OSPRI

Consolidated Financial Report

For the year ended
30 June 2026



Company Directory

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Consolidated Statement of Service Performance

For the year ended 30 June 2026

The following is a description of OSPRI New Zealand Limited's ('OSPRI') strategic outcomes: TBfree New Zealand Limited's ('TBfree') overall outcome is to continually reduce and ultimately eradicate bovine tuberculosis (TB) from cattle and deer by 2026, possums by 2040 and biological eradication of TB by 2055[1]. National Animal Identification and Tracing (NAIT) Limited ('NAIT') is committed to ensuring all cattle and deer are recorded and traced effectively throughout their lives. *M. bovis* Free New Zealand Limited's ('*M. bovis*') overall outcome is to eradicate *Mycoplasma bovis* from New Zealand. Operational work centres on surveillance of the national herd through continued milk and abattoir testing, ready to manage properties if cattle are infected and supporting affected farmers.

This report has been prepared in accordance with Public Benefit Entity Financial Reporting Standard 48 (PBE FRS 48) Service Performance Reporting. The Board of OSPRI believes that the statements contained in this report accurately reflect the overall performance of OSPRI for the year ended 30 June 2026.

Outputs	Measures	2026 Outcome	2025 Outcome
The number of bovine TB infected status cattle or deer herds.	The infected herd status is recorded in OSPRI Operational Management System (OOMS) and stored in OSPRI databases. It is accessed via a Power BI tool and reports directly out of OOMS. Numbers were recorded at 30 June. **Target as at 30 June 2026**: 8	19	15
The total net hectares of TB Vector Risk Area declared free of bovine TB in each financial year.	Number of net hectares (within +/- 5%) where eradication has been achieved and reclassified from a vector-risk area (areas where wildlife has been or remains infected with TB) to a vector-free area. This is an annual assessment by an independent panel and confirms whether we have proved, to 95% probability, the eradication of TB infection from vector-risk areas.	1,063,427	249,615
Total hectares of planned vector operations completed.[2]	The total land area in hectares of completed vector operations during the financial year. Vector operations include ground and aerial operations, surveillance and monitoring. **Target for the year ended 30 June 2026**: 1,200,000	1,793,638	2,354,538
Annual infected herd period prevalence.	Annual period prevalence of TB infection in deer and cattle herds as a percentage of herds. Period prevalence is calculated by the total number of infected herds in a given period divided by non-infected herds (non-infected herds at the beginning of the financial year, plus non-infected herds at the end of the financial year, divided by two). The calculation inputs are from OOMS. **Target for year ended 30 June 2026**: 0.2%	0.04%	0.04%

1 Revised strategic outcomes after approval of new National Pest Management Plan, yet to be ratified, will likely reflect: Eradication of TB from cattle, deer and possums by 2040.

2 During the year ended 30 June 2026, TBfree introduced a new service performance measure **Total hectares of planned vector operations completed** to replace old measures **Completion of planned vector operations contracts in the financial year on time**, and **Completion of planned vector operations contracts in the financial year within budget** as it provides a more useful and accurate reflection of vector operational activity. To ensure comparability, prior period comparative figures have been calculated and presented on the same basis.

Outputs	Measures	2026 Outcome	2025 Outcome
Percentage of NAIT animals that are registered in the NAIT system prior to their first off-farm movement.	This measure shows where an animal was registered in the NAIT system prior to being recorded in an animal movement. Persons in Charge of Animals (PICAs) are obligated to ensure all animals are correctly tagged and registered within 180 days of birth or their first off-farm movement, whichever comes first. This measure takes all animals that were registered in the NAIT system within the timeframe and determines if they were registered correctly or if they were registered by the recording of an off-farm movement, and therefore failed to be registered correctly.	94.4%	94.0%
Percentage of animal movements recorded within 48 hours.	This measure shows timeliness of all movements recorded within the timeframe. PICAs are obligated to record all animal movements on and off their NAIT location within 48 hours (starting from the end of the day that the movement took place). As more movements are recorded retrospectively, the percentage of compliant movements will decrease over time.	63.2%	64.5%
The number of active *Mycoplasma bovis* confirmed properties in New Zealand.	The active confirmed properties are recorded in the Tiaki database system used by the programme. Number recorded at 30 June. **Target for 30 June 2026**: 0	0	0
Total number of farms tested.	The number of farms tested during surveillance testing during the year.	21,338	21,562
The percentage of farms not infected with *Mycoplasma bovis* that had a detect.	The percentage of farms not infected with *Mycoplasma bovis* across total farms found with a detect. This is measured by farms tested in the year that have in that same year recorded an elevated result during background surveillance testing. **Target for year end 30 June 2026**: 100%	100%	100%
Average wait time for Support Centre to answer calls.	Average wait time is the total length of time before the call is answered or abandoned over the course of the year in minutes and seconds. **Target for year ended 30 June 2026**: 3 minutes	4 mins 8 secs	2 mins 16 secs

Consolidated Statement of Comprehensive Revenue and Expense

For the year ended 30 June 2026

	Note	2026 $000	2025 (Restated) $000
Revenue			
Revenue from non-exchange transactions	6, 7	96,870	82,746
Revenue from exchange transactions	6, 7	1,028	8,457
Total revenue		**97,898**	**91,203**
Expenditure			
Animal identification and tracing operations		3,293	2,829
Corporate services		11,251	9,084
Disease management and testing		26,987	25,927
Information technology		9,914	9,945
Pest control and management		31,477	29,291
Research		799	810
Support centre		2,279	2,156
Total expenditure	8	**86,000**	**80,042**
Surplus before financing costs		**11,898**	**11,161**
Interest income		794	768
Surplus for the year		**12,692**	**11,929**
Total comprehensive revenue and expense for the year		**12,692**	**11,929**

