

Dairynz 

Annual Report

2025/26

Investing together
for long-term impact



Our purpose

**Deliver a positive
future for New Zealand
dairy farming**

Our vision

**To make the levy the
best investment of
every New Zealand
dairy farmer**

Contents

From the Chair	3
From the Chief Executive	3
Meet our Board	4
Dairy sector facts	5
Highlights	6
Your levy at work	8
Drive productivity	9
Strengthen farm systems	12
Compete on sustainability	16
Where dairy research comes to life	19
Farmer-led discussion groups return	20
Supporting our staff	21
What's next	22
Budget	24
Financial statements	27



From the Chair

Focusing on the fundamentals

Dairy farming is never without its challenges, but 2025/26 has delivered a strong season. Based on DairyNZ production data, national milksolids passed the two billion kgMS mark for the first time. With most processors paying in the high \$9.00 per kgMS, many farms enter the new season in a strong financial position.

DairyNZ also starts the season on the front foot, following farmers' support to continue the Milksolids Levy for another six-year term. Our focus is firmly on delivering levy value through dairy science that lifts productivity, strengthens farm systems and supports sustainability.

Key national collaborations are progressing with Resilient Pastures, OneBW, and new programmes Dairy Beef Opportunities and Responsible Dairy, and globally, having secured Horizon Europe funding to investigate low-emissions farming. These projects build science capability and speed up solutions for farmers.

Looking ahead to 2026/27, we're cautiously optimistic. New Zealand dairy's fundamentals are strong, but global uncertainty, protectionism and food security concerns continue to affect trade. DairyNZ forecasts the breakeven milk price will rise to \$8.79/kgMS, driven by fertiliser, feed, fuel and interest. A predicted El Niño pattern may add feed pressure, so planning will be critical.

In uncertain times, the best place to focus is what we can control: farming fundamentals. New technology and artificial intelligence offer opportunities, but strong farm systems knowledge, and the fundamentals of cows and grass, must come first.

Tracy Brown
Chair

From the Chief Executive

Progress, innovate and deliver

Dairy farmers of New Zealand, take a bow. The 2025/26 year was an absolute standout with dairy producing more milk than ever and bringing in a record \$28.6 billion in export earnings.

This demonstrates the incredible work farmers do behind the farm gate every day, improving efficiency, animal welfare, and environmental sustainability.

Certainly, the season wasn't the easiest, with extreme weather, higher on-farm costs, and fluctuating Global Dairy Trade auction indices, but the sector remained New Zealand's economic powerhouse, with one in every four dollars contributed through goods and services coming from dairy.

As a cornerstone of the national economy, the dairy sector has a responsibility to perform, progress, innovate and deliver economically and environmentally. To this end, we're proud to be leading the multi-year Responsible Dairy programme, which aims to speed up innovation, lift adoption, and deliver productivity and environmental gains faster across the sector. Aligning with DairyNZ's strategy, it is focused on building resilience in New Zealand's most valuable export sector, ensuring it remains profitable for farmers, environmentally responsible, and socially supported.

In this year's annual report, we showcase how DairyNZ is empowering dairy farmers to push what's possible on farm, helping deliver positive results for New Zealand dairy farming and making the levy the best investment for productivity, stronger farm systems, and sustainability.

Campbell Parker
Chief Executive

Meet our Board



Tracy Brown
DairyNZ Chair –
Farmer-elected
Waikato



Cameron Henderson
Deputy Chair –
Farmer-elected
North Canterbury



Mary-Anne Macleod
Director – Independent
Bay of Plenty



Dr Jacqueline Rowarth
Director – Farmer-elected
Waikato



Chris Lewis
Director – Farmer-elected
Waikato



Mark Todd
Director – Independent
Canterbury



David Hunt
Director – Independent
Wairarapa



Richard McIntyre
Director – Farmer-elected
Horowhenua

➔ To read more about our Board, visit dairynz.co.nz/board

Independent assessment of DairyNZ's research and development activity continues to support the effectiveness of our investment approach.

The DairyNZ Science Panel* provides independent advice to help maximise the impact and scientific credibility of research investments.

Comprising national and international experts, the Panel met with the Research and Science Team and DairyNZ Board twice in 2025/26. Overall, the Panel reported strong progress in the maturity and coherence of DairyNZ's science programme, strengthening collaboration and involvement with farmers across the programmes.

The DairyNZ Board remains committed to ensuring research priorities are closely aligned with farmer

needs and that investment decisions are guided by robust evidence, clear pathways to impact, and value for levy payers.

* DairyNZ Science Panel members:

Chris Murphy, Chair – Chris Murphy Advisory, Australia

Dr Laurence Shalloo – Head of the Animal & Grassland Research and Innovation programme, Teagasc, Ireland

Ariana Estoras – former Director, Māori Research, Partnerships & Strategy, Bioeconomy Science Institute, New Zealand

Dr Richard Cookson – Dairy Farmer, Waikato

Dr Cecil de Klein – Principal Scientist, Bioeconomy Science Institute, New Zealand

Professor Sergio (Yani) Garcia – Professor of Dairy Science, The University of Sydney, Australia

Dairy sector facts



Herds and cows

(in 2025/26)*

10,274 Total number of herds.

↓ 0.1%

459 Average herd size.

↑ 1.8%

4.72m Number of milking cows.

↑ 0.1%

3.84m Number of cows herd-tested.

↓ 6%



Milk production

(in 2025/26)

22.3b Litres of milk processed by New Zealand dairy companies.

↑ 6.7%

2.03b Kilograms of milksolids produced by dairy farmers.

↑ 4.5%

1.7m Total effective hectares of dairy land in New Zealand.



Export value

(in the year to June 2026)

\$28.6b ↑ 9%

Dairy is our largest export earner, generating more than \$28.6 billion, which is one-quarter of the value of all New Zealand exports.



GDP

(estimated to 31 March 2025)

\$12.2b

Dairy's direct contribution to GDP.



Employment

(at 31 December 2024)

51,800

Number of people the dairy sector directly employs.



Environment

97% ↑ 15.5%

Percentage of dairy farmers who have an industry farm environment plan in 2025/26.

Top 5 markets for New Zealand dairy exports



(year to 31 March 2026)

1. \$10,175m
2. \$1,636m
3. \$1,297m
4. \$1,285m
5. \$1,128m



95%

Percentage of our products that are exported to around 130 countries. An estimated 90 million people annually could consume 2.5 serves of New Zealand dairy a day.

Data sources:
New Zealand Dairy Statistics 2024/25
State of the Dairy Nation Pulse Report 2026
MPI Situation and Outlook for Primary Industries June 2026
NZX New Zealand Milk Production Report
Sense Partners, Dairy's Economic Contribution to New Zealand, June 2026

* Estimate derived from Statistics New Zealand's Agricultural Production Survey, released in December 2026.

Some of the year's Highlights

Farming in an age of technology

Kiwi farmers are increasingly integrating technology and artificial intelligence into everyday farm practices. This was the focus of the fourth International Precision Dairy Forum, hosted by DairyNZ in Christchurch last November. The event brought together more than 400 people from 22 countries, including 90 New Zealand dairy farmers, to explore how innovation is shaping dairy farming's future. The forum strengthened global collaboration and will help guide research, adoption and farmer support.

➔ Find out more at dairynz.co.nz/precision-dairy

Farmers embrace on-the-job learning

In 2025/26, DairyNZ's specialist training provider, Dairy Training, expanded its courses and developed 10 new micro-credentials. Overall, 365 people completed courses (up from 258 last year), and 680 farmers attended MilkSmart and CalvingSmart events. This suggests a growing appetite among farmers to build skills, advance careers and support sustainable, profitable businesses. As a registered private training establishment, Dairy Training can access government funding to supplement levy investment, helping make competency-based learning more accessible for farmers and sector employees. In 2025/26, every \$1 of levy investment was supplemented by \$1.34 in government funding to deliver targeted dairy training, covering about 60% of Dairy Training's costs.

Stronger, together

In 2026, levy-paying farmers came together for the six-yearly vote on whether to continue with a Milksolids Levy. Of those who voted, 66% supported the levy, representing 72% of Milksolids produced by all voters.

With the levy vote confirmed all our energy shifts to what really matters – delivery. We remain focused on using our strong engine of dairy science to develop practical tools and resources that help drive productivity, strengthen farm systems, and support New Zealand dairy to compete on sustainability.

Making the levy the best investment

Farmers have told DairyNZ they value clearer information about how their milksolids levy is invested and its return. DairyNZ commissioned Nimmo Bell to independently assess the return on investment from levy-funded activity since 2020, including direct and indirect benefits at farm and sector level. The analysis found \$341 million of levy revenue generated an estimated \$2.98 billion of value, equivalent to 26c/kgMS/year and a return of more than seven times the investment. Benefits came through productivity gains (45%) and avoided costs (55%), helping strengthen farm systems, lift productivity and improve sustainability. Government and partner co-investment is leveraged to further increase the value farmers received from their levy.

Practical advocacy

Throughout 2025/26 farmers sought policy settings that reduce unnecessary cost, support practical decision-making and give them enough certainty to invest. Throughout the year, DairyNZ met with key decision-makers and policy makers, including through initiatives such as the Fieldays Advocacy Hub, to help shape better outcomes for dairy farmers. By connecting farmers with decision-makers and translating political language into practical solutions, DairyNZ helped ensure farmer voices were heard where policy conversations were happening.



By the numbers

(2025/26)

Research and science

5,559 

Dairy farm employees have taken part in Employee Surveys since 2019.

1,915 

Farms contributing to DairyBase.

706 

People who visited Scott and Lye farm this year.

8,000 

Dairy farms involved in the Emissions and Profitability project, a collaborative effort between DairyNZ, Fonterra, and LIC.

33%* 

The average reduction in nitrate leaching from use of plantain in pasture.

45 

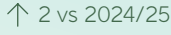
Peer reviewed publications featuring DairyNZ authors.

Advocacy

19 

Formal submissions and evidence pieces provided to the Government across vocational training, freshwater, RMA reform, regulation, and biosecurity.

Events

134  2 vs 2024/25

Progressing Dairy events held.

381  203 vs 2024/25

Events delivered including discussion groups, field days, and workshops across the regions.

33 

Engagements with Ministers and MPs, including hosting on farm.

10,748  4,413 vs 2024/25

Farmers and rural professionals attended our events.

17 

Unique organisations we partnered with at events (e.g. webinars).

Farmer communication and engagement

54 

Dairy Training programmes were offered in the 2025 calendar year.

365 

People completed Dairy Training programmes in 2025.

1,510 

New Zealand media stories published or broadcast featuring DairyNZ.

337,826 

Total New Zealand users of our website.

70,634 

Talking Dairy podcast downloads.

104,994 

Engagements on DairyNZ social media channels.

*Final results from a four-year farmlet trial at Lincoln University Research Dairy Farm showed annual nitrate leaching was reduced by an average of 33 percent from 18 kg/ha/year to 12 kg/ha/year in perennial ryegrass-white clover pastures containing an average of 17 percent plantain dry matter, compared with pastures without plantain.

Your levy at work

Our vision is to ensure the levy is the best investment of every New Zealand dairy farmer, and our strategy is sharply focused on what matters most to farmers.

Our strategic priorities



Drive productivity

Lock in as the world's most productive dairy farmers

Genetic gain

First in forage

Power up our people



Strengthen farm systems

Future-proof the way we farm

Future farm systems

Biosecurity systems

Economic insights



Compete on sustainability

Responsible dairy as a competitive advantage

Water quality

Greenhouse gases

Animal care

The future of our herd – improving our genetic gain



With more than 80% of farmers using some young sires in their herd mating plans, more farmers are recognising the value of genomics and the benefits of genetic gain.

Genetic gain is a critical driver of productivity and competitiveness, accounting for more than 60% of improvements in animal performance across generations, while also offering potential environmental and animal welfare benefits. DairyNZ data has shown improvements can lead to upwards of \$25,000 additional profit per year, while higher breeding worth (BW) animals tend to sell for \$100-\$300 more than low BW cows.

As a long-term investment, it supports ongoing profit through permanent improvements in each generation of cows.

This focus on long-term genetic gain was central to the Resilient Dairy programme, which concluded in 2025/26. Delivered through a partnership between DairyNZ, LIC,

and the Ministry for Primary Industries, the programme aimed to help farmers generate greater value from existing herds rather than relying on expansion. By improving traits such as disease resilience, fertility, and efficiency, the programme has helped strengthen the foundations for more productive, profitable, and resilient dairy systems, while also reducing production losses and input costs over time.

Over seven years, the LIC-led programme delivered better fertility measures, new diagnostic tools, and stronger genomic and data systems. That means farmers can breed from more reliable information and lift genetic gain faster.

DairyNZ has undertaken extensive, collaborative research for the sector into breeding better animals, considering animal welfare, environmental impacts, and economic benefits. This work has focused on improving fertility, liveweight and bringing key sector partners together to support ongoing progress.

DairyNZ's partnership work in genetic gain continues with LIC and CRV through the development of OneBW, a sector-wide, consistent and trusted genomically informed Breeding Worth index for New Zealand dairy cattle. **Read more about OneBW on page 23.**

At a sector level, strengthened genomic evaluation, improved data use, and progress toward OneBW are expected to support greater genetic gain over time, lifting productivity and strengthening the long-term competitiveness of New Zealand's dairy industry.

Resilient Dairy

6-year Project (June 2020 – May 2026)

\$7m

Total combined investment (over life of project)

\$4.2m

Levy funding

\$2.8m

Partner funding

Resilient pastures

The New Zealand dairy sector is admired internationally for our pasture-based systems but increasingly, this is being challenged.

Climate conditions in the upper North Island are becoming increasingly unfavourable for ryegrass-based pastures, reducing pasture growth, quality, and persistence.

With each additional tonne of pasture and crop eaten on the milking platform estimated to generate an extra \$350 per hectare, any decline in pasture performance has a significant financial impact.

DairyNZ research and discussions with farmers in the upper North Island reinforced this concern, finding pastures are not lasting as long, and pasture harvest has declined by 0.5 to 1 tonne of dry matter per hectare per decade across Waikato and Northland over the past two decades.

