

Livestock Improvement
Corporation Limited (LIC)

Annual Report



For the year ended
31 May 2026





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Key Metrics

Results at a glance



\$21.3m

Net profit
after tax (NPAT)

From \$30.6m



\$314.8m

Revenue

From \$295.1m



\$21.8m

Underlying
earnings*

From \$21.7m



\$50.1m

Operating
cashflow

From \$56.4m



15c

Underlying earnings*
per share

From 15 cents



7.2%

Underlying earnings*
return on equity

From 7.3%



\$26.6m

R&D expense

From \$22.5m



12.26c

Dividend

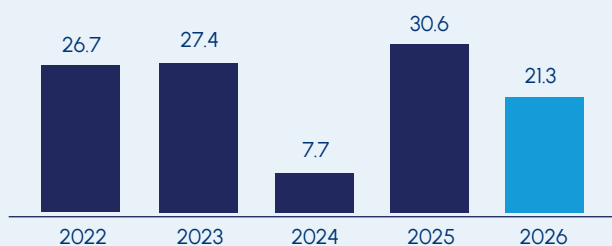
From 12.22 cents

*Non-GAAP financial information

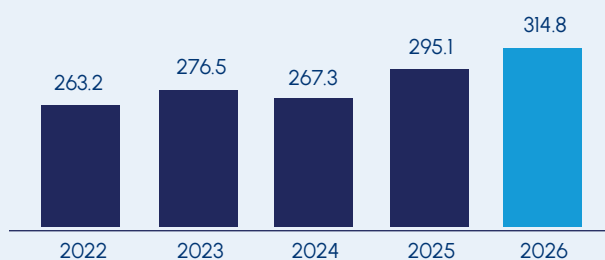
Financial Trends

These charts represent the key financial metrics for LIC to provide a historical summary of our performance.

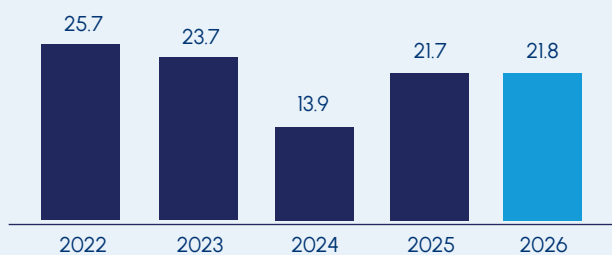
Net profit after tax (\$m)*



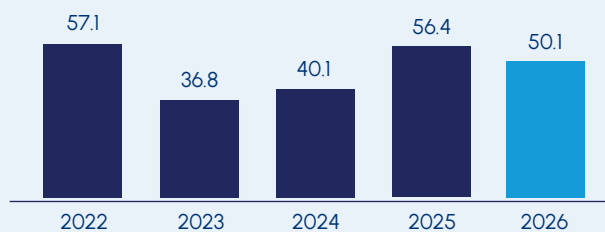
Revenue (\$m)*



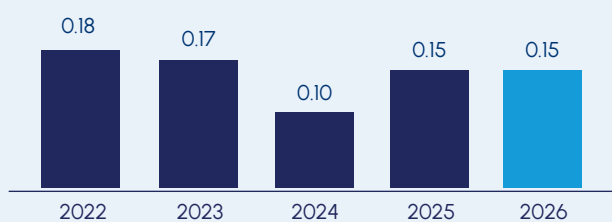
Underlying earnings (\$m)**



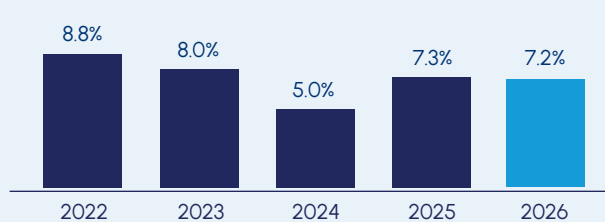
Operating cashflow (\$m)*



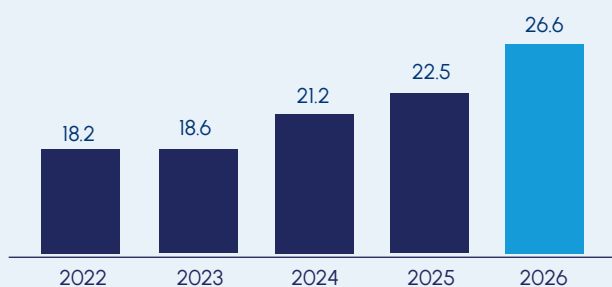
Underlying earnings** per share (cents)



Underlying earnings** Return on equity (%)



R&D expense (\$m)*



Total dividends (cents per share)***



* Excludes discontinued operations - the Automation business was divested in June 2021.

