

AsureQuality
Kaitiaki Kai

Statement of Corporate Intent

2025-26





Contents

Our Purpose	4
Our Vision	6
Our Values	8
Our Strategy	10
Who We Are	12
What We Do	14
Where We Operate	16
Financials	18

Helping Aotearoa shape a better food world

Our primary purpose is to help unlock and grow the value of Aotearoa's \$70+ billion food industry via the trust provided through AsureQuality assurance services.

New Zealand's food is recognised globally for its high standard of quality and safety and is well placed to be at the forefront of emerging demands of the global market and consumer.

Our end-to-end service and expertise across the value-chain is dedicated to upholding this reputation and supporting our farmers, growers and food producers to continue to be leaders in our changing food world.

Leading trust in food, together

To accelerate the future of food assurance, we provide integrated, end-to-end services to ensure sustainable business growth. Our vision is enabled through our leadership and globally recognised expertise, innovative technology and data insights, and partnerships with our customers.



Our people are at the heart of our journey and together, with input from our customers and partners, we've defined the culture we need to accelerate the delivery of our strategy – a place where we all belong and are empowered to be at our best everyday.

By keeping hold of our strengths and focusing on what we need to do to continue our story of success, our shared Values and Behaviours are an important expression of our desired culture. Much more than words on a page, they guide our actions and decision-making, ensuring we adapt and remain relevant in our modern food world.

That's Mahi Tahī Tātou – One team, all of us together

Mahi Tahī Tātou



Trusted
Whakamana

Mahi that matters • Do the right thing • True to our word



Connected
Whakawhanaungatanga

Winning together • Listen to understand • Open communicators



Bold
Whakapakari

Question, learn, adapt • Lead change, create better outcomes • Driven for success

Our Purpose

Helping Aotearoa shape a better food world

Our Vision

Leading trust in food, together

Our Values – *Mahi Tahi Tātou*

Our culture is key to our success



Trusted
Whakamana



Connected
Whakawhanaungatanga



Bold
Whakapakari

Our Goals

Transform our core

Delight our customers everyday

Create new value

Our Enablers

Empowered People

We're safe, heard and valued
We build better work
We grow future-focused skills and capabilities
We all lead the way

Sustainable for Aotearoa

Strong trusted reputation
Environmental sustainability
Connected to our communities

Our Key Measures

People Engagement

Safety Actions

Profitability

Service Metrics

Quality Actions

Customer Retention

New Business

Our people embrace their role as Kaitiaki Kai, guardians of food. We are mindful of our shared responsibility to do the right thing for those eating our food, and for the environment where our food is grown.

Kaitiakitanga requires collaboration with others; sharing knowledge, resources, and skills so that everyone benefits, now and for future generations to come.

Every day our people are on the ground, bringing a sense of personal commitment to our customers, at every point of their food supply chains. We share and apply the knowledge and insights gained from 150 years of experience, committed to inspiring a safer, more sustainable and transparent food world.

As a New Zealand Government owned entity, AsureQuality provides independence of the highest integrity, instilling confidence in food producers and consumers. Our brand is trusted and respected all over the world.

People and Culture

We have made tangible progress through the disciplined delivery of our 3-year people strategy outcomes, across safety and wellbeing, people leadership, and talent & capability. Evidence is demonstrated in the positive shift in key people metrics, including sustained improvement in our quarterly engagement results over the past two and a half years. We have almost concluded the first year of our journey to activate our new values and behaviours, Mahi Tahī Tātou. This is our north star that defines key behaviours required to shift and evolve our culture, to become our point of difference. We are well underway with aligning our big organisational systems and practices to unlock our desired culture, including planning, decision-making, and performance.

Te Rōpū Aka Whiri Hou (our bi-cultural committee) continues to shape our capability-building efforts, supporting the authentic integration of cultural practices across our work.

