bearing and are generally on 30–60-day terms.

At 30 June, the ageing analysis of trade receivables is as follows:

	Total	0-30 Days CNI*	0-30 Days CI*	31-60 Days CNI*	31-60 Days CI*	61-90 Days PDNI*	61-90 Days CI*	+91 Days PDNI*	+91 Days CI*
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
2025	4,933	4,585	-	166	-	-	-	52	130
2024	5,465	4,659	-	511	-	-	-	261	34

* Current not impaired (CNI)

* Past due not impaired (PDNI)

* Considered impaired (CI)

(d) For related party terms and conditions refer to Note 30.

	ACTUAL 2025 \$000	ACTUAL 2024 \$000
24. Inventories		
Consumable stores (at cost)	46	37
Nursery stock	121	140
Closing carrying amount	167	177

Consumable stores recognised as an expense for the year are \$43k (2024: \$56k). The expense has been included in the “consumables” line item in Note 8. Consumable inventory write-down in the period was \$0k (2024: \$0k).

Nursery stock recognised as an expense during the year was \$18k (2024: \$258k).

25. Financial Instruments

Financial Instruments include:

Financial Assets at amortised costs

Cash and cash equivalents

Trade receivables

Other debtors

Related party receivables

Financial Liabilities at amortised costs

Trade payables

Other payables

Related party payables

All the above financial instruments are measured at amortised cost. Due to their short-term nature their carrying amount is a reasonable approximation of their fair value.

Management have not identified any concentrations of risk for any of the below risk categories.

(a) Liquidity Risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of a bank debt facility and a bank overdraft. Management monitors, on a monthly basis, our free capacity within the debt facility and our forecasted ability to pay for that debt.

Trade payables (\$6,656k) are non-interest bearing and are normally settled within 60 days. Other than lease liability which extends up to 46 years remaining, the Group liabilities all have contractual maturities of less than 120 days.

(b) Credit Risk

Financial instruments that potentially subject the Group to credit risk consist of bank balances and accounts receivable. The Group generally does not require any security.

Significant new non-Government customers are credit checked. Trade receivable ageing is reviewed monthly and aged trade receivables are followed up. Credit stops are used for non-paying customers.

Maximum exposures to credit risk as at balance date are:

	ACTUAL 2024 \$000	ACTUAL 2023 \$000
Current account	-	-
Call and short-term deposits	12,707	9,457
Trade receivables	4,802	5,431
Other debtors	11	49
Related party receivables	-	-

The above maximum exposures are net of any provision for impairment on these financial instruments.

(c) Market Risk

Market risk on financial instruments comprise the following three types of risk:

(i) Interest Rate Risk

The Group's exposure to market interest rates relates primarily to cash deposits.

	ACTUAL 2025 \$000	ACTUAL 2024 \$000
Cash in hand	-	-
Current account	-	7
Call deposits	6,954	3,952
Short-term deposits	5,753	5,505
	12,707	9,464

The current account is managed at low levels and interest returns on the current account are not material. Cash funds in excess of our current requirements are invested in short-term bank deposits to attract improved interest returns.

At 30 June 2025 bank call and short-term deposits were earning variable interest at rates.

At 30 June 2025, if interest rates moved as indicated in the table below, with all other variables being held constant, post-tax profit and equity would have been affected as follows:

	2025 Change in Interest Rate	2025 Effect on Post Tax Profit & Equity \$000	2024 Change in Interest Rate	2024 Effect on Post Tax Profit & Equity \$000
Judgement of reasonably possible movements in interest rates	1% (1)%	127 (127)	1% (1)%	68 (68)

(ii) Currency Risk

There are no cash balances are held in currencies other than New Zealand dollars. There is limited exposure to trade receivables and payables. Collection and payment on all these balances are expected within 30 days resulting in minimal foreign exchange risk.

(iii) Other Price Risk

Other price risk primarily relates to the market price of financial instruments. As Scion does not trade in financial instruments there is no perceived risk in this category.