The accompanying notes on pages 8 – 25 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2026

	Accumulated revenue and expense $000	Total equity $000
Opening equity as at 1 July 2025	26,713	26,713
Total comprehensive revenue and expense for the year	12,692	12,692
Equity as at 30 June 2026	**39,405**	**39,405**
Opening equity as at 1 July 2024	14,784	14,784
Total comprehensive revenue and expense for the year	11,929	11,929
Equity as at 30 June 2025	**26,713**	**26,713**

The accompanying notes on pages 8 – 25 are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at 30 June 2026

	Note	2026 $000	2025 $000
Assets			
Current assets			
Cash and cash equivalents	10	36,846	34,913
Term deposits		8,000	–
Receivables and other current assets	11	5,596	4,554
Inventories	12	778	943
Total current assets	9	**51,220**	**40,410**
Non-current assets			
Property, plant and equipment	13	331	352
Intangible assets	14	4,041	5,108
Total non-current assets		**4,372**	**5,460**
Total assets		**55,592**	**45,870**
Liabilities			
Current liabilities			
Trade payables and other liabilities	15	10,114	10,104
Revenue in advance		5,154	7,602
Employee benefits liability		919	1,451
Total current liabilities	9	**16,187**	**19,157**
Total liabilities		**16,187**	**19,157**
Equity			
Capital	17	–	–
Accumulated revenue and expense		39,405	26,713
Total equity		**39,405**	**26,713**
Total equity and liabilities		**55,592**	**45,870**

Approval by the Directors

The financial statements were authorised on behalf of the Board of Directors on 23 September 2026.



A D Cleland
Chair of the Board



M A Todd
Director

The accompanying notes on pages 8 – 25 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 30 June 2026

	Note	2026 $000	2025 $000
Cash flows from operating activities			
Cash receipts from operations		94,679	91,108
Cash paid to employees, suppliers and other operations		(85,505)	(76,451)
Net GST received/(paid)		185	(317)
Net cash flows from operating activities	19	**9,359**	**14,340**
Cash flows from investing activities			
Interest received		814	638
Term deposits placed		(8,000)	–
Purchase of property, plant and equipment		(240)	(111)
Net cash (used in)/from investing activities		**(7,426)**	**527**
Net increase in cash and cash equivalents		**1,933**	**14,867**
Opening cash and cash equivalents		34,913	20,046
Closing cash and cash equivalents	10	**36,846**	**34,913**
Net increase in cash and cash equivalents		**1,933**	**14,867**

The accompanying notes on pages 8 – 25 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2026

Note 1 Reporting entity

OSPRI New Zealand Limited ('OSPRI') is a charity domiciled in New Zealand and registered under the Charities Act 2005 and the Companies Act 1993. The consolidated financial statements have been prepared in accordance with the requirements of these Acts.

These consolidated financial statements for the year ended 30 June 2026 comprise the controlling entity OSPRI and its wholly owned subsidiaries TBfree New Zealand Limited ('TBfree'), National Animal Identification and Tracing (NAIT) Limited ('NAIT') and *M. bovis* Free New Zealand Limited ('*M. bovis*'), together referred to as the 'Group'. For the purposes of financial reporting, the Group is designated as a not-for-profit public benefit entity.

All entities within the Group are domiciled in New Zealand. TBfree manages the National Pest Management Plan for bovine tuberculosis in accordance with the provisions of the Biosecurity Act 1993. NAIT is responsible for implementing the National Animal Identification and Tracing Scheme and operates under the National Animal Identification and Tracing Act 2012. The *M. bovis* entity currently exists to deliver the *Mycoplasma bovis* National Pest Management Plan (NPMP) within the *M. bovis* Programme.

As OSPRI and its subsidiaries are registered charitable entities, the Group is exempt from New Zealand income tax.

Note 2 Basis of preparation

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with, and comply with, New Zealand Generally Accepted Accounting Practice ('NZ GAAP'). They comply with Tier 1 Public Benefit Entity (PBE) accounting standards (Not-For-Profit or 'NFP').

The Group's *M. bovis* programme is expected to conclude during the 2027 financial year.

Upon completion of the Programme, the activities currently undertaken by *M. bovis* are expected to reduce significantly. While the entity would continue to be available to support future *Mycoplasma bovis*-related activities in accordance with its constitution, no final decision has been made regarding the nature or extent of any future activities to be undertaken by *M. bovis*.

In assessing the Group's ability to continue as a going concern, the Directors concluded that although uncertainty exists in relation to the *M. bovis* entity, the Group continues to undertake other disease management and traceability activities, supported by adequate funding and cash reserves. Accordingly, this does not give rise to a material uncertainty regarding the Group's ability to continue as a going concern.

The consolidated financial statements were authorised for issue by the Board of Directors on 23 September 2026.

There were no new accounting standards that were issued and apply for the year ended 30 June 2026.

(b) Changes due to the initial application of new, revised and amended PBE standards

There have been no changes to PBE standards that require application in these financial statements.

(c) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis.

(d) Functional and presentation currency

The consolidated financial statements are presented in New Zealand dollars, which is the functional and reporting currency of the company. All values are rounded to the nearest thousand dollars unless indicated otherwise.