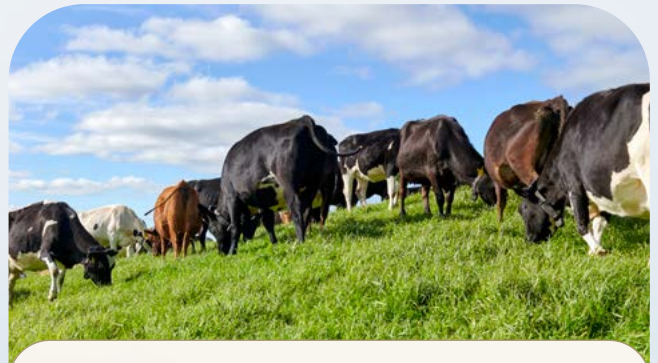
The Resilient Pastures programme was initiated by farmers to combat this growing threat to our sector's pasture-based proposition and international competitiveness.

It aims to identify pasture species and mixtures better suited to increasingly variable weather, and management practices that enhance pasture persistence. The programme has the potential to return an additional \$257 million in profit for Northland, Waikato, and Bay of Plenty dairy, sheep and beef farm businesses in adopting best practice outputs (a 15:1 return on investment). Nationwide, the additional profit generated from adopting programme outputs could exceed \$1 billion compared to current practices.

A strength of this programme is its flexible design to stay responsive to what farmers need. Researchers take a whole farm system approach, ensuring solutions will work on farm, are adoptable, profitable and environmentally sustainable.

During the first year of the project, 15 farms from across Northland, Waikato, and Bay of Plenty planted a series of three to five different species mixes and are monitoring pasture growth.

A concurrent study at Scott Farm examines how



Led by DairyNZ, the

\$17m

seven-year Resilient Pastures programme is a joint initiative with Beef + Lamb New Zealand, TR Ellett Agricultural Research Trust, Hine Rangi Trust, Barenbrug, and Northland Dairy Development Trust, the Ministry for Primary Industries' Primary Sector Growth Fund (which provided 50% of funds), and farmers.

\$0.52m

Levy spent (expenditure) FY26

different grazing management affects the persistence, productivity and quality of tall fescue pastures.

Over the next year, priorities include increasing farmer engagement with the programme, sharing climate projection modelling so farmers have information on what they need to be adapted to, and establishing more research trials across the three regions including evaluating the potential of other warm season species (sub-tropical) for use on dairy, sheep and beef farms.



Making the most of technology on the farm

Technology and artificial intelligence are becoming an increasing part of life on and off the farm.

Farmers around the country are embracing tools such as automated animal monitoring (including wearables like collars, ear tags, and boluses), alongside virtual fences and digital assistants for pasture planning, and compliance apps.

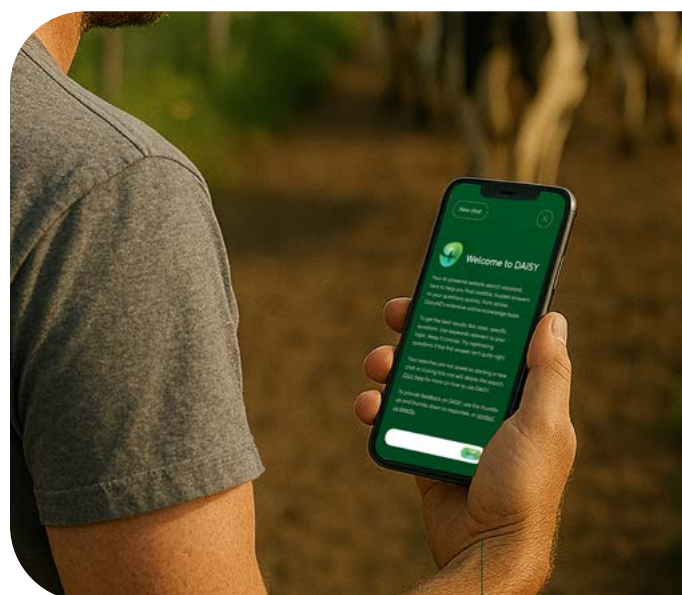
AI use is on the rise, but many farmers are still looking for guidance on how to make the most of emerging tools. During 2025/26, DairyNZ undertook several studies to better understand current use, the opportunity, and help answer farmers' questions around data ownership and access, practical applications of AI, AI literacy, and access to more DairyNZ content that can be easily used by AI tools.

A DairyNZ-commissioned study by Perrin Ag Consultants found farmers using generative AI, such as ChatGPT and Claude, generally fall into three groups: those seeking insights or recommendations to support specific tasks; those using it to make repetitive work more efficient; and those applying it to staff communication and team coordination.

Most were using generative AI for decision support, often in place of Google or other search options, and valued the speed with which it can generate insights and information. One farmer had even created a digital version of their farm to test different practices and see what worked, while others were using it to draft emails and template documents for their teams.

Through co-design workshops with farmers, DairyNZ identified practical AI use cases that could reduce administration and support better decisions on farm. These included tools for recording voice notes, summarising compliance information, automating routine reports, supporting staff communication, searching trusted technical information, analysing farm data and helping farmers prioritise actions across pasture, animals, people and environmental management.

DairyNZ will keep collaborating with farmers and stakeholders and sharing insights on how wearable



This image is created by AI

technology and AI can help turn data into better decisions. **Read more about our wearable research on page 12.**

DairyNZ has also developed its own generative AI website assistant, DAiSY™, which is proving popular with users who can type in questions and receive answers drawn from DairyNZ's online information and resources. **Read more about DAiSY on page 15.**

Turning fertility data into profit with wearables

Seven years ago, when the Resilient Dairy programme launched with breeding company LIC, DairyNZ, and the Ministry for Primary Industries, wearable technologies such as collars and ear tags were still in their infancy in the dairy sector.

Fast forward to 2026 and around a million cows in New Zealand are fitted with wearable technology, generating around 20 million data points a day. New Zealand farmers have never before had access to data on this scale.

Wearables present a major opportunity to lift on farm performance, but their value depends on turning large volumes of data into practical, profit-focused insights.

Fertility is one of the clearest examples. When cows calve in a shorter, well-timed season, they spend more days in milk and generate stronger returns. DairyNZ's



InCalf calving pattern tool estimates that the gains for an average herd (459 cows) improving six-week in-calf rate by 5% are up to \$32,000 through greater milk production and reduced not-in-calf rate. Additional benefits of high six-week in-calf rates include a compact calving pattern, more artificially bred heifers born early help streamline calf rearing, herd improvements through increased culling and selection opportunities.

DairyNZ and LIC have been focused on delivering value through an improved fertility breeding value. One focus has been to show that the timing of onset of puberty is highly heritable, and through a proof of concept of using activity devices/wearables in heifers the capture of the onset of puberty is feasible at scale.

Additionally, LIC, in ongoing research, is using activity data in MINDA to calculate calving to first heat (CFH), quantifying the genetic contribution of this measure, and assessing its relationship with existing fertility traits. Similar to the DairyNZ puberty work, LIC's work found CFH heritability was more than 4-5x the traits currently evaluated and genetically correlated with six-week in-calf rate, showing strong potential to improve future animal evaluation.

As research results are produced, LIC and DairyNZ will work closely together as our collective focus is on ensuring a sector-wide implementation approach that supports selection based on improved fertility evaluations, while helping farmers use wearable data to make better decisions that improve reproductive performance and long-term farm profitability.

Over time, approaches that utilise new data types, could help get more cows in calf, reduce the number of empty cows, keep calving more compact, avoid adding extra work on farm, and increase profit.



Readiness a necessity, not an afterthought

International outbreaks of foot and mouth disease, lumpy skin disease and bird flu during 2025/26 were a timely reminder for New Zealand farmers to maintain strong on-farm biosecurity and stay alert to animal health risks.

Dairy farmers invest significantly in New Zealand's biosecurity system through industry levies and sector agreements. They need clear assurance that this funding is directed to the highest-priority risks, supports practical readiness work, and delivers measurable value on farm. Over the past year, DairyNZ has kept the on-farm implications of biosecurity decisions at the centre of its work.

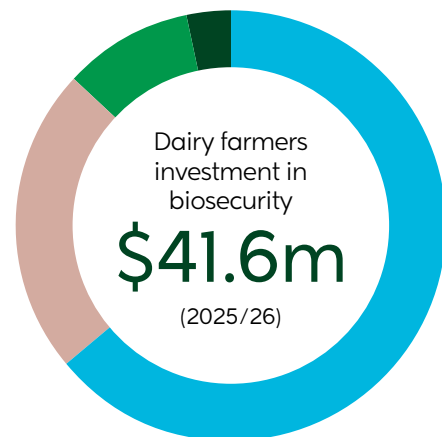
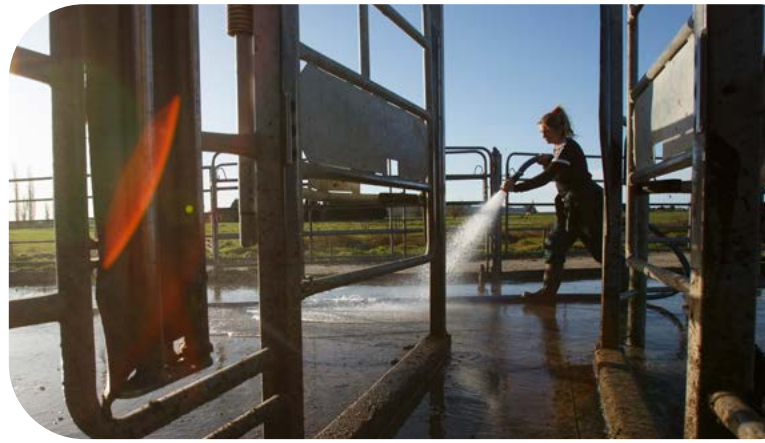
This year, the Foot and Mouth Disease (FMD) Operational Agreement came into effect, with DairyNZ co-leading work to strengthen response governance, compensation, workforce planning and operational readiness. Should the worst happen, farmers can be assured they will receive clear, timely and trusted information to support them in an FMD response.

Exercises and planning have reinforced the need for clear roles, rapid decisions, realistic farmer support and workable compensation processes, while highlighting areas to strengthen ahead of any response.

Our team influenced the TB National Pest Management Plan review to maintain a clear pathway toward eradication, helping protect decades of farmer investment and focussing on managing risk through strategic vector control and a targeted approach to herd testing.

We have consulted farmers on expanding the Biosecurity Response Levy so readiness activities can be funded without creating unnecessary new funding streams. An application to amend the order is waiting for Cabinet approval. If approved, these activities will be funded from existing response money rather than the commodity levy or additional farmer levies.

Our biosecurity and farmer-facing teams work closely together to ensure advice is practical, usable and embedded in farm support.



\$26.7m

TBfree*

\$9.6m

M.bovis National Pest Management Plan Levy

\$4.1m

NAIT tag and slaughter levy

\$1.3m

DairyNZ's biosecurity work programme**

* TBfree – milksolids levy \$14.5m, slaughter levy \$12.2m paid directly by farmer.

** Includes FMD operational agreement efforts, FMD readiness activities and wider involvement in plant, pest and animal biosecurity projects.





Economic insights backing on-farm decisions

Modern farming involves complex decision-making across every part of the business. While experience and practical knowledge remain important, the strongest decisions are backed by robust insights and forecasts.

Each year, more farmers use DairyNZ's economic insights to budget, plan cashflow, understand risk and identify opportunities for improvement. These levy-funded tools and information help farmers make more informed business decisions. During 2025/26, engagement with DairyNZ's economics, research and insights tools increased 12% to 7,249 page views.

Econ Tracker remained DairyNZ's most used economics resource, with views increasing throughout the year in line with quarterly updates. It recorded 3,345 page views, while DairyNZ's Dairy Statistics report, released in December 2025, recorded 2,790 page views, a 215% increase on the previous period.

Of those accessing DairyNZ's economic insights content, 44% were rural professionals and 28% were farmers.

More than 20% of New Zealand dairy farms now contribute to DairyBase. The service gives farmers benchmarking information to better understand

their business, manage farm working expenses and track progress against short- and long-term goals. For example, a cost-benefit analysis using DairyBase data found that preventing a 1% reduction in on-farm efficiency is associated with avoiding an on-farm profit loss of approximately \$22,000 per farm per year.

Econ Tracker has become an important tool for farming businesses, bringing together up-to-date dairy sector data, forecast breakeven milk price, farm working expenses, payout context and international market signals. The Ministry of Business, Innovation and Employment uses the tool as a key source of economic data to analyse how dairy regulations and environmental mandates affect regional economies and farm operating margins.

Nimmo Bell used extensive data from both DairyBase and Econ Tracker in its independent review of the return on investment to New Zealand dairy farmers from the milksolids levy. The Supporting Farm Profitability initiative, for example, was found to provide a \$29 per hectare return to farmers.

Economic modelling also featured prominently in DairyNZ's research and advocacy work on better freshwater policy, helping to mitigate the loss of an estimated 5% of profit for 2,000 dairy farms in the most affected catchments.

During the 2025/26 season, DairyNZ's economic insights were widely used and attracted significant public and media attention, featuring in more than 500 stories over the year.

By better understanding the factors that underpin farm performance and profitability in pasture-based systems, DairyNZ is helping farmers, decision-makers and the wider sector make practical choices about where to focus effort and investment, so New Zealand dairy remains internationally competitive.



Information is power. The more information you have, the more power you have to make better decisions. People say, at the end of the season, I make money. But could things have been better? Could you have done more? With DairyBase, you know."

Alvaro Luzardo
Sharemilker, Eketāhuna



Ask DAiSY™

AI is changing how people search for information, but users still need confidence that answers are accurate and reliable.

Credibility was central to DairyNZ's development of DAiSY, an AI website assistant that answers farmers' questions in plain English using trusted DairyNZ content.

Developed with Tribal Aotearoa, DAiSY helps farmers access levy-funded research, tools and resources for practical on-farm decisions, drawing only from DairyNZ's trusted content.