	ACTUAL 2025 \$000	ACTUAL 2024 \$000
26. Reconciliation of operating profit after taxation with cash flows from operating activities		
Reported profit/(loss) after taxation	2,849	(4,705)
Add/(less) non-cash items:		
Depreciation	4,260	5,755
Amortisation	42	50
Movement on employee provision	(2)	(32)
Provision for doubtful debts	-	-
Movement on lease liability	-	-
Movement in deferred tax	(98)	(1,877)
	4,202	3,896
Add/(less) items classified as investing activity:		
(Gain)/loss on disposal of property, plant and equipment	1,302	-
Share in associate company (profit)/loss	(16)	-
Capital related items in creditors	-	-
Fair value movement in biological assets	34	(17)
	1,320	(17)
Movements in working capital items:		
(Increase)/Decrease in debtors and prepayments	272	2,698
(Increase)/Decrease in inventories	9	(232)
Increase/(Decrease) in creditors and accruals	(2,287)	2,096
Increase/(Decrease) in taxation payable	-	297
	(2,006)	4,859
Net cash flows from operating activities	6,365	4,033

27. Contingencies

Treaty of Waitangi Issues

Two verified land claims affecting the Group currently exist:

- (i) *Ngati Whakaue – covering the whole Rotorua Campus*
- (ii) *Ngati Wahiao – covering the southern end of the Rotorua Campus*

No reliable estimates can be made of the impact of these contingencies.

Christchurch Office Relocation

The company is advancing plans to relocate its Christchurch central office operations to the AgResearch premises in Lincoln, Christchurch. However, at this stage the associated relocation costs cannot be reliably estimated.

28. Heritage Assets

The Company has identified its library, herbarium and germplasm collections as heritage assets. For the herbarium and germplasm collections the Directors believe that there is no practical basis upon which to reliably value these collections. For the books and periodicals within the library refer to Note 17.

29. Commitments

Operating Lease – Group as Lessor:

The Group has entered into commercial property leases for buildings and land. These non-cancellable leases have remaining terms including rights to renew of up to 5 years on buildings and 13 years on land leases, with rights to renew for further 40 years. All leases include a clause to enable upward revision of the rental charge at a specified review date of between one and five years according to prevailing market conditions.

Future minimum rentals receivable under non-cancellable operating leases as at 30 June are as follows:

	ACTUAL 2025 \$000	ACTUAL 2024 \$000
Year one	528	473
Year two	410	298
Year three	274	262
Year four	130	206
Year five	82	152
Greater than five years	1,257	1,333
	2,681	2,724

Capital Commitments

Capital expenditure contracted for at balance date but not provided for	8,425	4,703
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30. Transactions with Related Parties

(a) Group

New Zealand Forest Research Institute Limited is wholly owned by the New Zealand Government (the ultimate parent). All transactions with the Government, government departments and agencies and government entities are conducted on normal terms between government agencies. Government Endeavour Funding, Strategic Science Investment Funding and Preseed Accelerator funding from the Ministry of Business, Innovation and Employment comprises of 66% of research revenue earned by Scion and is disclosed in Note 6.

	ACTUAL 2025 \$000	ACTUAL 2024 \$000
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(b) Investments at fair value through profit and loss

Biopolymer Network Ltd

Supplied goods and services - 9

Receivable at balance date - 8

(c) Other

The Group has transactions with other parties that are related by virtue of the relationship Scion directors have with that other party, but these relationships do not alter the nature and amount of those transactions. These relationships and transactions are summarised below where annual transactions with a given related party in either FY24 or FY23 are greater than \$100k.

Dr Jon Ryder is CEO of Oji Fibre Solutions and during the financial year held the role as the Deputy Chair of New Zealand Forest Research Institute Limited. His term as Director and Deputy Chair concluded on 30 June 2024.

i) Oji Fibre Solutions

Scion provided services during the period totalling \$148k (2024: \$250k) and received services totalling \$4k (2024: \$4k). The amount receivable at year end was \$19k (2024: \$69k).

Terms and conditions of transactions with related parties

Outstanding balances at year end are unsecured and interest free. No guarantees are provided or received for any related party receivables or payables.

No related party debts were written off during the year (2024: \$0k) and no impairment allowance has been raised for any of these debts.

	ACTUAL 2025 \$000	ACTUAL 2024 \$000
(d) Key Management Personnel		
Short term employee benefits	2,382	2,146
KiwiSaver employee benefits	78	57
	2,460	2,203

31. Events occurring after the reporting period

On 1 July 2025 New Zealand Forest Research Institute Limited amalgamated with AgResearch, Manaaki Whenua Landcare Research and Plant and Food Research by way of a short-form amalgamation in accordance with the Companies Act 1993. The amalgamation occurred after the reporting date and is therefore identified as a non-adjusting subsequent event. The amalgamation is part of the reform of the New Zealand's science, innovation and technology system, as announced by the Prime Minister on 23 January 2025. The carrying values of the transferred balances will be recognised by The Institute of Bioeconomy Science Limited on 1 July 2025. This event does not affect the recognition or measurement of assets and liabilities as at 30 June 2025.