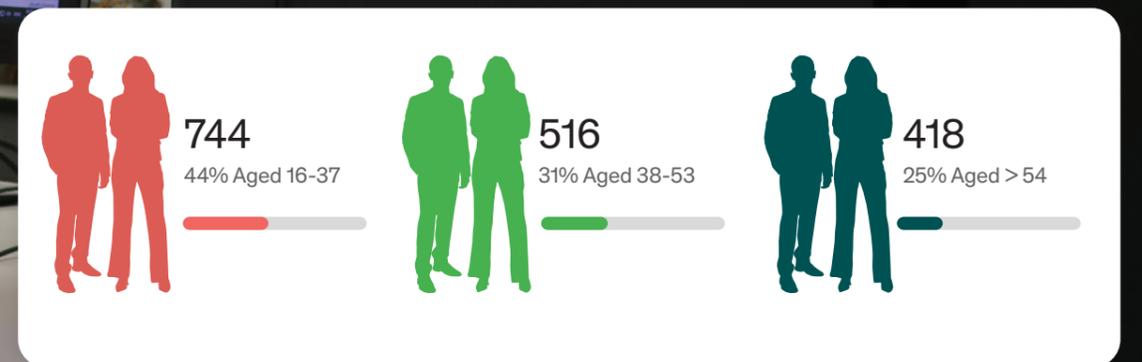
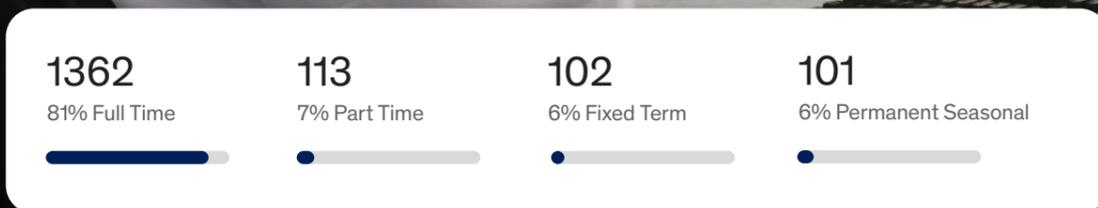
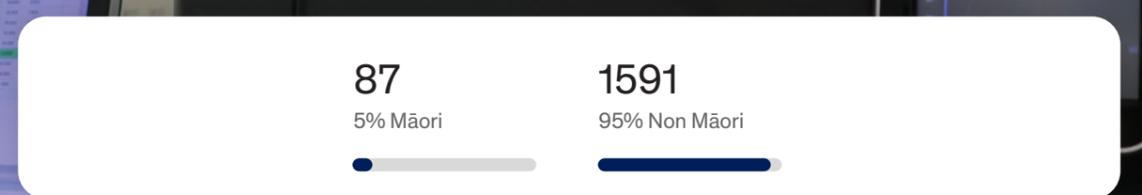
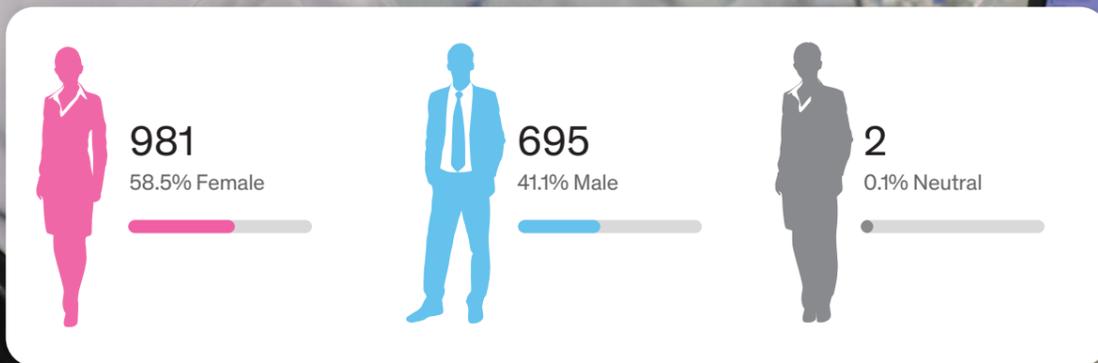
We have matured our approach to safety and wellbeing, demonstrated through active visible leadership and the integration of our critical risk framework. We are seeing a tangible increase to engagement and performance as a result of the design of good work, we've enhanced wellbeing for our people, as we embed our evidence-based approach through Wellbeing by Design.

The full deployment of Te Ara Whakapakari (our approach to building leadership capability) continues to receive strong engagement and endorsement across all four leadership experiences. Leadership capability is a key enabler of our desired culture, helping to establish a shared organisational language and toolkit for leadership roles.

We have deployed the first of our enterprise learning and capability solutions 'self-leadership,' a critical enabler of our desired culture and highly aligned with the next evolution of our people strategy outcomes. We are underway with build of our next two scalable capability solutions, identified as priorities to equip all our people to do their best work for our customers and ultimately enable us to deliver on our strategy.

Having now concluded the co-creation of the next iteration of our People Strategy (F26-F28), our enabling workplans will be focussed on delivering across 4 key outcomes:

- Care at our core:** We create an environment where we are safe, heard and valued.
- Shaping tomorrow:** We build better work that shapes our future, our ways of working and makes us proud to be part of AsureQuality.
- Adapting and growing:** We have the skills and capabilities to take on what's next in a changing world.
- Everybody leads:** We lead the way with clarity, confidence and awareness.