Farmers helped test DAiSY's concept, brand, usability and answer relevance throughout development.



Top farmer questions

- 1 **Feed & nutrition:** supplements, silage, minerals
- 2 **Pasture & energy science:** energy in vs out, digestibility, carbohydrates
- 3 **Farm operations & planning:** silage calculations, feed budgets, wintering
- 4 **Animal health & mastitis:** diagnosis, treatment, milk quality testing
- 5 **Farm management & people:** jobs, time management, systems

By season end, DAiSY had answered 22,300+ questions from 6,800+ users, with more than a quarter clicking through to website content. It was also named a finalist in the 2026 New Zealand CIO Innovation Awards' Excellence in Customer Value category.

Why is DAiSY so popular?

For farmers, the value is simple: less time searching, more confidence in decision-making. DAiSY allows users to ask questions in natural language and receive concise, actionable responses with references back to source material.

With more than 1,100 pages of DairyNZ information and over 880 practical tools and resources at its disposal, the mobile friendly DAiSY can provide farmers with answers wherever they are: the paddock, dairy shed, office, or off farm.

Farmer feedback has been overwhelmingly positive, with users describing DAiSY as a "game changer". DairyNZ staff working directly with farmers have also reported that DAiSY provides clearer, easier-to-read answers than traditional website search.

Conversations are highly practical, calculation-focused, and decision-support oriented, reflecting real on-farm management needs (especially around dry cows, supplements, and winter feeding).

Proof AI can be used responsibly

DAiSY's significance extends beyond dairy. It demonstrates how trusted organisations can adopt AI in a governed, farmer-tested and practical way, while protecting confidence and credibility in a risk-sensitive sector.

DAiSY can converse in different languages, providing New Zealand's increasingly diverse farm teams with access to reliable information translated in real-time.

By combining technology, collaboration and farmer-first design, DAiSY is more than a digital assistant. It is a scalable model for how New Zealand agriculture can use emerging technology to improve efficiency, strengthen decision-making and turn trusted research into everyday on-farm action.

➔ Try out DAiSY at dairynz.co.nz

Proof the work is paying off with good farming practices

The 2025/26 year saw major strides in New Zealand's farm environmental management with a record 97% of all farms now holding industry farm environment plans.

What is not always clear as a farmer though, is if these plans and remediation work make a difference. After all, improving freshwater quality is a long game.

But farmers now have proof the work is paying off. Decades of research show good farming practices are helping reduce nutrient losses and improve freshwater outcomes.

Researchers from DairyNZ, the Bioeconomy Science Institute (formerly AgResearch), and Lincoln University analysed two decades of data to understand how good farming practices are affecting nutrient losses on dairy farms.

The findings are clear: where good farming practices are being widely used, fewer contaminants are being lost from land to water.



In the waterways, banded Kōkopu like this one, show the importance of protecting and restoring remnant bush habitat areas on-farm.

One study focused on five dairy-dominated catchments, ranging from 598 to 2,480 hectares, between 2001 and 2020. During that time, extension programmes were being rolled out, and water quality and farm practices were regularly monitored. The research found good farming practices helped reduce phosphorus, E. coli and sediment concentrations.

Another study looked at the uptake of good management practices over 10 years, from 2013 to 2022, and how they influenced nitrogen (N) and phosphorus (P) losses from dairy-farmed land. It found N management, improved irrigation and cultivation practices helped lower N losses, while lower rates of P fertiliser applied and better effluent storage practices had the biggest influence on reducing P losses.

Importantly, the analysis also found these reductions in N and P losses did not come at the expense of milksolids production.

Together, the research is building a strong evidence base showing how changes on New Zealand dairy farms are delivering environmental gains over time.

Driving practical progress on agricultural emissions

Reducing on-farm emissions while maintaining productivity and profitability is a challenge facing dairy farmers in New Zealand and around the world.

Over the past year, DairyNZ has worked with leading farmers, universities, government, AgriZeroNZ, partner farms, scientists and innovative companies to tackle this challenge.

The research has the potential to transform how greenhouse gas emissions are calculated, how mitigation solutions are developed and applied on farm, and how policy is shaped.

Among the nine DairyNZ strategic greenhouse gas projects underway is Emissions4Pasture, a collaborative research programme between New Zealand and Ireland focused on understanding methane emissions from dairy cows in pasture-based systems.



Trials to date show methane output varies depending on what cows eat, feed quality and intake, with the lowest emissions linked with high quality pastures and best-practice pasture management. The findings are already helping refine New Zealand's Greenhouse Gas Inventory and could give farmers more precise, region-specific guidance on when emissions peak. Over time, that insight could help farmers time mitigation tools, for when they will have the greatest impact.

Several GHG projects are informing DairyNZ's ongoing advocacy. Our submission to government in late 2025 on the revised 2050 biogenic methane target reinforced the need for methane targets to reflect the latest science and the practical realities farmers face on farm.

At a programme level, DairyNZ continues to work with AgriZeroNZ, Agricultural Emissions Centre, MPI, MBIE, Horizons EU, Teagasc – Ireland's Agriculture and Food Development Authority, and commercial partners (both domestically and internationally). Research focuses on trialling new technologies, such as feed additives, boluses and vaccines that may help reduce greenhouse gas emissions, as well as exploring existing on-farm levers (such as cow breeding, supplementary feeds, pasture species) that farmers can use to reduce emissions while maintaining productivity and profitability.



Taking the heat out of summer on farm

Summers can be unpredictable, but one thing is clear: temperatures are rising, both in New Zealand and globally.

Cows naturally generate significant heat as they digest feed and produce milk and can start feeling heat stress at temperatures above 20°C, especially if it is still. As their heat load increases, it can affect their wellbeing, health, and milk production can drop by about 10g MS/cow/day for each 1-unit rise in temperature-humidity index (THI)⁴. This can add up over the course of a summer affecting profits.

DairyNZ research is helping identify practical, evidence-based ways to reduce these impacts in higher-risk regions. The work forms part of its three-year Comfortable Cows Outdoors programme, which aims to better understand when and where heat stress occurs, how cows respond, and which mitigation strategies are most effective in pasture-based systems.



\$0.5m

FY26 total combined levy spend (expenditure) for Comfortable Cows Outdoors.



The programme has also drawn international interest, particularly from Northern Hemisphere farmers experiencing record summer temperatures.

As many mitigation options require on-farm investment, the research focuses on what works best under New Zealand grazing conditions and whether those approaches deliver value. Developed alongside farmers, it prioritises solutions that protect animal welfare, support production, and strengthen long-term farm resilience.

After mapping higher-risk regions, and analysing links between weather and milk yield, the DairyNZ team surveyed more than 350 farmers across Waikato, Bay of Plenty, Canterbury and North Otago. The survey explored their awareness, attitudes and current practices in managing heat stress.

The team then carried out an on-farm trial at DairyNZ's Scott Farm in Waikato. Five mobs of cows were fitted with rumen temperature boluses, pedometers and wearable devices providing continuous data. The trial tested several common mitigation strategies: once-a-day summer milking, access to shade during the day, yard misters, sprinklers for evaporative cooling, and a control group with no intervention.

The variable weather conditions of the 2025/26 Waikato summer, ranging from cool and wet to hot and sunny, created a valuable dataset. This has helped researchers better understand how cows respond to heat load and which interventions are most effective.

Results from the study are expected in the 2026/27 season, alongside new guidance and a practical "toolbox" of strategies to help farmers manage heat stress on farm.



Where dairy research comes to life

From Northland to Southland, DairyNZ research is happening where it matters most: on farms, with farmers, and alongside leading research partners.

DairyNZ's levy-funded research conducted on farm delivers strong returns for farmers by turning investment into practical, farm-ready improvements.

For example, the seven-year LowN systems programme carried out in a mix of farmlet trials and partner-farm/catchment projects involved \$18.2 million of levy investment and is estimated to generate \$358.8 million in value, representing a 4.8 times return on investment. This equates to an estimated benefit of around 1.61 cents per kgMS per year, or \$18.68 per hectare per year.

Similarly, the On Farm Change programme, which supports catchment and community-led on-farm practice change, created \$291.8 million in value and delivered an estimated 50-fold return on investment.

Our flagship research farms

706 people visited Scott and Lye Farms this year

31 groups visited including 12 from overseas

Much of DairyNZ's research is anchored at its Newstead flagship farms, Scott Farm and Lye Farm.

Lye Farm spans 100ha, milks 300 cows, and includes specialised indoor facilities for detailed animal feeding and methane measurement.

Across the road, the 115ha Scott Farm milks 330 cows and, with its mix of soil types, supports system-scale research across multiple farm system trials.

Examples of levy-funded research using the farms includes the extended lactation farmlet work (24-month vs 12-month calving interval) at Scott Farm and trials around the impact of different supplementary feeds on methane production at Lye Farm.

Together, the farms host work on greenhouse gases, dairy beef opportunities, extended lactation, heat stress, objective animal indicators using technology, and farm systems designed around different pasture and feed options.

Expanding the positive effects of extended lactation

One of the major studies underway at Scott Farm is DairyNZ's Extended Lactation Study, which is investigating a 24-month calving interval as an alternative to the traditional annual calving system, with the aim of reducing labour peaks, improving flexibility, and decreasing the number of non-replacement calves born each year.

The research, which began in 2023/24 with Friesian farmlets, was extended in 2025/26 to include Jersey farmlets as well as a commercial dairy farm pilot. This expansion allows DairyNZ to compare performance across different breeds and evaluate how the system works under real commercial farming conditions.

Early results indicate that a 24-month calving interval can achieve similar levels of milk production, operating profit and sustainability outcomes to a conventional 12-month system. Researchers are also assessing impacts on feed demand, cow performance and workload distribution.

A key benefit identified is the significant reduction in non-replacement calves. DairyNZ estimates the system could reduce these calves by almost 60%, while also lowering replacement rates. The study is expected to provide valuable insights into future dairy farming systems that balance profitability, labour efficiency and animal welfare outcomes.



Farmer-led discussion groups return

One of DairyNZ's most popular extension successes over the last year has been the return of farmer-led discussion groups.

Discussion groups have been part of New Zealand dairy farming since 1952, helping farmers connect, share experiences and learn from one another. In 2024, DairyNZ shifted its extension approach towards larger, future-focused events that connected farmers directly with science, research and specialist expertise. While those events continue to play an important role, feedback from farmers made it clear that many communities still valued

the local connections and practical peer-to-peer learning that discussion groups provide.

Throughout the 2025 levy consultation and subsequent farmer engagement, we heard a strong and consistent message: farmers wanted both. Farmers said they valued access to DairyNZ experts and larger regional events but also wanted opportunities to regularly connect with local farmers facing similar challenges and opportunities.

In response, DairyNZ reintroduced discussion groups with a new approach that puts farmers firmly in the lead.

The refreshed model reflects what farmers told us works best: learning from other farmers, discussing local issues, building support networks and turning ideas into action. Feedback and attendance statistics have been encouraging, with discussion groups helping strengthen farmer engagement and complementing our wider programme of events and extension activities.

Most importantly, the return of discussion groups demonstrates DairyNZ's commitment to listening to farmers' feedback and adapting our services to deliver the greatest value from their levy investment.

381

↑ 203 vs 2024/25

Events delivered including discussion groups, field days, and workshops across the regions.

10,748

↑ 4,413 vs 2024/25

Farmers and rural professionals attended our events.



Supporting our staff

We have exceptional people working on behalf of farmers every day. They are here because they care about dairy farming, its future, and the contribution the sector makes toward better economic, social and environment outcomes for New Zealand.

Our work environment is unique. Our people work on farms, in laboratories, in all our regions and in office-based roles, and many travel nationwide. Each setting brings different health and safety challenges, from animal handling and needle-stick injuries to road travel and other occupational risks.

Reducing these risks, keeping our people healthy and safe, and supporting a sustainable work-life balance are central to the way DairyNZ works.

To support this, we run a number of internal programmes focused on staff safety and wellbeing. Regular reporting on progress and monitoring of all hazards and risks is provided to the management team, as well as the Board of Directors.

Safe Home Every Day is our shared commitment, reflecting our responsibility to look after ourselves and each other.

How have we performed this year?

Health and Safety	2025/26	2024/25
Lost time workplace injury incidents	3 *	4
Notifiable incidents	0	1
Culture	March 2026	March 2025
Staff engagement index	78% **	76%
Voluntary turnover	12.7% ***	9.9%

* There were no incidents or accidents requiring notification to WorkSafe and a minimal level of lost time injuries managed, demonstrating good health and safety practices within the organisation.

** Staff engagement lifted to 78%. Engaged individuals stay longer and deliver more, which means better support and better results for farmers.