Note 3 Use of estimates and judgements

The preparation of the financial statements in conformity with NZ GAAP requires the use of judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

(a) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following note:

Note		Judgement
Note 14	Intangible Assets	Recognition of internally generated software, being the amounts to capitalise or expense

(b) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 30 June 2026 is included in the following note:

Note		Uncertainties
Note 14	Intangible Assets	Impairment, useful life and residual value of software

Note 4 Significant accounting policies

The accounting policies set out below and in the notes to the consolidated financial statements have been applied consistently to all periods presented in these financial statements and have been applied consistently by the Group.

(a) Goods and Services Tax ('GST')

The financial statements have been prepared so that all components are stated exclusive of GST, with the exception of some receivables and payables, which may include GST.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (Inland Revenue) is included as part of receivables or payables in the Statement of Financial Position.

The net GST paid to or received from Inland Revenue, including the GST relating to investing activities, is classified as net operating cash flow in the Statement of Cash Flows.

Commitments and contingencies are disclosed exclusive of GST.

(b) Revenue from non-exchange transactions

Non-exchange transactions are those where the Group receives value from another entity (e.g. funding) without giving approximately equal value to that entity in exchange. Funding received from non-exchange transactions is recognised as non-exchange revenue, to the extent that a liability is not recognised in respect to the same funding received. Liabilities are recognised in relation to funding received when there is a resulting present obligation to perform or satisfy a condition (or milestone), and the failure of which will result in the refund of any funding that has been received in relation to the specified condition (or milestone).

Note 4 Significant accounting policies continued...

(c) Financial instruments – non-derivative financial assets and liabilities

The Group initially recognises financial instruments on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or when the Group no longer retains control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets

Financial assets are within the scope of PBE International Public Sector Accounting Standards (IPSAS) 41:Financial Instruments. The classifications for the financial assets are determined at initial recognition. On initial recognition, a financial asset is classified as measured at: amortised cost, fair value through other comprehensive revenue and expense (FVOCRE) – debt investment and equity investment; or fair value through surplus or deficit (FVTSD).

The categorisation determines subsequent measurement and whether any resulting revenue and expense is recognised in surplus or deficit or in other comprehensive revenue and expense. The Group's financial assets are classified as amortised cost. Financial assets include cash and cash equivalents, receivables and prepayments.

All financial assets are subject to review for impairment at least at each reporting date.

These assets are subsequently measured at amortised cost. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in surplus or deficit. Any gain or loss on derecognition is recognised in surplus or deficit.

Financial liabilities

All financial liabilities are initially recognised at fair value plus any attributable transactions costs and are measured subsequently at amortised cost.

The Group's financial liabilities include payables from exchange and non-exchange transactions which are classified as financial liabilities at amortised cost.

(d) Intangible assets

All intangible assets are stated at cost less amortisation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group. The costs of self-constructed assets are recognised as capital work in progress until the assets are operating in the manner intended, at which time they are transferred to intangible assets.

Amortisation is recognised in comprehensive revenue and expense and is calculated to amortise the cost of the intangible assets less any residual values using the straight-line method over their estimated useful lives of 7 years. The assets' residual values and useful lives are reviewed and adjusted during the reporting period as appropriate.

(e) Non-financial assets

The Group has determined that all property, plant and equipment and intangible assets (including capital work in progress) are non-cash generating assets, as they are held to provide activities and services that benefit disease management, traceability and industry good. Work in progress balances are reviewed on a regular basis. In scenarios where projects are not completed or are no longer considered to add value to the Group, the amount of work in progress held for those projects is written off.

At each reporting date, the Group estimates the asset's recoverable service amount. An asset's recoverable service amount is the higher of the non-cash generating asset's fair value less costs to sell and its value in use. Where the carrying amount of an asset exceeds its recoverable service amount, the asset is considered impaired and is written down to its recoverable service amount. Impairment losses are recognised in the determination of comprehensive revenue and expense.

Note 5 Functional area results

The Group is organised into and reports to the directors on the basis of four functional areas: OSPRI, TBfree, NAIT and *M. bovis*. Expenses incurred by OSPRI on behalf of its subsidiaries are allocated across the three other functional areas on a proportional basis.

Statement of Comprehensive Revenue and Expense for the year ended 30 June 2026

	OSPRI $000	TBfree $000	NAIT $000	*M. bovis* $000	Group $000
Operating revenue					
Animal identification tag levies	–	–	3,807	–	3,807
Beef cattle slaughter levies	–	7,457	–	760	8,217
Crown funding	–	24,000	4,340	15,188	43,528
Dairy cattle milk solid levies	–	–	–	9,596	9,596
Dairy cattle slaughter levies	–	12,163	–	–	12,163
Dairy industry funding	–	14,500	–	–	14,500
Deer industry funding	–	764	248	–	1,012
Tagged and untagged animal slaughter levies	–	–	3,744	–	3,744
Corporate services	1,028	–	–	–	1,028
Other income	–	285	18	–	303
Total operating revenue	**1,028**	**59,169**	**12,157**	**25,544**	**97,898**
Operating expenditure					
Animal identification and tracing operations	–	–	3,293	–	3,293
Corporate services	147	5,111	2,478	3,515	11,251
Disease management and testing	–	11,464	–	15,523	26,987
Information technology	–	3,346	3,630	2,938	9,914
Pest control and management	881	30,596	–	–	31,477
Research	–	439	–	360	799
Support centre	–	449	1,830	–	2,279
Total operating expenditure	**1,028**	**51,405**	**11,231**	**22,336**	**86,000**
Net operating surplus for the year	**–**	**7,764**	**926**	**3,208**	**11,898**
Interest income	–	391	62	341	794
Total comprehensive revenue and expense for the year	**–**	**8,155**	**988**	**3,549**	**12,692**

Note 5 Functional area results continued...