With our comprehensive focus on the food supply chain, from farm to consumer, AsureQuality is unique in New Zealand and proud to provide an extensive range of food assurance services.

These services are key to helping farmers, growers and food producers, distributors and retailers meet the necessary domestic and international regulatory and retailer standards to access export markets, secure premium prices and enhance consumer trust in the safety and quality of food.



Testing

Across our labs in Auckland, Wellington and Christchurch our team of scientists and technicians do testing for food release, forensics and surveillance testing for contaminants.



Auditing

We provide independent auditing expertise for horticulture, food manufacturing, dairy manufacturing, on-farm and environmental programmes.



Inspection

We are the New Zealand government's recognised meat inspection agency. Our plant and seed health teams offer inspection services for seeds, crops, logs and plants.



Other

The biosecurity team works to protect Aotearoa from the impact of pests and diseases in the food and primary industries sector. Market Assurance, AQ Assured and AQ Certified provide independent verification of product claims for consumer transparency. Our data modelling analysts support a range of animal epidemiological scenarios and other primary industry response projects. Through the Academy we provide an extensive range of courses for vocational training. We contract manufacture diagnostic products and distribute specialist veterinary test kits for use in disease management. We provide confidence in the test results from laboratories around the world through our Global Proficiency service.



Southeast Asia

We provide testing services to the dairy and food industry through our joint venture. Our laboratories are based in Singapore, Malaysia, Vietnam, Thailand and Philippines



Australia

We provide testing services to the dairy and food industry through our joint venture. Our laboratories are located in Melbourne, Sydney, Brisbane and Perth.



New Zealand

Our people deliver a broad range of food assurance services, either at one of our six laboratories for testing or on one of our customer's sites for audit and inspection.



AsureQuality offers the broadest range of food assurance services in New Zealand across retail food products, food service meals and primary industry exports - dairy, apiary, horticulture and red meat sectors.

- Office
- Laboratory
- Office & Laboratory



Performance Targets

Total Company financial and non-financial performance targets for 2026-2028 are:

Year ending 30 June	2026	2027	2028
Financial Performance			
Revenue	\$225.9m	\$232.5m	\$238.8m
Earnings Before Interest and Tax (EBIT)	\$9.6m	\$12.9m	\$17.5m
Net Profit After Tax (NPAT)	\$6.5m	\$8.0m	\$11.4m
Net Cash Flow from Operating Activities	\$8.9m	\$12.6m	\$18.6m
Key Ratios			
Change in Revenue	99%	103%	103%
Change in EBITDA	99%	120%	125%
Total Shareholder Return	1%	2%	2%
Dividend Yield	1%	2%	2%
Capital Replacement	282%	283%	152%
Return on Equity	6%	7%	9%
Return on Capital Employed	8%	10%	13%
Operating Margin	8%	9%	11%
Gearing Ratio	28%	32%	29%
Interest Cover	6	6	9
Debt to EBITDA	2.5	2.6	1.9
Non-Financial Performance			
Staff Turnover Rate	<15%	<15%	<15%
Total Injury Frequency Rate	<3.6	<3.6	<3.6
Critical Programme Audit Failures	Nil	Nil	Nil
Critical Facility Audit Failures	Nil	Nil	Nil

Ratio of Shareholders' Funds to Total Assets

AsureQuality's targets for the ratio of Shareholders' Funds to Total Assets are:

Year ending 30 June	2026	2027	2028
Shareholders' Funds	\$113.2m	\$117.4m	\$123.9m
Total Assets	\$199.0m	\$215.2m	\$218.6m
Shareholders' Funds / Total Assets	57%	55%	57%

Ratio of Shareholders' funds to Total assets

Shareholders' Funds includes share capital and reserves (otherwise called 'total equity'). Total assets include all current assets and non-current assets (fixed assets, investments and goodwill) for AsureQuality.

Capital Structure and Dividend Policy

Capital Structure

An appropriate capital structure for AsureQuality will maximise the value of the business for the shareholder by enabling growth aspirations to be met, but also minimise the risk of financial distress. The capital structure deemed appropriate for AsureQuality is a long-term BBB credit rating agency benchmark. The liabilities of AsureQuality are not guaranteed in any way by the Crown.

AsureQuality's Board and management recognise the importance of managing all assets of the business effectively, including capital.

The Board will periodically review the Company's target capital structure and may amend the debt profile over time should circumstances require it.