*** Although this percentage increased slightly on 2024/25, staff turnover remains within the accepted range of 10-15%.

Actual staff number by gender

2025/26	F	M	Total
Leadership team	3	5	8
Organisation	159	107	266
Total	162	112	274

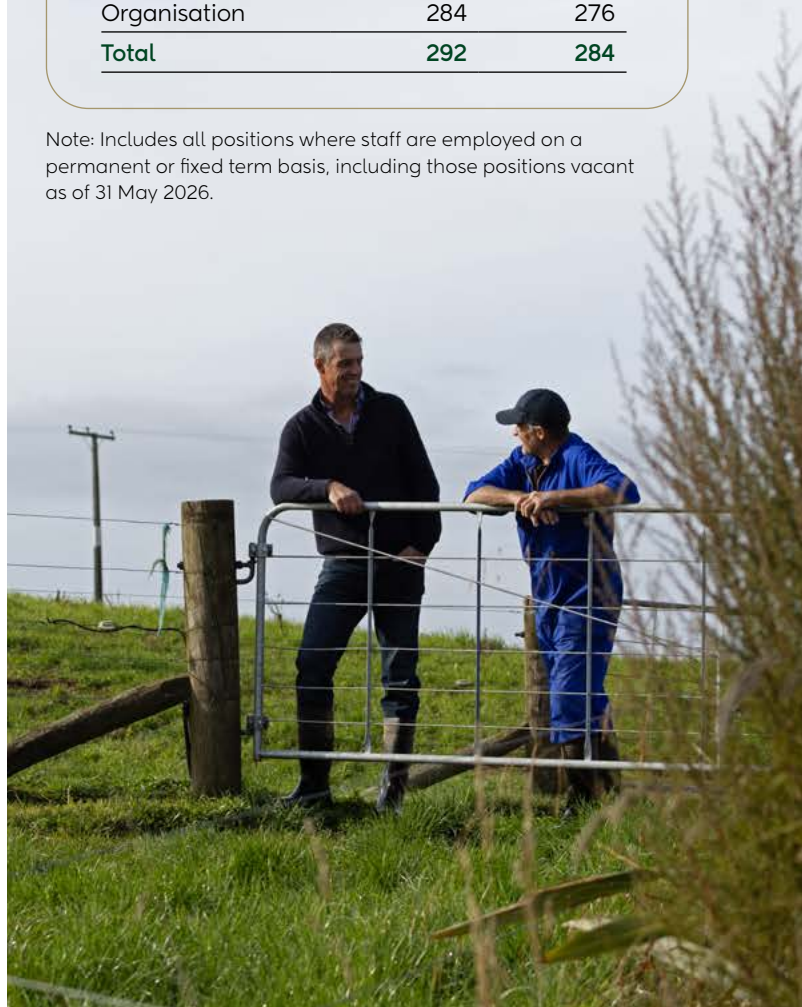
2024/25	F	M	Total
Leadership team	4	4	8
Organisation	158	96	254
Total	162	100	262

Note: Includes permanent full-time and part-time employees and fixed term staff.

Actual position numbers (including vacancies)

	2025/26	2024/25
Leadership Team	8	8
Organisation	284	276
Total	292	284

Note: Includes all positions where staff are employed on a permanent or fixed term basis, including those positions vacant as of 31 May 2026.



What's next?

Like the farms we support, DairyNZ is always evolving. We're focused on delivering the research, collaboration and practical tools that will help shape a positive future for New Zealand dairy farming.

This focus is reflected in some of the most significant initiatives ever undertaken in the dairy sector, including Responsible Dairy, Dairy Beef Opportunities, OneBW, the rebuild of DairyBase, and continued research and trials within the Resilient Pastures programme (see p10 for more details on Resilient Pastures). We are also playing a key role in the International Dairy Federation World Dairy Summit, being held in Auckland in November 2026.

Responsible Dairy

Launched at the 2026 National Fieldays as part of the Government's Land Use Flexibility package, Responsible Dairy is our largest-ever collaborative programme aimed at accelerating sustainable dairy transformation.

Bringing together farmers, sector partners and Government, it is a seven-year, co-funded programme with a total investment of approximately \$46 million, including \$18.34 million from the Government through MPI's Primary Sector Growth Fund.

Funding sources



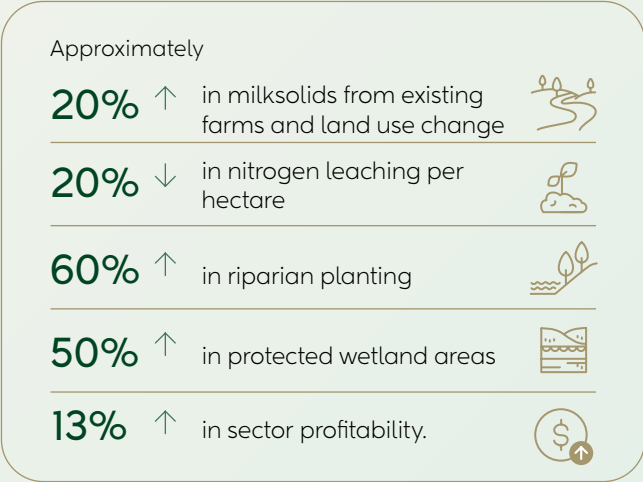
The goal of Responsible Dairy overlaps strongly with DairyNZ's strategy to drive productivity, strengthen farm systems, and compete on sustainability. It aims to help farmers improve productivity, profitability and



environmental performance by accelerating the uptake of proven and emerging technologies, demonstrating high-performing farm systems, and providing practical tools to support on-farm decision-making. Initiatives include:

- A network of 35–40 partner farms showcasing high-performing, low-footprint farm systems.
- Trials of new technologies, farm system approaches and nature-based solutions on commercial farms.
- Practical tools and decision-support frameworks to help farmers improve productivity and environmental outcomes.
- Development of a national blueprint to help guide future investment, planning and policy.

By 2050, the programme aims to deliver:



➔ Find out more at dairynz.co.nz/responsible-dairy

Dairy Beef Opportunities

Unlocking the value of non-replacement dairy calves is the focus of the four-year \$20.9 million Dairy Beef Opportunities (DBO) programme, which aims at growing New Zealand's dairy-beef sector and creating new revenue opportunities for farmers.

The DBO programme is a joint initiative between DairyNZ, Beef + Lamb New Zealand, the Meat Industry Association, and Dairy Companies of New Zealand, co-funded by the Ministry for Primary Industries. It focuses on three key areas:

- Improving efficiency through genetics and systems – enhancing calf breeding, rearing, and finishing to increase productivity, profitability, and farmer confidence.
- Smarter breeding and lactation strategies – increasing the proportion of calves entering the beef system while meeting dairy and beef production needs.
- Developing new pathways and value chains – creating innovative products and supply chain solutions for young dairy beef, helping processors manage livestock more efficiently and providing farmers with new revenue opportunities.

➔ Find out more at dairynz.co.nz/dbo

OneBW

The OneBW project brings together NZ Animal Evaluation (powered by DairyNZ), Livestock Improvement Corporation (LIC) and CRV, to produce a single, independent Breeding Worth (BW) aligned with the National Breeding Objective and incorporating genomic information. This work has been undertaken in consultation with the wider genetics sector. The outputs of the new model will be independently verified to provide farmers confidence in its accuracy and published by all parties.

OneBW is a significant ongoing investment for DairyNZ and critical to giving farmers trust and confidence to use younger genomic sires that will increase the rate of genetic gain across the dairy sector.

The project was established in response to the 2023 Industry Working Group report, which highlighted that New Zealand's rate of genetic gain was falling behind other leading dairy nations. The OneBW team will continue to work through the complexities and technical challenges of the project during 2026/27.

➔ Find out more at dairynz.co.nz/ffae



DairyBase rebuild

DairyBase is New Zealand's largest and longest-running dairy benchmarking service, giving farmers and sector partners a trusted evidence base for business decisions, policy, advocacy and sector planning.

Unlike commercial tools, it is not subscription-based; it is funded through farmers' collective investment in DairyNZ via the Milksolids Levy. Its insights support DairyNZ's science, research and development work, contribute to sector statistics, and inform tools such as Econ Tracker and the farm financial forecast.

A platform upgrade is now underway to improve stability, simplify the user experience, refresh key features and enable future integration with sector partners and new data sources.

Due to launch in 2026/27, the refreshed service will make it easier for farmers to identify profit opportunities and track farm performance over time.

➔ Find out more at dairynz.co.nz/dairybase

Strong milk growth and careful stewardship provides future choices

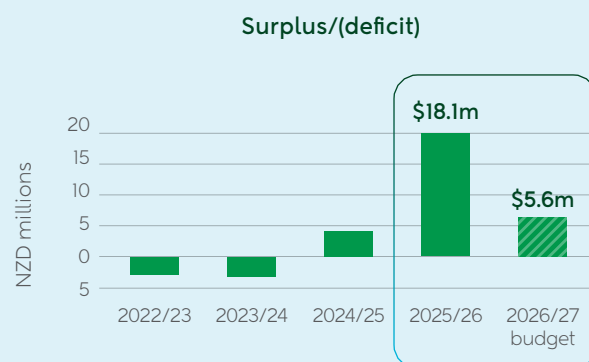
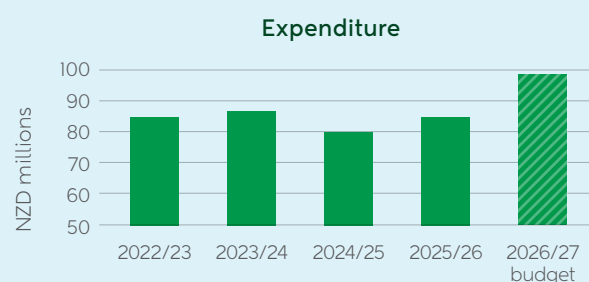
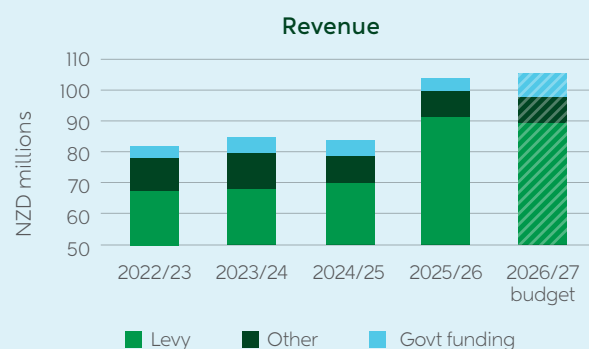
One year after the milksolids levy rate increased from 3.6 cents to 4.5 cents per kgMS, DairyNZ is in a stronger position to invest for the future.

Milksolids production increased 4.5% during 2025/26, contributing to a \$3.1 million increase in levy income and also supported the rebuilding of cash reserves.

Throughout the year, DairyNZ maintained disciplined financial management while continuing to invest in programmes and services that deliver value for farmers. While expenditure increased by \$5 million, spending remained focused on producing real results and positive outcomes for farmers, while reserves were rebuilt to the equivalent of three months' operating expenditure at the seasonal low point.

The resulting \$18.1 million surplus has strengthened DairyNZ's balance sheet and created greater flexibility for future investment. It will help fund a larger planned capital programme in 2026/27 of \$9.1 million, to upgrade deferred infrastructure at DairyNZ's research farms and continue improving and upgrading digital assets. As DairyNZ does not carry debt, operating surpluses are essential to fund capital investment that support farmers over the long term.

The strengthened financial position will also allow DairyNZ to fund the sector's \$3 million contribution to Responsible Dairy in 2026/27, while continuing investment across other priority areas already underway.



Cashflow from Operating and Investing Activities Trending	2022/23	2023/24	2024/25	2025/26
Operating Cashflow excluding biosecurity levies (M. bovis, NPMP)	(238)	1,308	4,098	19,143
Cash used for funding capital	(5,361)	(3,124)	(3,069)	(3,705)
Cash invested on term deposit to hold cash reserve levels (2-3 months of operating expenditure)	-	-	-	(20,000)
Net increase/(decrease) in cashflow	(5,599)	(1,816)	1,029	(4,562)

Looking ahead

Looking ahead to 2026/27, DairyNZ's income is expected to remain broadly consistent with 2025/26. Expenditure will increase as we complete new research, science and extension initiatives, including Responsible Dairy, and as Dairy Beef Opportunities enters its second year with activity increasing alongside programme partners.

The 2025/26 year has enabled us to invest in 2026/27 priorities, including infrastructure upgrades at Lye Farm and Scott Farm that we had needed to defer while cash reserves were rebuilt.

We are also continuing a significant programme to modernise ageing software and applications, including DairyBase and the Whole Farm Model. The Whole Farm Model underpins DairyNZ's farm systems science, helping inform the scope of farm-system trials before they move into the paddock, saving time and reducing research costs. It enables rigorous trial design, validation, scaling and national applicability at a fraction of the cost of physical farm-system trials. Over the past two decades this tool has supported more than \$70 million of science delivery. It also provides an economic and

environmental evidence base for national policy submissions. These upgrades will strengthen future use of artificial intelligence and help farmers access more personalised, integrated DairyNZ tools alongside wider sector platforms.

Budget for FY27	Millions \$
Milksolids levy	89.5
Govt funding	7.6
Other revenue	8.1
Total Revenue	105.2
Depreciation and amortisation	2.9
Employee costs	39.7
Third party research subcontracts	10.5
Operating costs	30.1
Sponsorships	1.9
TBfree	14.5
Total Expenditure	99.6
Surplus/(Deficit)	5.6

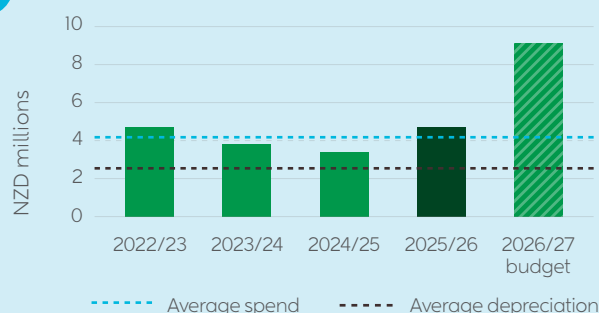
FY27 planned capital investment - \$9.1m

Utilises investment from our FY26 surplus and includes:

\$4.6m Software incl. OneBW, Whole Farm Model, DairyBase

\$1.6m
Research farm
infrastructure upgrade

\$0.4m
Livestock for Dairy
Beef Opportunities



Enabling new programme delivery

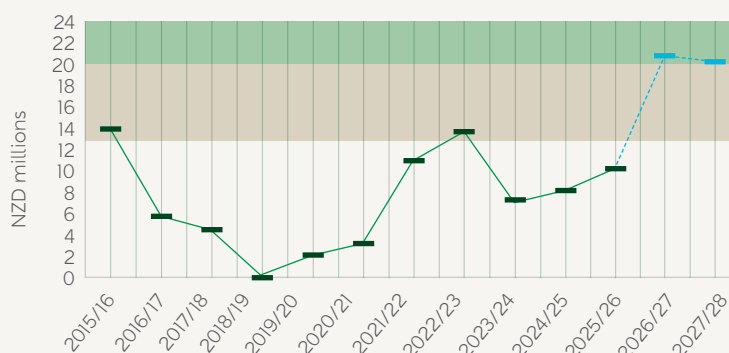
\$3.1m
Responsible Dairy

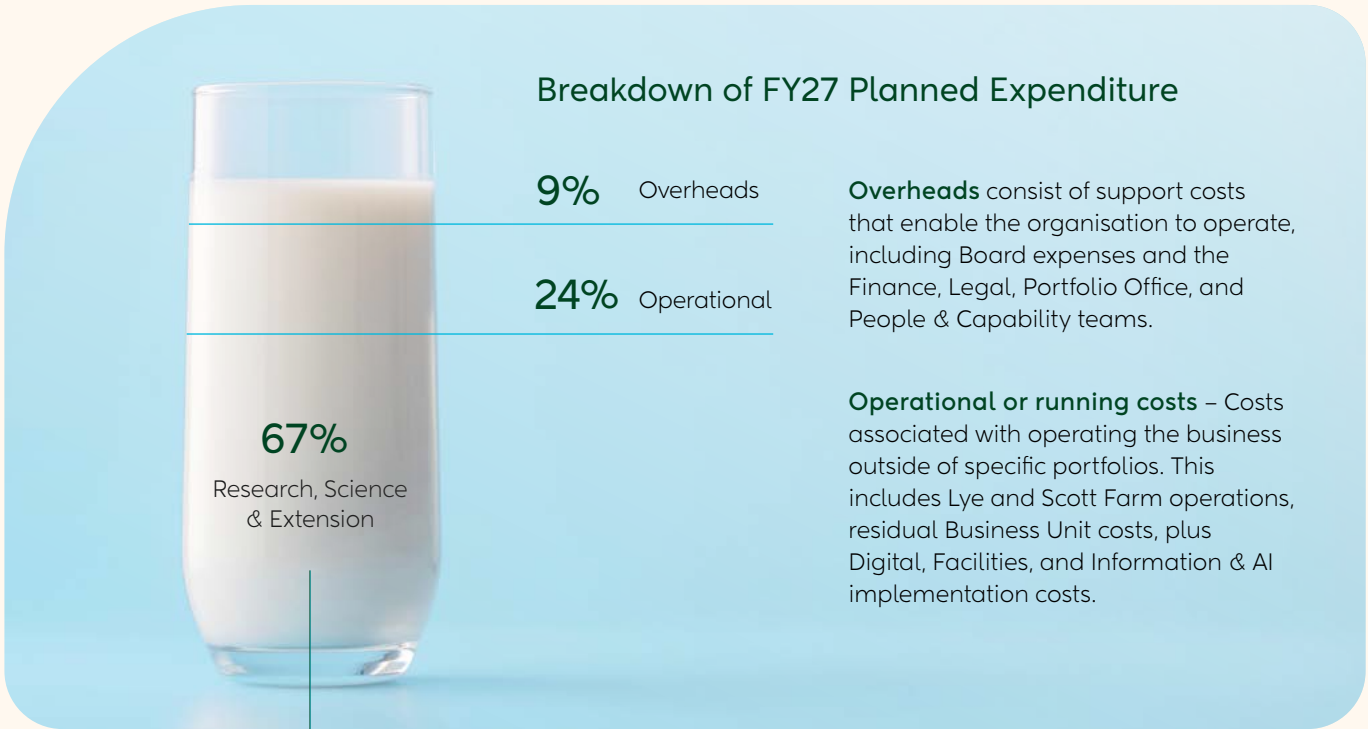
\$1.0m
Dairy Beef Opportunities

Building cash reserves

Target is 2-3 months of operating expenditure.

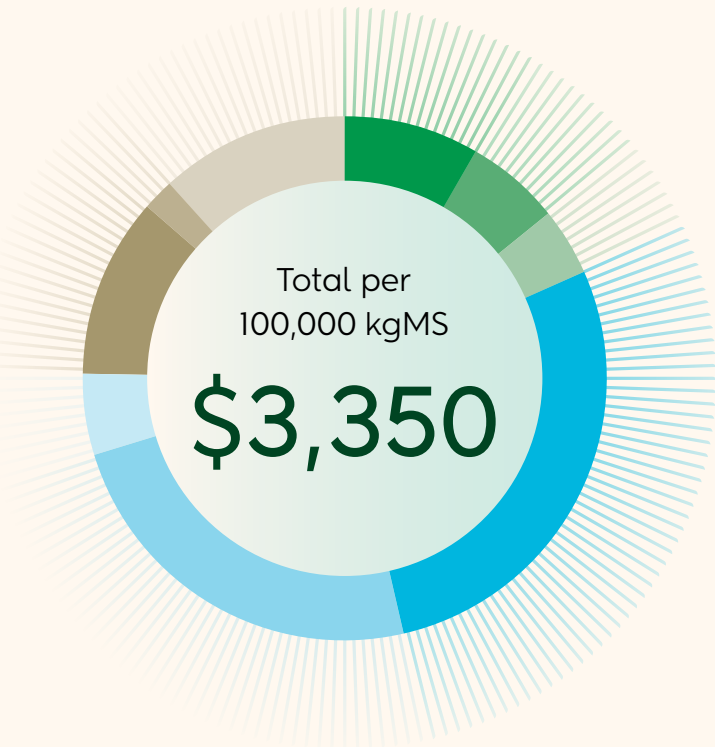
— Actual --- Budget
 >2 months of operating cash flow
 >3 months of operating cash flow





2027 levy investment (expenditure)

expressed as dollars per 100,000 kgMS



- 280

Genetic gain
Animal Evaluation, NBO and management of the Dairy Industry Good Animal Database
- 200

First in forage
Resilient Pastures, Forage Value Index, smart pasture systems
- 140

Power up our people
Extended lactation, Dairy Training, use of on-farm data to drive labour productivity improvement
- 940

Future farm systems
Farmer engagement activities including regional teams, marketing, and communications; Māori agribusiness; farm system research and demonstration; sponsorship of sector partners
- 800

Biosecurity systems
TBfree, FMD readiness
- 170

Economic insights
Economics and insights, DairyBase and Data science.
- 370

Water quality
Responsible Dairy, Plantain research, catchment programmes, freshwater science & policy
- 60

Greenhouse gases
Emissions4Pasture, Climate Smart Research, supplementary feeds research
- 390

Animal care
Animal welfare and heat stress research, Dairy Beef Opportunities

*Values shown are rounded to the nearest \$10.

Financial statements





Independent auditor's report

To the Members of DairyNZ Incorporated

Our opinion

In our opinion, the accompanying general purpose financial report of DairyNZ Incorporated (the Incorporated Society), including its subsidiaries (the Group), presents fairly, in all material respects:

- the financial position of the Group as at 31 May 2026, its financial performance, and its cash flows for the year then ended; and
- the service performance for the year ended 31 May 2026 in that the service performance information is appropriate and meaningful and prepared in accordance with the Incorporated Society's measurement bases or evaluation methods

in accordance with Public Benefit Entity Standards issued by the New Zealand Accounting Standards Board (the applicable financial reporting framework).

What we have audited

The general purpose financial report which comprises:

- The consolidated financial statements (the financial statements), including:
 - the consolidated statement of financial position as at 31 May 2026;
 - the consolidated statement of comprehensive revenue and expense for the year then ended;
 - the consolidated statement of changes in net assets/equity for the year then ended;
 - the consolidated statement of cash flows for the year then ended; and
 - the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.
- The statement of service performance (the service performance information) for the year ended 31 May 2026.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) and the audit of the service performance information in accordance with the ISAs (NZ) and New Zealand Auditing Standard 1 (Revised) *The Audit of Service Performance Information* (NZ AS 1 (Revised)). 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our Independence

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 (PES 1), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with PES 1.

The firm has no other relationship with, or interests in, the Group.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements, the service performance information and our auditor's report thereon. The other information we obtained prior to the date of this auditor's report comprised the statutory information. The remaining other information is expected to be made available to us after that date.

Our opinion on the general purpose financial report does not cover the other information, and we do not and will not express any form of audit opinion or assurance conclusion thereon.

PricewaterhouseCoopers, Corner Ward and Anglesea Streets,
PO Box 191, Hamilton 3240, New Zealand
T: +64 7 838 3838

In connection with our audit of the general purpose financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and service performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Responsibilities of the Directors for the general purpose financial report

The Directors are responsible, on behalf of the Incorporated Society, for the preparation and fair presentation of the general purpose financial report in accordance with the applicable financial reporting framework, and for such internal control as the Directors determine is necessary to enable the preparation of general purpose financial report that is free from material misstatement, whether due to fraud or error.

The Directors are also responsible, on behalf of the Incorporated Society, for the service performance information, including:

- the selection of elements/aspects of service performance, performance measures and/or descriptions and measurement bases or evaluation methods that present service performance information that is appropriate and meaningful in accordance with PBE FRS 48 Service Performance Reporting;
- the preparation and fair presentation of service performance information in accordance with the Incorporated Society's measurement bases or evaluation methods, in accordance with the applicable financial reporting framework; and
- the overall presentation, structure and content of the service performance information in accordance with the applicable financial reporting framework.

In preparing the general purpose financial report, the 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 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 general purpose financial report

Our objectives are to obtain reasonable assurance about whether the general purpose financial report, as a whole, is 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 economic decisions of users taken on the basis of this general purpose financial report.

A further description of our responsibilities for the audit of the general purpose financial report is located at the External Reporting Board'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 members, 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 Incorporated Society and the members, as a body, for our audit work, for this report or for the opinions we have formed.

The engagement partner on the audit resulting in this independent auditor's report is Matthew White.

For and on behalf of:



PricewaterhouseCoopers
20 August 2026

Hamilton

Statutory Information

For the year ended 31 May 2026

The Directors present the Annual Report along with the audited accounts for DairyNZ Incorporated (DairyNZ) and its subsidiary companies (the Group) for the year ended 31 May 2026.

1. Activities

DairyNZ’s main income is provided by the Commodity Levies (Milksolids) Order 2020, as well as the undertaking of dairy research, science and extension activities.

2. Results

The Group’s total comprehensive surplus for the year was \$18,704,000.

3. Disclosures

Pursuant to Clause 24.1(c) and 24.1(d) of the Rules of DairyNZ Incorporated and/or Section 211(l) of the Companies Act 1993, we disclose the following information:

Directors	DairyNZ Incorporated		Subsidiary
T. Brown	Director	Elected (Chair)	DairyNZ Ltd
C. Henderson	Director	Elected (Deputy Chair)	DairyNZ Ltd
D. Hunt	Director	Appointed	DairyNZ Ltd
C. Lewis	Director	Elected	DairyNZ Ltd
M. Macleod	Director	Appointed	DairyNZ Ltd
R. McIntyre	Director	Elected	DairyNZ Ltd
J. Rowarth	Director	Elected	DairyNZ Ltd
M. Todd	Director	Appointed	DairyNZ Ltd

Directors	Subsidiary & Associate Directorships
D. Burger	Dairy Insight (PGGR Consortia) Ltd
C. Parker	DairyNZ Accreditation Ltd, Dairy Training Ltd, New Zealand Animal Evaluation Ltd
R. Marsh	DairyNZ Accreditation Ltd, Dairy Insight (PGGR Consortia) Ltd
J. Jago	New Zealand Animal Evaluation Ltd
J. Murphy	Dairy Training Ltd
M. Todd	M. bovis Free New Zealand Ltd, National Animal Identification and Tracing (NAIT) Ltd, OSPRI New Zealand Ltd, SDH GP Ltd, TBfree New Zealand Ltd

Positions held in other dairy industry good entities		
D. Burger	Trustee	New Zealand Dairy Industry Awards
M. Neal	Director	Pastoral Greenhouse Gas Research Ltd

4. Changes during the financial year

B. Thorrold resigned as director of Dairy Insight (PGGR Consortia) Ltd 16 October 2025.
 D. Burger appointed as director of Dairy Insight (PGGR Consortia) Ltd 16 October 2025.
 J. Jago appointed as director of New Zealand Animal Evaluation Limited 31 March 2026.
 C. Parker appointed as director of New Zealand Animal Evaluation Limited 31 March 2026.
 H. Blair resigned as director of New Zealand Animal Evaluation Limited 31 March 2026.
 E. Coats resigned as director of New Zealand Animal Evaluation Limited 31 March 2026.
 S. Howse resigned as director of New Zealand Animal Evaluation Limited 31 March 2026.
 S. Montgomerie resigned as director of New Zealand Animal Evaluation Limited 31 March 2026.
 W. Reynolds resigned as director of New Zealand Animal Evaluation Limited 31 March 2026.

5. Changes after balance date

No changes have been made after balance date.

6. Directors' interest

A Directors' interest register is maintained. Director interests is included as an agenda item, including the review of the register at every board meeting.

7. Donations

There were no donations made in the current year.

Board and committee attendance

	Board	ARC	P&C
T. Brown	10	4	3
C. Henderson	10	-	3
D. Hunt	10	4	-
C. Lewis	10	3	-
M. Macleod	9	-	3
R. McIntyre	10	-	3
J. Rowarth	9	2	-
M. Todd	8	4	-
Total meetings	10	4	3

DairyNZ has two permanent Board Committees; the Audit and Risk Committee (ARC) and the People & Culture (P&C) Committee.

The Audit and Risk Committee assists the Board in fulfilling its governance responsibilities in relation to the Group's management of key strategic and operational risks, policies and procedures for managing and mitigating risks, financial reporting, audit activities, treasury matters, financial risk management and internal control frameworks.

The P&C Committee assists the Board in fulfilling governance responsibilities in relation to recruitment, retention, remuneration and development of directors, executives and other employees and to promote a safe and healthy working environment.