Statement of Financial Position as at 30 June 2026

	OSPRI $000	TBfree $000	NAIT $000	*M. bovis* $000	Intra-Group $000	Group $000
Current assets	3,987	28,631	7,689	14,140	(3,227)	51,220
Non-current assets	331	4,002	39	–	–	4,372
Total assets	**4,318**	**32,633**	**7,728**	**14,140**	**(3,227)**	**55,592**
Current liabilities	2,406	9,319	1,249	6,440	(3,227)	16,187
Total liabilities	**2,406**	**9,319**	**1,249**	**6,440**	**(3,227)**	**16,187**
Retained earnings and reserves	1,912	15,159	5,491	4,151	–	26,713
Surplus for the year	–	8,155	988	3,549	–	12,692
Total equity	**1,912**	**23,314**	**6,479**	**7,700**	**–**	**39,405**
Total equity and liabilities	**4,318**	**32,633**	**7,728**	**14,140**	**(3,227)**	**55,592**

Statement of Comprehensive Revenue and Expense for the year ended 30 June 2025

	OSPRI $000	TBfree $000	NAIT $000	*M. bovis* $000	Group $000
Operating revenue					
Animal identification tag levies	–	–	3,937	–	3,937
Beef cattle slaughter levies	–	7,422	–	99	7,521
Crown funding	–	24,000	4,340	14,847	43,187
Dairy cattle milk solid levies	–	–	–	6,647	6,647
Dairy cattle slaughter levies	–	10,547	–	–	10,547
Dairy industry funding	–	14,500	–	–	14,500
Deer industry funding	–	754	248	–	1,002
Tagged and untagged animal slaughter levies	–	–	3,732	–	3,732
Other income	–	115	15	–	130
Total operating revenue	**–**	**57,338**	**12,272**	**21,593**	**91,203**

Note 5 Functional area results continued...

	OSPRI $000	TBfree $000	NAIT $000	*M. bovis* $000	Group $000
Operating expenditure					
Animal identification and tracing operations	–	–	2,829	–	2,829
Corporate services	–	3,564	2,483	3,037	9,084
Disease management and testing	–	11,054	–	14,873	25,927
Information technology	–	4,162	4,127	1,657	9,946
Pest control and management	–	29,291	–	–	29,291
Research	–	788	–	22	810
Support centre	–	651	1,504	–	2,155
Total operating expenditure	**–**	**49,510**	**10,943**	**19,589**	**80,042**
Net operating surplus for the year	**–**	**7,828**	**1,329**	**2,004**	**11,161**
Interest income	–	381	75	312	768
Total comprehensive revenue and expense for the year	**–**	**8,209**	**1,404**	**2,316**	**11,929**

Statement of Financial Position as at 30 June 2025

	OSPRI $000	TBfree $000	NAIT $000	*M. bovis* $000	Intra-Group $000	Group $000
Current assets	4,339	20,952	4,273	14,618	(3,772)	40,410
Non-current assets	347	2,559	2,554	–	–	5,460
Total assets	**4,686**	**23,511**	**6,827**	**14,618**	**(3,772)**	**45,870**
Current liabilities	2,773	8,353	1,336	10,467	(3,772)	19,157
Total liabilities	**2,773**	**8,353**	**1,336**	**10,467**	**(3,772)**	**19,157**
Retained earnings and reserves	1,913	6,949	4,087	1,835	–	14,784
Surplus for the year	–	8,209	1,404	2,316	–	11,929
Total equity	**1,913**	**15,158**	**5,491**	**4,151**	**–**	**26,713**
Total equity and liabilities	**4,686**	**23,511**	**6,827**	**14,618**	**(3,772)**	**45,870**

Note 6 Prior period revenue restatement

	2025 (Reported) $000	Adjustment $000	2025 (Restated) $000
Revenue from non-exchange transactions	76,356	6,390	82,746
Revenue from exchange transactions	14,847	(6,390)	8,457
Total revenue	**91,203**	**–**	**91,203**

During the year ended 30 June 2026, management identified that Crown funding recognised under the *Mycoplasma bovis* NPMP Funders' Agreement from 1 January 2025 had been incorrectly classified as revenue from exchange transactions in the 2025 financial statements. Under the NPMP Funders' Agreement, the funding is a conditional grant and should have been classified as revenue from non-exchange transactions.

The 2025 comparative information has been restated to reclassify $6.4m from exchange to non-exchange revenue. This restatement has no impact on total revenue, surplus, net assets, equity, or cash flows.

Note 7 Revenue

	Note	2026 $000	2025 (Restated) $000
Revenue from non-exchange transactions			
Animal identification tag levies		3,807	3,937
Beef cattle slaughter levies		8,217	7,521
Crown funding		43,528	34,730
Dairy cattle milk solid levies		9,596	6,647
Dairy cattle slaughter levies		12,163	10,547
Dairy industry funding from milk solids		14,500	14,500
Deer industry funding		1,012	1,002
Tagged and untagged animal slaughter levies		3,744	3,732
Other income		303	130
Total revenue from non-exchange transactions	6	**96,870**	**82,746**
Revenue from exchange transactions			
Corporate services		1,028	–
Crown funding – *M. bovis*		–	8,457
Total revenue from exchange transactions	6	**1,028**	**8,457**
Total revenue		**97,898**	**91,203**

Crown funding (non-exchange) and industry funding

The recognition of non-exchange revenue for Crown and industry funding depends on whether the funding comes with any stipulations imposed on the use of funding provided.