Dividend Policy

The extent of funds available to pay dividends will be driven by AsureQuality's capital structure. Any distribution to AsureQuality's shareholder will be subject to meeting the solvency requirements of the Companies Act 1993 and will follow the processes and procedures generally adopted by directors of publicly listed companies.

In determining the level of funds to distribute as a dividend the Board will take into consideration the following:

- The sustainable financial structure for the business;
- Prevailing economic conditions;
- AsureQuality's medium-term, fixed asset expenditure programme;
- AsureQuality's investment in new business opportunities;
- AsureQuality's working capital requirement; and
- AsureQuality's assessment of the competitive environment.

Subject to maintaining an appropriate capital structure and the above circumstances, AsureQuality will seek to ensure a consistent share of profit is returned to the shareholder through the payment of dividends. As such, the rate of dividend projected in the SCI is based on targeting consistent annual dividends at a ratio of 60% of Net Profit after Tax adjusted to exclude any fair value movements. AsureQuality recognises the shareholders desire for dividends and this ratio will be reviewed annually by the Board. For the 2026 financial year it is expected there will be an interim dividend paid in February 2026 and a final dividend paid in September 2026.

Accounting Policies

The financials presented are for the AsureQuality Limited Group ("AsureQuality" or "the Group") as at, and for the year ended 30 June 2026. The Group comprises AsureQuality Limited and its subsidiaries, and its investments in associates and joint ventures.

The accounting policies will be consistent with:

- the legal requirements of the Companies Act 1993 and the State-Owned Enterprises Act 1986 and any other relevant legislation; and
- New Zealand's Generally Accepted Accounting Principles as appropriate to Tier 1 for-profit entities.

AsureQuality's detailed accounting policies are set out in AsureQuality's latest annual report which can be found here: <https://www.asurequality.com/about/annual-reports/>

There have been no changes to these accounting policies.

Reporting

In accordance with the State-Owned Enterprises Act and the requirements of Shareholding Ministers, AsureQuality will provide the following information.

Within three months after the end of each financial year, an Annual Report including:

- Audited financial statements for the year;
- Notes to the financial statements including accounting policies; and
- A report from the Chair and CEO including a review of operations, changes, if any, to the nature and scope of the Company's activities, an assessment of performance against targets, comments on the outlook for the Company, and matters in relation to dividends.

Within two months after the end of each half-year, a report including:

- An abridged, unaudited statement of the Company's financial performance for the half-year; and
- A report from the Board on the Company's performance.

Within one month after the end of each intervening quarter, a report covering:

- Performance against targets for the preceding quarter;
- Forecasts of key financial and operating performance measures for the remaining quarters of the financial year as appropriate; and
- The reasons for material differences between actual and target performance.

In addition, the Company will provide Shareholding Ministers with a Business Plan and SCI each year.

The Company will also provide other information relating to the affairs of the Company as requested by Shareholding Ministers, in accordance with the provisions of the Act.

Consultation and Approval for Capital Investment Decisions

For some capital investment decisions, AsureQuality may need to seek approval from shareholding Ministers, consult with shareholding Ministers, or simply inform shareholding Ministers.

Where AsureQuality, or any of the subsidiaries it controls, intends to acquire or dispose of assets or shares, either by a single transaction or a series of transactions, that meets the definition of a 'major transaction' as defined in the Companies Act 1993 and/or where AsureQuality proposes to change its dividend policy to fund the investment, shareholding approval is required.

For any transaction or initiative that is not a major transaction and does not require Crown capital or a change in dividend policy, AsureQuality will consult shareholding Ministers before entering into such a transaction if it:

- intends to acquire or dispose of assets or shares, either by a single transaction or a series of transactions, with a book value in excess of \$10 million
- falls outside the nature and scope of AsureQuality's activities as defined in its SCI,
- or involves diversification or overseas expansion (including offshore investments).

Where disposal of assets or shares with a book value in excess of \$5 million is contemplated, an assessment of market value of the assets or shares will be undertaken as part of the sale or disposal process.

AsureQuality will inform shareholding Ministers, in advance, of any transaction that does not require approval or consultation but that falls within the scope of the 'no surprises' policy.

Compensation from the Crown

AsureQuality reserves the right, under Section 7 of the Act, to seek compensation from the Crown for the necessity to provide any service where AsureQuality is constrained from acting in a normal commercial manner. There are currently no requests for

compensation from the Crown proposed by AsureQuality under Section 7 of the Act.

Commercial Value of the Crown's Investment

Section 14 of the Act specifies that State-Owned Enterprises must include a current commercial valuation in its SCI that reflects the value of the Crown's investment in the company.

AsureQuality undertakes a valuation every year to estimate a current commercial valuation.