Directors remuneration paid during the period

Board of Directors	2026
T. Brown	101,167
C. Henderson	63,004
C. Lewis	53,214
M. Macleod	63,810
J. Rowarth	53,214
M. Todd	63,810
D. Hunt	53,226
R. McIntyre	53,226
	504,671
Directors of New Zealand Animal Evaluation Limited	
S. Howse	33,590
C. Henderson	17,005
E. Coats	16,795
H. Blair	15,000
S. Montgomerie	16,667
W. Reynolds	16,795
	115,852
	620,523

Employees remuneration

The following number of employees received (were paid) remuneration and other benefits (including redundancies) totalling more than \$100,000 during the year:

Salary Band	Number of Employees	
	2026	2025
100,000 - 110,000	30	30
110,000 - 120,000	26	18
120,000 - 130,000	16	14
130,000 - 140,000	21	25
140,000 - 150,000	13	19
150,000 - 160,000	14	9
160,000 - 170,000	9	8
170,000 - 180,000	8	6
180,000 - 190,000	7	9
190,000 - 200,000	6	4
200,000 - 210,000	2	-
210,000 - 220,000	5	4
220,000 - 230,000	5	4
230,000 - 240,000	2	5
240,000 - 250,000	1	-
260,000 - 270,000	2	-
280,000 - 290,000	-	2
290,000 - 300,000	1	1
320,000 - 330,000	-	1
340,000 - 350,000	1	-
360,000 - 370,000	1	-
380,000 - 390,000	-	2
400,000 - 410,000	1	-
560,000 - 570,000	-	1
570,000 - 580,000	1	-

Auditors remuneration

The following amounts were payable to the auditors of DairyNZ Incorporated and its subsidiaries:

In thousands of New Zealand dollars

	For audit work	For other services
PricewaterhouseCoopers (PwC)	140	-

Statement of Service Performance

For the year ended 31 May 2026

DairyNZ exists to progress a positive future for New Zealand dairy farming. DairyNZ has three strategic priorities being:

1. Drive productivity - Lock in as the world's most productive dairy farmers
2. Strengthen farm systems - Future-proof the way we farm
3. Compete on sustainability - Responsible dairy as a competitive advantage

Supported by focus on these three strategic priorities, DairyNZ's vision is to make the levy the best investment of every New Zealand dairy farmer.

Performance measures

It should be noted that measures reported in the Statement of Service Performance must be auditable and verifiable. Outcomes that arise from long term strategic objectives may not necessarily translate to annual auditable measures.

The performance measures DairyNZ is presenting below have been grouped under two areas:

a) Our Farmers - putting our relationship and engagement with levy payers at the heart of our business.

b) Our Investment (Expenditure) - demonstrating levy investment (expenditure) against our strategic priorities for dairy farmers and the sector.

Our Farmers

These measures assess the quality and value that farmers (our levy payers) consider DairyNZ provides to them and the dairy industry based on the criteria of being auditable and verifiable.

DairyNZ conducts a quarterly farmer perception survey. This is completed in March, June, September and December to quantify these measures. Quarterly surveys are carried out by an independent third party using established methodology and selection criteria. A different subset of the farmer population is selected for each survey. The 2026 and 2025 actual metrics are from the farmer perception survey completed in March of each year being the month closest to DairyNZ's balance date.

DairyNZ voluntarily chooses to disclose and publish the following year's targets in advance of reporting performance outcomes, demonstrating its commitment to transparency. The targets for 2027 remain unchanged from 2026, recognising that they are still ambitious and were not achieved in FY26, DairyNZ's strategic intent is to meet these targets.

Farmer Metrics (our levy payers)	2027 Target	2026 Target	2026 Actual	2025 Actual
% of Levy Payers who agree that DairyNZ is critical to the future success of the sector <i>- measured as % of farmers who scored 6 or above out of a possible score 1-10</i>	70%	70%	66%	57%
% of Levy Payers who would vote "Continued" if the Levy Vote were held today <i>- measured as an average percentage</i>	80%	80%	75%	69%
DairyNZ Farmer Events – Levy Payer NPS * <i>- measured by the proportion of promoters vs proportion of detractors for DairyNZ events, from post-event surveys</i>	30	30	26	15
% of levy payers agree my DairyNZ levy has been invested to deliver value to New Zealand dairy farmers over the last year (new measure and goal added in FY25) <i>- measured as % of farmers who scored 6 or above out of a possible score 1-10</i>	60%	60%	59%	48%

Net Promoter Score (NPS)*

* Net Promoter Score (NPS) is a widely used metric that measures customer satisfaction and loyalty by asking: "How likely are you to recommend our service to a colleague or peer?" Respondents score on a scale of 0-10 and are categorised as Promoters (9-10), Passives (7-8), or Detractors (0-6). The score is calculated by subtracting the percentage of Detractors from the percentage of Promoters, resulting in a score between -100 and +100.

In 2026, DairyNZ achieved an 11-point increase in farmer satisfaction with the events it delivered, reflecting continued improvement in the quality and relevance of its event offering. In response to farmer feedback, DairyNZ refined its approach, providing a broader mix of discussion groups in favour of larger forums.

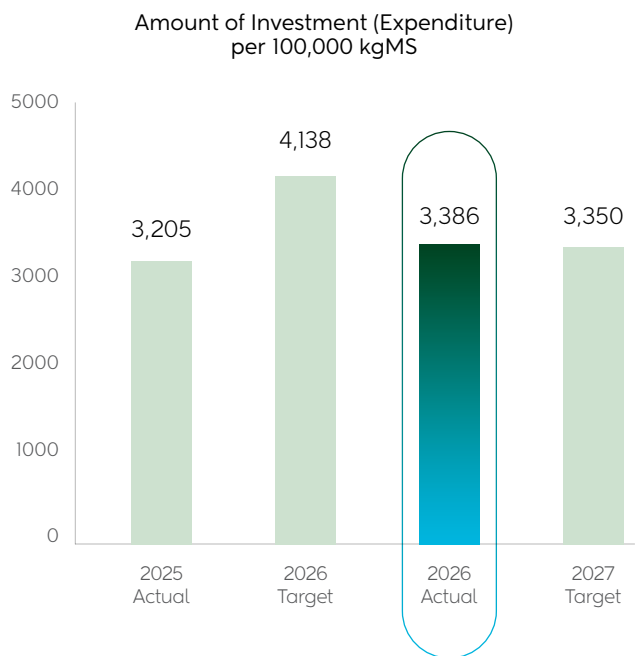
Our most recent Farmer Perception Survey was carried out between 23 March and 6 May 2026, with the start of the survey period delayed to allow the full Levy Vote process to take place. While acknowledging the close timing between the 2026 levy vote and the Farmer Perception Survey, overall the 2026 actual results demonstrate meaningful and consistent improvement across all four farmer metrics compared to 2025. Value of levy investment increased to 59%, an improvement of 11 percentage points, and the levy vote result is up 6 percentage points to 75%, the highest level since 2021. DairyNZ has listened and will continue to listen to farmer voice focusing effort and investment against our three strategic priorities to make the levy the best investment of every dairy farmer.

Our Investment (Expenditure)

DairyNZ is responsible for investing and utilising levy funds, along with government and commercial co-funding, to achieve dairy industry good outcomes that are documented in the Rules of DairyNZ and the Commodity Levy (Milksolids) Order (2020 and 2026). DairyNZ seeks to align investment and resources against its three strategic priorities grouped and displayed across our nine work programmes (three work programmes per priority).

Expenditure directly attributable to DairyNZ's strategic programmes - undertaken by our scientists, regional farmer facing and policy teams, and the levy investment into TBfree - is presented as dollars per 100,000 kg of milksolids. This shows the relative investment across the work portfolio in a base measure on which the levy is calculated for each dairy farmer. The 2027 targets are based on the Board-approved expenditure budget. Overheads and operational expenditure not directly related to these programmes have not been allocated.

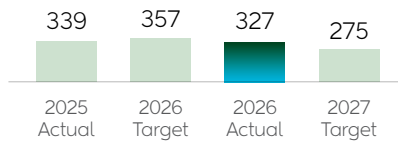
2026 actual expenditure was lower than target. Key co-funded initiatives - Dairy Beef Opportunities (animal care) and Resilient Pastures (first in forage) - were planned to begin earlier in FY26, but contracting with MPI and co-funding partners took longer than expected. Future farm systems expenditure was also below target due to a number of staff vacancies. In response to farmer feedback, we adjusted our delivery model by bringing back discussion groups and running fewer large events, which also contributed to the underspend. Despite being below target, 2026 expenditure exceeded 2025 levels. The main driver was investment in replacing DairyNZ's farmer relationship management software, which tracks on-farm interactions. This project is ongoing into FY27.



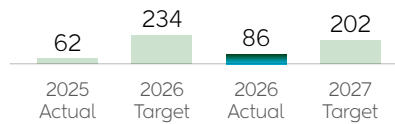


Drive productivity

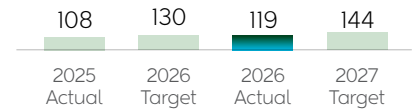
Genetic gain



First in forage

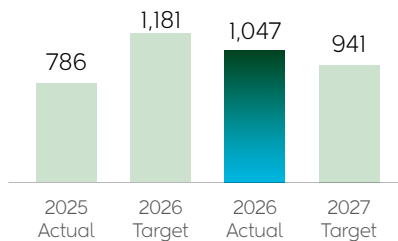


Power up our people

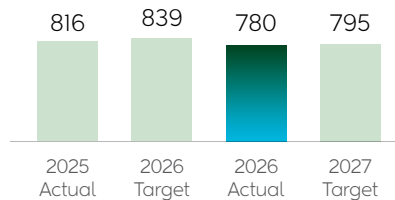


Strengthen farm systems

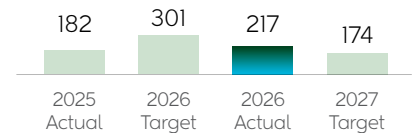
Future farm systems



Biosecurity systems (includes TBfree levy passed on to OSPRI)

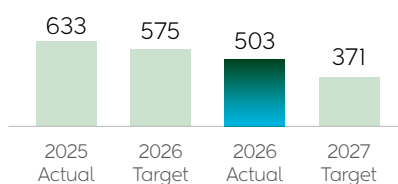


Economic insights

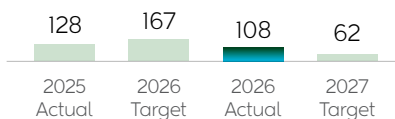


Compete on sustainability

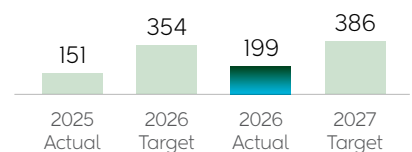
Water quality



Greenhouse gases



Animal care



	2027 Target	2026 Target	2026 Actual	2025 Actual
Percentage of non-levy income generated by DairyNZ	15%	15%	12%	17%
Tax credit received for research and science undertaken	N/A	\$306k	\$172k	\$305k

DairyNZ partners with Government, Crown Research Institutes, and commercial organisations to supplement levy income and reduce duplication in science across the dairy sector. Non-levy income was lower than the prior year for two reasons: contracting for key co-funded initiatives (Dairy Beef Opportunities and Resilient Pastures) was concluded later than anticipated, and other initiatives such as Jobs for Nature reached completion. The research tax credit decreased from 2025 due to project ineligibility (primary growth fund projects) and pipeline timing. From FY27, this tax credit will no longer be reported as it does not indicate service performance for the sector.

Consolidated Statement of Comprehensive Revenue and Expense

For the year ended 31 May 2026

In thousands of New Zealand dollars

	Note	2026	2025
Revenue			
Non-exchange revenue			
Milksolids levy	3	91,202	69,808
Revenue from other non-exchange transactions	3	3,883	4,808
Exchange revenue			
Revenue from exchange transactions	3	7,793	8,764
Interest		646	806
Total revenue		103,524	84,186
Expenses			
Depreciation and amortisation	10, 11	(2,699)	(2,725)
Employee costs	4	(35,065)	(33,662)
Operating costs	5, 6	(26,659)	(24,602)
Science third party sub-contracts		(6,478)	(4,991)
TBfree	3	(14,500)	(14,500)
Total expenses		(85,401)	(80,480)
Surplus/(deficit) for the period		18,123	3,706
Other comprehensive revenue and expense			
Net change in fair value of financial assets		581	615
Other comprehensive revenue and expense for the period		581	615
Total comprehensive revenue and expense for the period		18,704	4,321

Consolidated Statement of Changes in Net Assets/Equity

For the year ended 31 May 2026

In thousands of New Zealand dollars

	Contributions received	Investment fair value reserve	Retained earnings	Total equity
Balance as at 1 June 2024	33,783	280	16,810	50,873
Surplus/(deficit) for the period	-	-	3,706	3,706
Net change in fair value of financial assets at fair value through other comprehensive revenue and expense	-	615	-	615
Total comprehensive revenue and expense for the period	-	615	3,706	4,321
Balance as at 31 May 2025	33,783	895	20,516	55,194
Balance as at 1 June 2025	33,783	895	20,516	55,194
Surplus/(deficit) for the period	-	-	18,123	18,123
Net change in fair value of financial assets at fair value through other comprehensive revenue and expense	-	581	-	581
Total comprehensive revenue and expense for the period	-	581	18,123	18,704
Balance as at 31 May 2026	33,783	1,476	38,639	73,898

Consolidated Statement of Financial Position

As at 31 May 2026

In thousands of New Zealand dollars

	Note	2026	2025
Assets			
Current assets			
Cash and cash equivalents	7	35,419	39,973
Short-term investments	8	20,043	-
Trade and other non-exchange receivables	9	7,046	6,938
Trade and other exchange receivables	9	2,655	1,883
Inventories		139	128
Total current assets		65,302	48,922
Non-current assets			
Property, plant & equipment	10	21,254	21,930
Intangible assets	11	8,603	5,988
Biological assets - livestock	12	2,230	1,606
Investment in joint ventures and associates	18	4,030	3,713
Other investments	13	1,574	1,631
Total non-current assets		37,691	34,868
Total assets		102,993	83,790
Liabilities			
Current liabilities			
Trade and other payables	14	24,382	24,890
Deferred income		908	139
Employee entitlements	15	3,584	3,022
Total current liabilities		28,874	28,051
Non-current liabilities			
Employee entitlements	15	221	545
Total non-current liabilities		221	545
Total liabilities		29,095	28,596
Members' funds	16		
Contributions received		33,783	33,783
Investment fair value reserve		1,476	895
Retained earnings		38,639	20,516
Total members' funds		73,898	55,194
Total members' funds and liabilities		102,993	83,790

Signed for and on behalf of the Board who authorised the issue of the Financial Statements on 19 August 2026.