Stipulations that are 'conditions' that specifically require the return of any funding received if the funds are not used in the way stipulated, result in the recognition of a liability (revenue in advance) that is subsequently recognised as non-exchange revenue, as and when the conditions are satisfied.

Note 7 Revenue continued...

Funding subject to stipulations that are 'restrictions' that do not specifically require the return of any funding received if the funds are not utilised in the way stipulated, are recognised as non-exchange revenue when the funds are received.

TBfree receives funding from the Crown, dairy, beef and deer industry sectors pursuant to a 'TB Plan Funders' Agreement'. The funding provided is restricted to being used to carry out its National Pest Management Plan for bovine tuberculosis control and eradication from cattle and deer herds. The funding agreement does not impose any condition that require unspent funds to be returned, and the funding is recognised as non-exchange revenue when the funds are receivable.

NAIT receives funding from the Crown, dairy, beef and deer industry sectors pursuant to the NAIT Funders' Agreement. The funding provided is to enable NAIT to carry out its animal identification and tracing operations and is recognised as non-exchange revenue when the funds are receivable. The NAIT Funders' Agreement has specific strategic objectives and performance measures which are subject to independent audit and review. Ongoing funding is dependent on the achievement of these milestones. If the milestones are not achieved, or if the funding provided has been underspent, then further funding may be reduced.

M. bovis receives funding from the Crown, dairy and beef industry sectors pursuant to a '*Mycoplasma bovis* NPMP Funders' Agreement' – in effect from 1 January 2025. The funding provided is restricted to being used to carry out the National Pest Management Plan. The funding agreement imposes a condition that requires unspent funds received from the Crown to be returned. Crown funding under the NPMP is recognised as non-exchange revenue when the funds have been used accordingly.

M. bovis' unspent Crown funding of $5.2m (2025: $7.6m) is recognised as revenue in advance in the Statement of Financial Position and is repayable to the Crown in October 2026.

Levies

In accordance with the applicable legislation, regulations, and orders, levies are charged when dairy farmers supply milk solids to dairy processors, cattle and deer are processed by a meat processor and animal identification tags are sold. The purpose of the levies collected is to partially fund the implementation of a national bovine tuberculosis management plan and the establishment and ongoing maintenance of a disease management system. There are no conditions imposed in respect of this revenue, and it is recognised as non-exchange revenue when the funds are received.

Crown funding (exchange)

Up until 1 January 2025, *M. bovis* received funds from the Crown pursuant to a 'Services Agreement'. The funds provided were restricted to being used to identify and eradicate any *Mycoplasma bovis* infected cattle in New Zealand. The Statement of Work supporting the Services Agreement imposed a condition that required unspent funds to be returned.

All unspent funds received under the Services Agreement were returned to the Crown during the year ended 30 June 2025.

Note 8 Expenditure

Total expenses include:

	Note	2026 $000	2025 $000
Employee remuneration		22,483	17,855
KiwiSaver contribution		758	594
Depreciation	13	270	234
Amortisation	14	1,067	1,064
Operating lease expenses		1,918	1,578

Note 9 Fair values

The carrying amounts of all financial assets and liabilities approximate their fair values. The fair value of the financial assets and liabilities is the amount at which the instruments could be exchanged in a current transaction between willing parties, that is, other than in a forced sale or liquidation. The Group has no financial instruments that are subject to fair value adjustments at each reporting period.

Note 10 Cash and cash equivalents

	2026 $000	2025 $000
Cash at bank	17,846	15,913
Short-term bank deposits	19,000	19,000
Total cash and cash equivalents	**36,846**	**34,913**

Cash and cash equivalents exclude term deposits of $8.0m (2025: nil) with original maturities greater than three months. These deposits are classified as investments.

OSPRI and NAIT are each party to a General Security Agreement with Westpac NZ Ltd dated 10 January 2014, over all present and after acquired property.

Note 11 Receivables and other current assets

	2026 $000	2025 $000
Receivables from non-exchange transactions and other current assets		
Animal identification tag levies	636	504
GST receivable	–	152
Industry funding	1,458	1,498
Slaughter levies	2,522	2,013
Other receivables and current assets	701	257
Total receivables from non-exchange transactions and other current assets	**5,317**	**4,424**
Receivables from exchange transactions		
Corporate services	169	–
Interest income	110	130
Total receivables from exchange transactions	**279**	**130**
Total receivables and other current assets	**5,596**	**4,554**

Note 11 Receivables and other current assets continued...

The aging of trade receivables as at reporting date is:

	2026		
	$000 Gross	$000 Impairment	$000 Net
Not past due	4,772	–	4,772
1 – 60 days	13	–	13
Total receivables	**4,785**	**–**	**4,785**

	2025		
	$000 Gross	$000 Impairment	$000 Net
Not past due	4,160	–	4,160
1 – 60 days	7	–	7
Total receivables	**4,167**	**–**	**4,167**

The Group utilises the simplified approach as permitted by PBE IPSAS 41 in determining the expected credit losses (ECL). Both historical and forward-looking factors have been considered in this assessment. Management has determined that an ECL of nil is applicable for the current reporting period.