As at 30 June 2025 the Board's estimate of the commercial valuation of the Crown's investment in AsureQuality is \$198 million. Key points about the manner in which this value was assessed are:

- The valuation was calculated as at 30 June 2025.
- The discounted cash flow (DCF) methodology was used to calculate a net present value (NPV) of projected future cash flows of AsureQuality, including all subsidiaries, on an after tax basis.
- The DCF/NPV was based on the nominal (i.e. not inflation adjusted) future cash flows set out in AsureQuality's 3 year business plan, with forward projections made for a total of five years.
- A discount rate of 9.0% was assumed.
- The current commercial value of the Crown's investment of \$198 million (often referred to as the equity value) was calculated by taking the enterprise value of \$221 million and deducting net debt of \$23 million.

Other material factors that are relevant to the determination of this valuation are:

- The valuation was based on future projections.
- The projections used in the valuation did not include new business opportunities identified by AsureQuality, where cash flows have a high degree of uncertainty.

Appendix 1: Performance Targets

Financial Performance

The financial performance targets are accounting based measures of operating performance and financial resources.

Key ratios

The key ratios are targets for operating performance and financial measures expressed in relative rather than absolute terms. This allows for easier comparison over time or with other businesses. A description of each ratio and the way it is calculated is shown below.

The Revenue Growth measures the change in revenue. Calculation: Current year's Revenue divided by Previous year's Revenue. The EBITDA Growth measures the change in EBITDA. Calculation: Current year's EBITDA divided by previous year's EBITDA

The Total Shareholder Return is the performance from an investor perspective incorporating dividends and investment growth. Calculation: (Change in commercial valuation plus dividends paid less equity injected) divided by beginning commercial valuation.

The Dividend Yield is the cash return to the shareholder. Calculation: Dividends paid divided by average commercial valuation.

The Capital Replacement measures capital investment relative to maintenance investment levels. Calculation: Capital expenditure divided by Depreciation and amortisation expense.

The Return on Equity indicates the payback on the funds the shareholder has invested in the company. Calculation: Net profit after tax divided by average equity.

The Return on Capital demonstrates the efficiency and profitability of a company's capital from both debt and equity sources. Calculation: EBIT adjusted for IFRS fair value movements divided by Average capital employed.

The Operating Margin indicates the level of profitability of the business. Calculation: EBITDA divided by Revenue.

The Gearing Ratio is a measure of financial leverage and expresses the level of funds contributed by debt holders as a percentage of the total investment in the business. Calculation: Net debt divided by Net debt plus Equity.

The Interest Cover is the number of times that earnings can cover interest. Calculation: EBITDAF divided by Interest paid. The Debt to EBITDA measures the size of debt relative to earnings. Calculation: Net debt divided by EBITDA.

Non-Financial Performance

AsureQuality is a provider of what can be generally described as conformity assessment services. The non-financial performance measures aim to measure factors which are integral to the successful delivery of these services in addition to the achievement of financial performance measures.

The Staff Turnover rate measures the percentage of total staff that leave the business over a 12 month period.

The Audit Failure measures are an indication of the level of compliance with the various standards that are applicable to AsureQuality. The Total Injury Frequency Rate is a measure of staff health and safety.

Appendix 2: Subsidiaries And Associated Companies

The following provisions will apply to any subsidiary or associated company that AsureQuality has interests in.

AsureQuality will ensure at all times that:

- Control of the affairs of every wholly owned subsidiary of AsureQuality is exercised by a majority of the directors appointed by AsureQuality;
- A majority of the directors of every subsidiary of AsureQuality are persons who are also directors or employees of AsureQuality or who have been approved by Shareholding Ministers for appointment as directors of the subsidiary; and
- Without the prior consent of Shareholding Ministers, neither AsureQuality or any subsidiary of AsureQuality shall sell or otherwise dispose of, whether by a single transaction or by any series of transactions and whether by a sale of assets or shares, the whole or any substantial part of the business or undertaking of AsureQuality and its subsidiaries (taken as a whole).

Should AsureQuality or its subsidiaries hold 20% or more of the shares in any company or other body corporate (not being a subsidiary of AsureQuality), they will not sell or dispose of any shares in that company without first giving written notice to Shareholding Ministers of the intended disposal.

Note:

The terms "share", "Shareholding Ministers", and "subsidiary" have the same meaning as in Section 2 of the State-Owned Enterprises Act.

Helping Aotearoa shape a better food world



AsureQuality Limited

Level 2, 2a Pacific Rise, Mt Wellington 1060
Private Bag 14 946, Panmure, Auckland 1741, New Zealand

Telephone: +64 9 573 8000

asurequality.com