Tracy Brown
Chair



M Todd
Chair - Audit & Risk Committee

Consolidated Statement of Cashflows

For the year ended 31 May 2026

In thousands of New Zealand dollars

	Note	2026	2025
Cash flows from operating activities			
Receipts			
Milksolids levy		90,473	69,180
Biosecurity Response levy	19	364	12,322
OSPRI M. bovis National Pest Management Plan levy	19	11,010	5,629
Interest		511	896
Dividends		242	199
Other revenue		10,404	12,431
Payments			
Employee costs		(34,827)	(33,931)
Supplier payments		(48,596)	(44,677)
Biosecurity Response levy	19	(355)	(806)
OSPRI M. bovis National Pest Management Plan levy	19	(10,074)	(5,629)
Net cash flows from operating activities		19,152	15,614
Cash flows from investing activities			
Receipts			
Sale of biological assets		311	282
Sale of property, plant & equipment		43	196
Sale of investments		638	-
Payments			
Placement of short-term investment		(20,000)	-
Purchase of property, plant & equipment and intangibles		(4,664)	(3,383)
Purchase of biological assets		(33)	(164)
Net cash flows from investing activities		(23,705)	(3,069)
Net increase/(decrease) in cash and cash equivalents		(4,554)	12,545
Cash and cash equivalents at beginning of period		39,973	27,428
Cash and cash equivalents at end of period	7	35,419	39,973

Notes to the Financial Statements

For the year ended 31 May 2026

Accounting policies

1. Reporting entity

DairyNZ Incorporated ("DairyNZ") is an incorporated society registered in New Zealand under the Incorporated Societies Act 2022. DairyNZ's registered office is at the corner of Ruakura Road and Morrinsville Road, Hamilton.

DairyNZ promotes or funds the provision of industry good activities to provide benefits to the dairy industry. Accordingly, DairyNZ has designated itself as a public benefit entity for the purpose of financial reporting.

The consolidated financial statements of DairyNZ as at, and for the year ended 31 May 2026 comprise of DairyNZ Incorporated and its subsidiaries (together referred to as the "Group") and the Group's interests in associates and jointly controlled entities. The financial statements have been prepared in accordance with the Financial Reporting Act 2013.

2. Basis of preparation

a) Statement of compliance

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP").

The financial statements comply with Public Benefit Entity Standards (PBE Standards), as appropriate for Tier 1 not-for-profit public benefit entities.

The accounting policies set out in the relevant notes have been applied consistently to all Group entities.

b) Basis of measurement

The measurement base applied is historical cost adjusted for revaluation of assets (investments).

c) Going concern

The financial statements have been prepared on a going concern basis. The Commodity Levies (Milksolids) Order 2020, made by Order in Council on 3 August 2020, came into force on 1 December 2020 and expires on 30 November 2026. A levy payer vote was held between 16 February and 13 March 2026, with the outcome supporting the continuation of DairyNZ. The new Order has been enacted effective 1 December 2026. On this basis, DairyNZ is expected to continue operating as a going concern.

d) Functional and presentation currency

The financial statements are presented in thousands of New Zealand dollars, which is DairyNZ's functional currency.

e) Use of estimates and judgements

Estimates and judgements are made by management in applying the Group's accounting policies.

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

f) GST

The financial statements are prepared exclusive of GST with the exception of receivables and payables which are stated inclusive of GST.

g) Income tax

Income derived from DairyNZ Incorporated and subsidiaries (excluding DairyNZ Limited) is exempt income under Section CW51 of the Income Tax Act 2007.

Dairy Training Limited is fully exempt from income tax as it is registered as a charity under the Charities Act.

Income derived from DairyNZ Limited has been granted exemption in accordance with Section CW49 (1) of the Income Tax Act 2007.

3. Revenue

Revenue is recognised and measured at the fair value of consideration received or receivable to the extent it is probable that the economic benefits will flow to the Group and the amount of revenue can be reliably measured.

The following specific recognition criteria in relation to the Group's revenue streams must also be met before revenue is recognised.

Revenue from exchange transactions

Exchange transactions are transactions in which one entity receives assets or services or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services or use of assets) to another entity in exchange.

Revenue from exchange transactions is recognised with reference to the following PBE Standards:

- PBE IPSAS 9.19 - Revenue from rendering of services is recognised in reference to the stage of completion of the work performed.
- PBE IPSAS 1.99 - Interest income is recognised as it is earned using the effective interest rate method.

Other revenue includes dividends, gain on disposal of assets, R&D tax credits, reimbursements and rental income.

In thousands of New Zealand dollars

Revenue from exchange transactions	2026	2025
Research commercial revenue	2,562	3,358
Research farm revenue	3,294	2,740
Dairy Training Limited course revenue	651	1,171
Other revenue	1,286	1,495
Total revenue from exchange transactions	7,793	8,764

Revenue from non-exchange transactions

Non-exchange transactions arise when an entity receives value from another entity without giving approximately equal value in exchange.

Revenue from non-exchange transactions is recognised with reference to the following PBE standard:

- PBE IPSAS 23.7 - Non-exchange transactions are those where the group receives value from another entity without giving approximately equal value in exchange.

a) Milksolids levy

DairyNZ has the ability to raise a levy from levy payers under the Commodities Levies (Milksolids) Order 2020. Levy revenue is calculated and recognised based on the quantity in kilograms of milksolids sold to the collection agent each month by the levy payer at 4.5 cents per kilogram of milksolids. Of this, \$14.5 million is passed through to TBfree New Zealand Ltd for the TB eradication programme. Under the Commodities Levies (Milksolids) Order 2020, DairyNZ may increase the levy rate after consulting with dairy farmers. Consultation was undertaken with dairy farmers in 2025 prior to the 2025/26 dairy season. After considering consultation feedback and DairyNZ's financial position, the Board approved an increase in the levy rate from 3.6 cents to 4.5 cents per kilogram of milksolids, effective 1 June 2025.

b) Other funding

Inflow of resources from government grants, funding and taxes is recognised as revenue in the period for which the funding received is utilised. Funds that are not utilised as stipulated are either returned, resulting in the recognition of a non-exchange liability or recognised as income in advance to be utilised over future periods.

In thousands of New Zealand dollars

	2026	2025
Milksolids levy		
Fonterra Co-operative Group Limited	70,684	54,327
Open Country Dairy Limited	8,913	6,662
Synlait Milk Limited	3,873	3,017
Westland Dairy Company Limited	2,775	2,121
Olam Food Ingredients New Zealand Limited	1,223	842
Miraka Limited	1,122	809
Oceania Dairy Limited	1,080	836
The Tatua Co-operative Dairy Company Limited	731	560
Mataura Valley Milk Limited	499	395
Other dairy companies	302	239
Total milksolids levy	91,202	69,808
Other funding		
MPI research funding	2,373	2,090
MBIE research funding	1,010	1,411
Other non-exchange revenue	500	1,307
Total other funding	3,883	4,808
Total revenue from non-exchange transactions	95,085	74,616

4. Employee costs

Expenses include the following items:

In thousands of New Zealand dollars

	2026	2025
Employee costs		
Salary and wages - research and science	12,642	12,808
Salary and wages - other	21,915	19,863
Other staff costs	508	991
Total employee costs	35,065	33,662

5. Operating costs

Expenses include the following items:

In thousands of New Zealand dollars

	2026	2025
Operating costs		
Commodity levy collection fee	456	351
External audit fees - PwC	140	135
Agreed-upon procedures - other firms	20	13
Legal fees	597	417
Property costs	2,035	1,798
Research farm expenses	945	927
Sponsorships	1,831	1,853
Travel	1,435	1,243
Vehicle costs	1,407	1,068
Board and governance costs		
Directors' fees (including directors of subsidiaries and associates)	662	705
Directors' and governance expenses	400	295

Board and governance costs

Directors and governance expenses include the costs of director recruitment, travel, and governance activities associated with the Annual General Meeting, including director elections and the distribution of annual accounts to levy payers.

The prior year comparative has been reclassified to include costs relating to director elections and the distribution of annual accounts. The FY26 costs are higher reflecting increased director travel for levy vote and Board training and development.

Research and development

Research and development costs are expensed when incurred. Expenditure on research activities is undertaken with the prospect of gaining new scientific or technical knowledge and understanding.

The Group's total research and development costs for the period were \$35.5 million (2025, \$40.2 million).

External audit fees - PricewaterhouseCoopers

In thousands of New Zealand dollars

	2026	2025
Audit of the DairyNZ Group general purpose financial report	129	125
Audit of the Dairy Training Limited performance report	11	10
Total fees	140	135

No fees were incurred for other services provided by PricewaterhouseCoopers during the current or comparative reporting periods.

6. Impairments

This note provides information on the Group's assessment of impairment for continuing operations. An impairment is recognised when the carrying amount of an asset exceeds its recoverable amount, or when the future economic benefits or service potential of the asset are no longer probable. No impairments have been recognised in the current financial year.

The impairments recognised in the Statement of Comprehensive Revenue and Expense are presented in the following table:

In thousands of New Zealand dollars

	Note	2026	2025
Investment in PGgRc impairment	17	-	186
Investment in Southern Dairy Hub impairment	17	-	131
Total impairment		-	317

7. Cash and cash equivalents

Cash and cash equivalents are cash balances that are short term in nature for the purposes of the Consolidated statement of cash flows, and are classified as financial assets at amortised costs. Term deposits with a maturity greater than 90 days at acquisition but less than 12 months after balance date are classified as short term investments.

In thousands of New Zealand dollars

	Note	2026	2025
Bank balances		20,221	23,394
Biosecurity levy bank balance	19	15,198	15,179
Short-term deposit		-	1,400
Cash and cash equivalents		35,419	39,973

The Biosecurity levy bank balance is not available for use by DairyNZ and is currently restricted to M. bovis compensation costs. Refer to Note 19 for further detail on the Biosecurity Response levy. DairyNZ is working with government to determine how the levy can be accessed to support both response and readiness activities for the benefit of dairy farmers.

Sensitivity analysis

In managing cash flows, DairyNZ aims to reduce the impact of short-term fluctuations on earnings by investing in short term deposits. Over the longer term, however, permanent changes in interest rates will have an impact on profit. A reduction of 1% in interest rates would reduce interest revenue by \$253,466 (2025, \$184,758). Cash deposits made on DairyNZ's behalf are made only with New Zealand registered banks with an appropriate credit rating.

8. Short-term investments

Short-term investments comprise of term deposits which have a maturity date greater than 90 days at acquisition but less than 12 months after balance date and therefore, do not fall into the category of cash and cash equivalents.

In thousands of New Zealand dollars

	2026			2025		
	Balance	Maturity date	Interest rate	Balance	Maturity date	Interest rate
Short-term deposit	5,043	2/06/2026	3.45%	-	-	-
Short-term deposit	5,000	16/07/2026	3.50%	-	-	-
Short-term deposit	10,000	24/10/2026	3.60%	-	-	-
	20,043			-	-	-
Average effective interest rate			1.76%			

9. Trade and other exchange or non-exchange receivables

In thousands of New Zealand dollars

Non-exchange transactions	2026	2025
Milksolids levy receivable	5,018	4,289
Biosecurity Response levy receivable	-	9
OSPRI M. bovis National Pest Management Plan levy receivable	448	946
Other trade receivables	1,580	1,694
Total non-exchange receivables	7,046	6,938

Exchange transactions	2026	2025
Trade receivables	1,230	1,091
Trade receivables due from related parties	190	445
Prepayments	1,134	338
Accrued interest	101	9
Total exchange receivables	2,655	1,883

10. Property, plant and equipment

In thousands of New Zealand dollars

	Land & Buildings	Leasehold Improvements & Farm Development	Plant, Vehicles & Equipment	Capital Work in Progress	Total
For the year ended 31 May 2026					
Cost					
Opening balance	26,526	4,062	15,041	100	45,729
Additions	44	41	899	101	1,085
Transfer from WIP	-	37	63	(100)	-
Disposals	(531)	(606)	(5,447)	-	(6,584)
Balance at 31 May 2026	26,039	3,534	10,556	101	40,230
Accumulated depreciation and impairment					
Opening balance	10,455	2,122	11,222	-	23,799
Depreciation	550	244	936	-	1,730
Impairment	-	-	-	-	-
Disposals	(526)	(580)	(5,447)	-	(6,553)
Balance at 31 May 2026	10,479	1,786	6,711	-	18,976
Net book value as at 31 May 2026	15,560	1,748	3,845	101	21,254
For the year ended 31 May 2025					
Cost					
Opening balance	26,515	3,882	13,506	51	43,954
Additions	11	180	2,054	100	2,345
Transfer from WIP	-	-	51	(51)	-
Disposals	-	-	(570)	-	(570)
Balance at 31 May 2025	26,526	4,062	15,041	100	45,729
Accumulated depreciation and impairment					
Opening balance	9,841	1,885	10,887	-	22,613
Depreciation	614	237	874	-	1,725
Impairment	-	-	-	-	-
Disposals	-	-	(539)	-	(539)
Balance at 31 May 2025	10,455	2,122	11,222	-	23,799
Net book value as at 31 May 2025	16,071	1,940	3,819	100	21,930

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Depreciation

Depreciation is calculated on a straight-line basis on all property, plant, vehicles and equipment over their useful lives. The estimated useful lives are as follows:

- Buildings - 10-50 years
- Leasehold improvements - Lease term
- Farm development - 5-20 years
- Plant, vehicles and equipment - 2-10 years

Land

Land is valued at cost.