Note 12 Inventories

	2026 $000	2025 $000
Bovine tuberculin	122	–
Test kits	656	943
Total inventories	**778**	**943**

During the year ended 30 June 2026, TBfree brought the previously outsourced on-farm TB testing activities in-house. Consequently, TBfree now holds Bovine Tuberculin to support these operations.

Inventories are stated at cost. The cost of inventory is determined on a first-in, first-out basis. The cost of inventories is recognised as an expense when consumed. During the year ended 30 June 2026, inventories of $3.4m (2025: $2.5m) were recognised as an expense.

Note 13 Property, plant and equipment

2026 – Net book value

	Property, plant and equipment $000	Work in progress $000	Total $000
Cost	2,420	–	2,420
Accumulated depreciation	(2,089)	–	(2,089)
Net book value	**331**	**–**	**331**
Opening balance	2,865	–	2,865
Additions	240	–	240
Disposals	(685)	–	(685)
Total cost	**2,420**	**–**	**2,420**
Opening balance	2,513	–	2,513
Depreciation	270	–	270
Disposals	(694)	–	(694)
Accumulated depreciation	**2,089**	**–**	**2,089**

2025 – Net book value

	Property, plant and equipment $000	Work in progress $000	Total $000
Cost	2,865	–	2,865
Accumulated depreciation	(2,513)	–	(2,513)
Net book value	**352**	**–**	**352**
Opening balance	2,787	–	2,787
Additions	110	–	110
Disposals	(32)	–	(32)
Total cost	**2,865**	**–**	**2,865**
Opening balance	2,311	–	2,311
Depreciation	234	–	234
Disposals	(32)	–	(32)
Accumulated depreciation	**2,513**	**–**	**2,513**

Note 14 Intangible assets

Most of the software comprises the NAIT Database, disease management systems and the customer relationship management (CRM) system.

2026 – Net book value

	Software $000	Work in progress $000	Total $000
Cost	41,015	8,190	49,205
Accumulated amortisation and impairments	(36,975)	(8,190)	(45,165)
Net book value	**4,041**	**–**	**4,041**
Opening balance	41,041	8,190	49,231
Disposals	(26)	–	(26)
Total cost	**41,015**	**8,190**	**49,205**
Opening balance	35,933	8,190	44,123
Amortisation	1,067	–	1,067
Disposals	(26)	–	(26)
Accumulated amortisation and impairments	**36,975**	**8,190**	**45,164**

2025 – Net book value

	Software $000	Work in progress $000	Total $000
Cost	41,041	8,190	49,231
Accumulated amortisation and impairments	(35,933)	(8,190)	(44,123)
Net book value	**5,108**	**–**	**5,108**
Opening balance	41,041	8,190	49,231
Additions	–	–	–
Total cost	**41,041**	**8,190**	**49,231**
Opening balance	34,869	8,190	43,059
Amortisation	1,064	–	1,064
Accumulated amortisation and impairments	**35,933**	**8,190**	**44,123**

Note 14 Intangible assets continued...

Internally generated software

Judgement is required when distinguishing between the research and development phase of customised software projects and whether the costs meet the recognition requirements for capitalisation. Post capitalisation, management monitors whether the recognition requirements continue to be met, or whether there are any indications that capitalisation costs are impaired. As enhancements to internally developed software is created and capitalised, the Group reviews the useful life of the existing asset. If the enhancement will extend the useful life of the asset, this is adjusted.

Impairment of assets

MyOSPRI and other projects were discontinued and fully impaired to nil carrying value during the year ended 30 June 2024. Parts of MyOSPRI are still currently in use however, and therefore the asset remains on the register with the intention to fully dispose of this asset once these parts have been decommissioned.

Future commitments – software

In the year-ended 30 June 2025, work began again on replacing the NAIT system. At 30 June 2025 detailed requirements and solution architecture had been completed. The costs for those phases were considered IT operating expenditure.

In the year ended 30 June 2026, work continued on the process to replace the NAIT system. At 30 June 2026 OSPRI had chosen their preferred vendor and preparation began for moving into the build phase of the project. All costs up to 30 June 2026 are considered IT operating expenditure. Refer to Note 23 for capital commitments associated with this project.

Note 15 Trade payables and other liabilities

	2026 $000	2025 $000
Trade payables	2,224	632
GST payable	34	–
Other payables and accruals	7,856	9,472
Total trade payables and other liabilities	**10,114**	**10,104**

Trade payables are non-interest bearing and are normally settled on 30-day terms.

OSPRI has a credit card facility of $0.3m (2025: $0.3m) in place.

Note 16 Financial risk management

As part of its normal operations, the Group is exposed to a number of risks and has policies in place to mitigate the adverse impacts of these risks. The most significant are credit risk, interest rate risk and liquidity risk.

Credit risk

Credit risk is the risk of financial loss to the Group if a counterparty to a financial instrument fails to meet or defaults on its contractual obligations. The carrying amounts of all financial assets represents the maximum exposure to credit risk. The Group is not exposed to any material concentrations of credit risk other than its exposure to the dairy, beef and deer industries.

The Group does not require any collateral or security to support financial instruments relating to its receivables. The receivables and recoverable balances are monitored on a continual basis in order to mitigate bad debts. Any receivables identified as being uncollectable are immediately written off.