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INDEPENDENT AUDITOR’S REPORT
TO THE READERS OF NEW ZEALAND FOREST RESEARCH INSTITUTE LIMITED’S GROUP
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

The Auditor-General is the auditor of New Zealand Forest Research Limited group (the Group). The Auditor-General has appointed me, Brent Penrose, using the staff and resources of Ernst & Young, to carry out the audit of the consolidated financial statements of the Group on his behalf.

Opinion

We have audited the financial statements of the Group on pages 31 to 54, that comprise the consolidated statement of financial position as at 30 June 2025, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date and the notes to the consolidated financial statements including material accounting policy information and other explanatory information.

In our opinion the financial statements of the Group:

- present fairly, in all material respects:
 - its consolidated financial position as at 30 June 2025; and
 - its consolidated financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

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

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

Basis for our opinion

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

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

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

Responsibilities of the Board of Directors for the consolidated financial statements

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

The Board of Directors is responsible for such internal control as it determines is necessary to enable it to prepare consolidated



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financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 there is an intention to merge or to terminate the activities of the Group, or there is no realistic alternative but to do so.

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

Responsibilities of the auditor for the audit of the consolidated financial statements

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit 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 consolidated financial statements.

For the budget information reported in the consolidated financial, our procedures were limited to checking that the information agreed to the Group’s budget.

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

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

- We identify and assess the risks of material misstatement of the consolidated 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 consolidated 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.



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- We evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the consolidated financial statements of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included on pages 1 to 30 and 58 of the Annual Report, but does not include the consolidated financial statements, and our auditor’s report thereon.

Our opinion on the consolidated 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 consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

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

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

Brent Penrose
Ernst & Young
On behalf of the Auditor-General
Auckland, New Zealand

Directory

Directors	Richard Westlake (Chair) - term 1 July 2024 to 30 June 2025
	Ms Nicole Anderson (Deputy Chair) - term 10 July 2023 to 30 June 2025
	Ms Stana Pezic - term 14 August 2017 to 30 June 2025
	Mr Brendon Green - term 1 February 2022 to 31 January 2025
	Ms Kiriwaitingi Rei-Russell - term 10 July 2023 to 30 June 2025
	Mr Phil Taylor - term 10 July 2023 to 30 June 2025
	Tony Allison - term 17 July 2024 to 30 June 2025
	Murray Sherwin CNZM - term 17 July 2024 to 30 June 2025
Registered office	Zara Morrison (Future Director) - term 1 July 2023 to 30 June 2025
	Rotorua, Te Papa Tipu Innovation Park, 49 Sala Street, Private Bag 3020, Rotorua 3046, New Zealand
	Telephone: +64 7 343 5899 Facsimile: +64 7 348 0952
	Email: enquiries@scionresearch.com Website: www.scionresearch.com
	NZBN Number: 9429038975189
Christchurch	10 Kyle Street, Riccarton Christchurch 8011. PO Box 29237, Riccarton, Christchurch 8440, New Zealand Telephone: + 64 3 363 0910
Wellington	Level 6, 17-21 Whitmore Street Wellington Central 6011. PO Box 10 345, The Terrace, Wellington 6143, New Zealand Telephone: +64 4 472 1528

Executive management	Dr Julian Elder Chief Executive
	Dr Henri Baillères General Manager, Forests to Timber Products
	Dr Roger Dungan General Manager, Strategic Partnerships and Communications
	Dr Florian Graichen General Manager, Forests to Biobased Products
	Dr Marie-Joo Le Guen General Manager, Science Services
	Mr Cameron Lucich General Manager, People, Culture and Safety
	Ms Shontelle Bishara General Manager, Māori Futures
	Dr Tara Strand General Manager, Forests and Landscapes
Bankers	Ms Justine Wilmoth General Manager, Finance and Corporate Services
Bankers	ANZ Bank of New Zealand Limited
Auditors	Ernst & Young, Auckland on behalf of the Auditor-General
Solicitors	Bell Gully, Auckland