11. Intangible assets

In thousands of New Zealand dollars

	Intangible Assets	Capital Work in Progress	Total
For the year ended 31 May 2026			
Cost			
Balance at 1 June 2025	14,618	1,629	16,247
Additions	-	3,585	3,585
Transfer from WIP	71	(71)	-
Disposals	(3,012)	-	(3,012)
Balance at 31 May 2026	11,677	5,143	16,820
Accumulated amortisation and impairment			
Balance at 1 June 2025	10,259	-	10,259
Amortisation for the year	969	-	969
Impairment	-	-	-
Disposals	(3,011)	-	(3,011)
Balance at 31 May 2026	8,217	-	8,217
Net book value as at 31 May 2026	3,460	5,143	8,603
For the year ended 31 May 2025			
Cost			
Balance at 1 June 2024	12,281	2,927	15,208
Additions	188	851	1,039
Transfer from WIP	2,149	(2,149)	-
Disposals	-	-	-
Balance at 31 May 2025	14,618	1,629	16,247
Accumulated amortisation and impairment			
Balance at 1 June 2024	9,259	-	9,259
Amortisation for the year	1,000	-	1,000
Impairment	-	-	-
Disposals	-	-	-
Balance at 31 May 2025	10,259	-	10,259
Net book value as at 31 May 2025	4,359	1,629	5,988

Intangible assets

Costs associated with researching or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Group and that are probable to generate economic benefits exceeding costs beyond one year, are recognised as intangible assets.

Costs include the employee costs incurred as a result of developing software and an appropriate portion of relevant overheads. Software development costs recognised as assets are amortised over their estimated useful lives, between 2 to 7 years. The amortisation period and amortisation method is reviewed at each financial year-end.

12. Biological assets

In thousands of New Zealand dollars

	2026	2025
Balance at 1 June	1,606	1,310
Increases due to purchases	29	164
Increases due to natural increases	286	200
Decreases due to sales	(311)	(282)
Change in fair value	620	214
Balance at 31 May	2,230	1,606
Number of livestock held at 31 May	804	832

Biological assets are livestock (dairy cows) held by the Group and are measured at fair value less point-of-sale costs.

Point-of-sale costs include all costs that would be necessary to sell the livestock. PGG Wrightson determined the fair value of dairy cows at 31 May 2026 (2025: PGG Wrightson). The fair value of livestock is based on the market price of livestock of similar age, breed and genetic make-up less point-of-sale costs.

13. Other investments

In thousands of New Zealand dollars

	2026	2025
Financial assets held at fair value through Other Comprehensive Revenue and Expense	1,574	1,631
Balance at 31 May	1,574	1,631

Financial assets consist of shares held with Fonterra Co-operative Group Limited, Livestock Improvement Corporation, and Ballance Agri-Nutrients Limited. Shares are held as a consequence of research farm business operations and are not held for trading.

In accordance with PBE IPSAS 41, any gain or loss arising from a financial asset or financial liability measured at fair value shall be recorded in the surplus or deficit, except when it pertains to an investment in an equity instrument.

DairyNZ has elected to present gains and losses on this investment through Other Comprehensive Revenue and Expense, as permitted by Paragraph 106. This election, made at the initial recognition, is irrevocable and applies to subsequent changes in the fair value of the equity instrument investment, which falls within the scope of this standard and is not held for trading or contingent consideration recognised by an acquirer in a PBE combination subject to PBE IPSAS 40. The amounts presented in Other Comprehensive Revenue and Expense shall not be subsequently transferred to surplus or deficit.

14. Trade and other payables

In thousands of New Zealand dollars

	2026	2025
Trade payables	5,883	5,049
Trade payables due to related parties	139	1,516
Biosecurity Response levy payable	15,198	15,053
OSPRI M. bovis National Pest Management Plan levy payable	438	822
Non-trade payables and accrued expenses	2,724	2,450
Balance at 31 May	24,382	24,890

Recognition and measurement

Trade payables are recognised at cost when the company becomes obliged to make future payments resulting from the purchase of goods and services.

15. Employee entitlements

In thousands of New Zealand dollars

	2026	2025
Short-term employee benefits	3,584	3,022
Long-term employee benefits	221	545
Balance at 31 May	3,805	3,567

The provision for employee entitlement relates to annual leave, long service leave, sick leave and retirement allowances.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is 4.52% which was the 10-year government bond rate as at 31 May 2026. The calculation is performed using the projected unit credit method. Any actuarial gains or losses are recognised in the consolidated statement of comprehensive revenue and expense in the period in which they arise.

16. Members' funds

DairyNZ members' funds comprise retained earnings, fair value reserves and contributions received. Equity is represented by net assets.

The fair value reserve comprises the cumulative net change in the fair value of investments. The Group is not subject to any externally imposed capital requirements and its policies in respect of capital management and allocation are reviewed regularly by the Directors. There have been no material changes in the Group's management of capital during the period.

17. Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Benefits from activities may be both of a financial and non-financial nature. Benefits of a non-financial nature could be if those benefits are meeting the Group's social objectives. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group has the following subsidiaries:

Name	Principal activity	Balance date	Percentage held	
			2026	2025
DairyNZ Limited	Dairy industry research, development and extension	31 May	100%	100%
Dairy Training Limited	Dairy industry training	31 May	100%	100%
New Zealand Animal Evaluation Limited	Maintenance of a national breeding index	31 May	100%	100%
Dairy Insight (PGGR Consortia) Limited	Holding company in a greenhouse gas emission research consortium	31 May	100%	100%
DairyNZ Accreditation Limited	Accreditation of dairy industry services	31 May	100%	100%

Transactions eliminated on consolidation

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

18. Joint ventures and associates

Joint ventures

Joint ventures are a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Investments in joint ventures are accounted for using the equity method and are recognised initially at cost.

Joint venture	Principal activity	Balance date	Value of investment held (\$'000)		Percentage held	
			2026	2025	2026	2025
Pastoral Greenhouse Gas Research Consortium (PGgRc)	Greenhouse gas emissions research	30 June	6	23	26.62%	23.62%

Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Investments in associates are accounted for using the equity method and are recognised initially at cost. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity accounted investees.

Associate	Principal activity	Balance date	Value of investment held (\$'000)		Percentage held	
			2026	2025	2026	2025
Southern Dairy Hub Limited Partnership	Dairy research farm	31 May	4,024	3,690	37.5%	37.5%
OSPRI Limited	Manages national animal identification and tracing (NAIT), M. bovis Free and TBfree programmes	30 June	-	-	45.5%	45.5%

OSPRI Limited is not equity accounted as it is a charitable entity - registration number CC49247. DairyNZ will not receive any future tangible financial benefit from OSPRI Limited or be entitled to any distributions on winding up.

The summarised financial information for Southern Dairy Hub Limited Partnership is presented based on the draft 31 May 2026 financial statements, which is the most recently available financial information at the time of issuing the financial report.

In thousands of New Zealand dollars

Southern Dairy Hub LP		
	2026	2025
Revenue	4,270	4,564
Expenses	(3,252)	(3,877)
Net profit/(loss)	1,018	687
Assets		
Current assets	4,356	3,206
Non-current assets	14,113	14,450
Total assets	18,469	17,656
Liabilities		
Current liabilities	(432)	(366)
Non-current liabilities	(7,306)	(7,449)
Total liabilities	(7,738)	(7,815)
Net assets	10,731	9,841

19. Biosecurity Response Levy

The Biosecurity Response Levy, established under the Biosecurity (Response – Milksolids Levy) Order 2019, funded the *Mycoplasma bovis* (M. bovis) disease eradication programme. It is separate from the Milksolids Levy which DairyNZ invests on farmers' behalf. The Biosecurity Response Levy was zero-rated on 31 December 2024 when funding transitioned to the OSPRI managed M. bovis National Pest Management Plan Levy.

The balance of the Biosecurity Levy is held to cover M. bovis compensation costs from events before 31 December 2024, with claims accepted until 31 December 2025 and payments through to December 2026. As of 31 May 2026, the balance for the compensation payments was \$15,198,221. Given the programme's success, not all funds are expected to be required for compensation.

DairyNZ is working with government to expand the levy to include biosecurity readiness, currently funded through the Milksolids Levy. In late 2025, DairyNZ levy payers supported this change. The application to amend the levy has been approved by the Minister and changes are being drafted. They are expected to take effect in early 2027. This change will enable remaining funds to support both readiness and response, strengthening on-farm protection, supporting GIA (Government Industry Agreements) commitments, and moving toward a more integrated, sustainably funded biosecurity system.

20. Risks

Exposure to currency, interest rate and credit risk arises in the normal course of the Group's business.

Credit risk

Credit risk is the risk that the counterparty to a transaction with the Group will fail to discharge its obligations, causing the Group to incur a financial loss. The Group is exposed to credit risk through the normal trade credit cycle and advances to third parties. No collateral is required in respect of financial assets. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

Reputable financial institutions are used for investing and cash handling purposes. The maximum exposure to credit risk is represented by the carrying value of each financial asset in the Consolidated Statement of Financial Position.

The status of trade receivables at the reporting date are as follows:

In thousands of New Zealand dollars

	2026	2025
Not past due	7,841	8,033
Past due 0-30 days	47	440
Past due 31-120 days	578	1
Past due 121-365 days	-	-
Past due more than 1 year	-	-
Balance at 31 May	8,466	8,474

Foreign currency risk

Foreign currency risk occurs from operational expenditure in foreign currency and the related trade payables. Management is responsible for managing exposures to foreign currency in accordance with the group's Treasury and Investment Policy approved by the Audit & Risk Committee.

Interest rate risk

Interest rate risk is the risk that the value of the Group's assets and liabilities will fluctuate due to changes in market interest rates. The Group is exposed to interest rate risk primarily through its cash balances.

21. Operating leases

Non-cancellable operating lease rentals are payable as follows:

In thousands of New Zealand dollars

	2026	2025
Less than one year	948	1,076
Between one and five years	1,420	1,508
More than five years	836	346
	3,204	2,930

The Group leases a number of vehicles and facilities under operating leases. The leases typically run for a period of 3-5 years, with an option to renew the lease after that date. Lease payments are increased periodically to reflect market rentals.

Lease payments

Payments made under operating leases are recognised in the Consolidated Statement of Comprehensive Revenue and Expense on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

22. Capital commitments

DairyNZ has capital commitments totalling \$574,480 (2025: \$328,524).

23. Committed funds

The Group is contracted to provide funds to a number of projects on a multi-year basis. However, certain conditions in the contract must be met annually before the funds are paid out. In addition, DairyNZ has commitment to provide funding for TBfree New Zealand Ltd for the TB eradication programme equating to \$14.5 million per annum over the next 5 years. Contracting is currently being finalised across funders effective from 1 October 2026. Funds committed for future commitments which are subject to certain conditions being met are as follows:

In thousands of New Zealand dollars

	2026	2025
Less than one year	21,605	16,072
Between one and five years	62,381	1,995
	83,986	18,067

24. Contingent liabilities

There are no contingent liabilities at 31 May 2026 (2025: \$nil).

25. Subsequent events

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

26. Reconciliation of surplus/(deficit) to net cash flow from operating activities

In thousands of New Zealand dollars

	2026	2025
Surplus/(deficit) for the period	18,123	3,706
Add/(deduct) non-cash movements		
Depreciation	1,730	1,725
Amortisation of intangible assets	969	1,000
Short-term investment income	(43)	-
Net change in fair value of biological assets	(906)	(414)
Gain on sale of fixed assets	(17)	(169)
Impairment of investments	-	317
Share of earnings of associates and joint ventures	(315)	(364)
	1,418	2,095
Add/(deduct) movements in operating assets and liabilities		
Change in inventories	(11)	48
Change in trade and other receivables	(880)	1,879
Change in trade and other payables	(508)	9,037
Change in deferred income	769	(464)
Change in provisions and employee benefits	241	(687)
	(389)	9,813
Net cash from operating activities	19,152	15,614

27. Related parties

Parent and ultimate controlling party

The immediate parent and controlling party of the Group is DairyNZ Incorporated.

Transactions with key management personnel

Key management personnel compensation paid comprised:

In thousands of New Zealand dollars

	2026		2025	
	Remuneration	Number	Remuneration	Number
Directors	522	8	548	10
Leadership Team	3,047	11	2,992	9

Directors receive fees as disclosed in the statutory disclosures and comprises of eight directors. As at 31 May 2026, the leadership team comprises of eight employees on standard employment contracts, the number above reflects changes in key management personnel during the financial year.

Related party transactions

Key management personnel at various times are members of other boards. During the year ended 31 May 2026, the following related party transactions have occurred where directors or the leadership team are members of the governing bodies:

a) Ballance Agri-Nutrients Ltd

DairyNZ director Cameron Henderson is a director of Ballance Agri-Nutrients Ltd as at 31 May 2026.

DairyNZ Ltd purchased goods from Ballance Agri-Nutrients Ltd for research farm use during the 2026 financial year totalling \$140,200 (2025: \$75,562). A balance of \$12,600 is payable to Ballance Agri-Nutrients at May 2026 (2025: \$13,600). These supplies were purchased from Ballance Agri-Nutrients Ltd on the same terms and conditions applied to other customers of Ballance Agri-Nutrients Ltd.

b) New Zealand Institute for Earth Science Ltd (ESI)

DairyNZ director Mary-Anne Macleod is a director of New Zealand Institute for Earth Science Ltd as at 31 May 2026.

The New Zealand Institute for Earth Science Ltd (ESI), incorporating the former National Institute of Water and Atmospheric Research Ltd (NIWA) following the 1 July 2025 merger, provided research and analysis services to DairyNZ Ltd during the 2026 financial year totalling \$119,600 (2025: \$148,100). A balance of \$46,000 is payable to the ESI at May 2026 (2025: \$57,500).

c) Southern Dairy Hub LP

DairyNZ director Mark Todd is a director of Southern Dairy Hub LP as at 31 May 2026.

Southern Dairy Hub LP provided research services to DairyNZ Ltd during the 2026 financial year totalling \$6,400 (2025: \$122,200).

DairyNZ paid directors fees totalling \$17,800 (2025: \$17,500) for Mark Todd's directorship of Southern Dairy Hub LP.

d) New Zealand Dairy Industry Awards

DairyNZ leadership team member David Burger is a trustee of New Zealand Dairy Industry Awards Trust Board as at 31 May 2026.

DairyNZ Ltd paid sponsorship funding to New Zealand Dairy Industry Awards during the 2026 financial year totalling \$155,000 (2025: \$155,000). No balance is owing as at 31 May 2026 (2025: \$38,750).