The Group holds all its cash and cash equivalents with major New Zealand registered banks and has limits in place to ensure there is no concentration of credit risk with any one bank. Credit ratings of all major New Zealand registered banks as issued by Standard & Poor's (AA-), Fitch (A+) and Moody's (Aa3) at 30 June 2026 are noted (unchanged from 2025).

Note 16 Financial risk management continued...

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial arrangement will fluctuate because of adverse changes in market interest rates. The Group's Treasury Policy states that investments can only be held for a maximum of 185 days. During the financial year and as at the end of the financial year, the Group's exposure to interest rate risk was not material.

Liquidity risk

Liquidity risk arises from the Group's management of working capital and is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The Group's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient cash to meet its liabilities when due, under both normal and stressed conditions. Under the Group's Treasury Policy, only cash deemed surplus to the Group's liquidity is invested short-term. The only financial liabilities that the Group has are payables from exchange transactions, which are expected to settle within the agreed credit terms subsequent to balance date.

Current creditors and other payables are all due to be settled on 30-day terms.

The Group's capital includes share capital and retained earnings. Accumulated surpluses are available for future purposes. The Group prepares long term forecasts to manage its capital and liquidity.

Note 17 Capital

OSPRI has 110 (2025: 110) ordinary shares that have been issued and fully paid with no par value.

As OSPRI is a not-for-profit entity, the holder of ordinary shares is not entitled to receive dividends or distributions of any kind from OSPRI, as stated in OSPRI's constitution.

Note 18 Related parties

Shareholders and associates

OSPRI is the parent and ultimate controlling entity of TBfree, NAIT and *M. bovis*.

The shareholders of OSPRI are DairyNZ Incorporated, Beef + Lamb New Zealand Limited and Deer Industry New Zealand.

Board and key management personnel

The Board consists of the directors who together govern the Group. The total remuneration of the Board was:

	2026 $000	2025 $000
Board fees (including committee fees)	396	373
Number of directors	8	8
Board directors sitting on NAIT Data Access Panel – panel fees	8	13
Number of directors	2	2
Total remuneration to Board members	**404**	**386**

Note 18 Related parties continued...

The Executive Leadership Team consisted of the Chief Executive, Deputy Chief Executive Strategy and Programmes, Chief Corporate Services Officer, Chief Transformation Officer and the Chief Operations Officer. The General Manager Service Delivery North Island (ceased employment 20 February 2026), General Manager People (ceased employment 12 January 2026), and Head of Traceability (ceased employment 04 February 2026). The total remuneration of the executive leadership team and the number of personnel, on a full-time equivalent basis, receiving remuneration in this category are:

	2026 $000	2025 $000
Executive Leadership Team remuneration	2,467	2,322
Number of people	7	8

Transactions with related parties

The Group had the following material transactions with its related parties:

	2026 $000	2025 $000
DairyNZ Incorporated	24,095	20,958
Deer Industry New Zealand	1,012	1,002
Revenue from non-exchange transactions	**25,107**	**21,960**
AgResearch Limited	–	1,002
Beef + Lamb New Zealand Limited	3	47
Nelmac Limited	1,609	1,226
Operating expenditure	**1,612**	**2,275**

The Group had the following balances outstanding with its related parties:

	2026 $000	2025 $000
DairyNZ Incorporated	1,490	1,579
Deer Industry New Zealand	65	108
Receivables from non-exchange transactions	**1,555**	**1,687**
AgResearch Limited	–	36
Nelmac Limited	247	147
Payables	**247**	**183**

H L Martyn was a director of Nelmac Limited, A P L Guilleux a director of Beef + Lamb New Zealand Limited, and M A Todd a director of DairyNZ Limited and an officer of DairyNZ Incorporated at 30 June 2026. L E Cullen was a director of AgResearch Limited during the year ended 30 June 2026 until AgResearch's amalgamation on 1 July 2025.

For the financial statements for the year ended 30 June 2025, a related party receivable balance of $189k owing from DairyNZ Incorporated to *M. bovis*, and a related party payable balance of $147k owing to Nelmac Limited from TBfree, as at 30 June 2025 were omitted from the related party disclosures note. These comparative disclosures have been corrected in the current period by restating the 2025 comparative figure.

Note 19 Reconciliation of surplus to cash flows from operating activities

	2026 $000	2025 $000
Surplus for the year	**12,692**	**11,929**
Deduct items classified as investing activities		
Interest received	(794)	(768)
Add non-cash movements		
Amortisation and depreciation	1,337	1,297
Write-off of property plant and equipment	(10)	–
Movements in working capital items		
Increase in receivables and other current assets	(758)	(33)
Decrease in inventories	165	793
(Decrease)/increase in employee entitlements	(533)	204
Decrease in revenue in advance	(2,449)	(242)
(Decrease)/increase in payables and other liabilities	(291)	1,160
Net cash flows from operating activities	**9,359**	**14,340**

Note 20 Operating leases

The Group has entered into operating leases for offices and motor vehicles. Lease commitments are based on contractual rentals in effect at reporting date.

Motor vehicle leases generally have terms ranging from two to four years, include defined maximum kilometre allowances, and provide for fixed lease payments over the lease term. These leases do not contain material purchase options or significant escalation clauses.

Office leases generally include rights of renewal and periodic market rent reviews following expiry of the initial lease term. Accordingly, future rental payments may be adjusted during renewal periods in accordance with the terms of the relevant lease agreements.

Certain office and vehicle leases may be terminated early, subject to applicable termination charges.

Future lease commitments at year end in respect of these leases are:

	2026 $000	2025 $000
Due within one year	1,833	1,377
Due between one and two years	1,046	789
Due between two and five years	467	147
Total operating lease payments	**3,346**	**2,313**

Note 21 Categories of financial assets and liabilities

	2026 $000	2025 $000
Financial assets at amortised cost		
Cash and cash equivalents	36,846	34,913
Term deposits	8,000	–
Receivables and other current assets	4,895	4,145
	49,741	**39,058**
Financial liabilities at amortised cost		
Trade payables and other liabilities	10,080	10,104
	10,080	**10,104**

Note 22 Commitments

Pest management control

TBfree enters into contractual arrangements for the completion of pest management control operations. The estimated cost to complete pest control operations that were not accrued, but had been contracted at 30 June 2026 is $2.3m (2025: $0.2m).

Tuberculosis management areas

TBfree has entered into a number of agreements regarding contracts for future pest control work in particular regions. These contracts can be terminated up to 12 months prior to commencement of work at no cost to TBfree. Where contracts are terminated within 12 months of commencement of work, TBfree will reimburse actual costs incurred up to date of contract termination plus up to 5% of the relevant project price to cover the contractor's lost margin. As at 30 June 2026, TBfree has no intention to materially change any awarded contracts, and the result of any contract cancellation is not expected to have a material impact on the financial statements of the Group.

Research contracts

OSPRI has entered into a number of funding agreements for research projects. The continued funding of these is subject to performance reviews. Future commitments at year-end in respect of these funding agreements are:

	2026 $000	2025 $000
Due within one year	229	311
Due between one and two years	–	53
Total research funding commitments	**229**	**364**

Note 23 Capital commitments

At 30 June 2026 the Group had capital commitments of $8.2m (2025: nil) with a third-party vendor, Rush Digital Interactive Limited, relating to the contracted development of the NAIT Replacement System. The costs relating to this development will be allocated 70% to NAIT and 30% to TBfree.

Note 24 Contingent liabilities

There are no contingent liabilities that have a significant effect on the financial statements of the Group (2025: nil).

Note 25 Subsequent events

There were no significant events after reporting date that would have a material impact on the financial statements of the Group.

Note 26 Auditor's remuneration

The Auditor of the Group for 2026 is BDO Wellington Audit Limited (2025: BDO Wellington Audit Limited).

	2026 $000	2025 $000
Amounts paid or payable to the auditor for auditing the accounts of the Group	100	85

BDO Wellington Audit Limited

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF OSPRI NEW ZEALAND LIMITED

Opinion

We have audited the consolidated general purpose financial report of OSPRI New Zealand Limited ("the Company") and its controlled entities (together, "the Group"), which comprises the consolidated financial statements on pages 4 to 25, and the consolidated statement of service performance on pages 2 to 3. The complete set of consolidated financial statements comprise the consolidated statement of financial position as at 30 June 2026, the consolidated statement of comprehensive revenue and expense, consolidated statement of changes in equity, consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion the accompanying consolidated general purpose financial report presents fairly, in all material respects:

- the consolidated financial position of the Group as at 30 June 2026, and its consolidated financial performance, and its consolidated cash flows for the year then ended; and
- the consolidated statement of service performance for the year ended 30 June 2026, in that the service performance information is appropriate and meaningful and prepared in accordance with the Group's measurement bases or evaluation methods.

in accordance with Public Benefit Entity Standards ("PBE Standards") issued by the New Zealand Accounting Standards Board.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) and the audit of the consolidated statement of service performance in accordance with the ISAs (NZ) and New Zealand Auditing Standard 1 (NZ AS 1) (Revised) *The Audit of Service Performance Information (NZ)*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the General Purpose Financial Report section of our report. We are independent of the Group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, the Company or any of its controlled entities.

The Board of Directors' Responsibilities for the Consolidated General Purpose Financial Report

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

(a) the preparation and fair presentation of the consolidated financial statements and consolidated statement of service performance in accordance with PBE Standards;
(b) the selection of elements/aspects of service performance, performance measures and/or descriptions and measurement bases or evaluation methods that present a statement of service performance that is appropriate and meaningful in accordance with PBE Standards;

BDO Wellington Audit Limited

(c) the preparation and fair presentation of the statement of service performance in accordance with the Group's measurement bases or evaluation methods, in accordance with PBE Standards;
(d) the overall presentation, structure and content of the statement of service performance in accordance with PBE Standards; and
(e) such internal control as the Board of Directors determine is necessary to enable the preparation of the consolidated financial statements and consolidated statement of service performance that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated general purpose financial report the Board of Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated General Purpose Financial Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole, and the consolidated statement of service performance 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 conducted in accordance with ISAs (NZ) and NZ AS 1 (Revised) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate or collectively, they could reasonably be expected to influence the decisions of users taken on the basis of this consolidated general purpose financial report.

A further description of the auditor's responsibilities for the audit of the consolidated general purpose financial report is located at the XRB's website at:

https://www.xrb.govt.nz/standards/assurance-standards/auditors-responsibilities/audit-report-13-1/

This description forms part of our auditor's report.

Who we Report to

This report is made solely to the Company's Shareholders, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's Shareholders, as a body, for our audit work, for this report or for the opinions we have formed.

BDO Wellington Audit Limited

BDO WELLINGTON AUDIT LIMITED
Wellington
New Zealand
23 September 2026





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