** Non-GAAP financial information: excludes bull team and nil paid share revaluations, significant enterprise system implementation costs and discontinued operations.

*** The full year dividend declared is paid in the subsequent year, while special dividends are paid within the year.

Directors' Report

Focus on data driven herd improvement,
results in positive full year performance.



The LIC Board has announced a positive year-end financial result for the FY25/26 year with a dividend payment of 12.26 cents per share for shareholders.

The farmer-owned co-operative continues to see strong demand for its products and services, including on-farm software MINDA, where integrations are increasingly supporting farmers to make more informed herd improvement decisions.

Summary of financials:

- Total Revenue: up 6.7% to \$314.8 million
- Net Profit After Tax (NPAT): \$21.3 million, down 30.4% from last year
- Underlying Earnings: \$21.8 million, no change from the same period last year
- Dividend: \$17.5 million – 12.26 cents per share, representing 80% of Underlying Earnings
- Total assets: \$408.5 million, up 4.2% from last year
- Strong balance sheet with no debt at year-end

The number of animals connected through LIC's wearable integrations has grown 93.8% over the past year. This reflects the confidence farmers have in sharing farm data through LIC's secure API integrations. This, combined with the use of Sexed Semen, which has increased 52% in the last year and Genomic profiling which is up 19% highlight the ways technology is helping farmers to drive better herd performance.

As a generational co-operative, LIC is proud of the role we play in driving genetic gain. The increase in

Genomic profiling means LIC's reference population now sits at more than two million genotypes, and more than two thirds of farmers have chosen to share their data with LIC's 17 integration partners. Achievements like this, alongside a strong financial result, reflect the confidence farmers have in LIC.

Net Profit After Tax (NPAT) was down this financial year, predominately due to increased investment in upgrading technology and security platforms. The co-operative remains focused on investing in the infrastructure and security needed to protect increasing amounts of data.

More farmers are choosing to securely share their farm data with LIC because they see the value it creates for herd improvement. Maintaining that trust means continuing to invest in the technology and security that protects their information and supports the growing use of connected farming tools. This investment is about giving farmers confidence to keep sharing their data, while ensuring LIC can continue delivering the insights and services that help improve the long-term performance of both their farm businesses and the wider sector.

Key results and position

STATEMENT OF RESULTS FOR THE YEAR

For the year ended 31 May 2026

In thousands of New Zealand dollars

	Note	2026	2025
Revenue	1	314,802	295,107
Purchased materials		(50,449)	(46,266)
People costs		(137,457)	(128,559)
Depreciation and amortisation	3,4,5	(28,335)	(28,051)
Other expenses	10	(79,073)	(65,217)
Net finance income/(cost)		335	924
Bull team revaluation	2	8,289	12,292
Fair value change in Nil Paid Share receivable	6	23	47
Profit/(loss) before tax expense		28,135	40,277
Tax expense	9	(6,820)	(9,634)
Profit/(loss) for the year		21,315	30,643
<i>Profit per Ordinary Share (excl. treasury stock)</i>		<i>\$0.15</i>	<i>\$0.22</i>

Other comprehensive income

Items that will not be reclassified to profit or loss

Investment revaluations	6	241	196
Land and buildings revaluations	3,6	1,238	1,482
Tax effect of building revaluations	9	(230)	(348)

Items that are or may be reclassified subsequently to profit or loss

Hedge revaluations	6	126	(208)
Tax effect of hedge revaluations	9	(35)	58
Foreign currency translation movements	6	747	(48)

		2,087	1,132
Comprehensive income for the year		23,402	31,775

Supplementary non-GAAP note to the results for the year:

<i>Profit/(loss) for the year</i>		21,315	30,643
<i>Plus/(less): Bull team revaluation</i>		(8,289)	(12,292)
<i>Tax effect on Bull team revaluation</i>		2,321	3,442
<i>Plus: Significant enterprise system implementation costs</i>	14	9,025	-
<i>Tax effect on Significant enterprise system implementation costs</i>	14	(2,527)	-
<i>Less: Fair value change in Nil Paid Share receivable</i>		(23)	(47)
Underlying earnings		21,822	21,746
<i>Underlying earnings per Ordinary Share (excl. treasury stock)</i>		<i>\$0.15</i>	<i>\$0.15</i>

Key results and position

STATEMENT OF POSITION FOR THE YEAR As at 31 May 2026

In thousands of New Zealand dollars

	Note	2026	2025
Cash and cash equivalents		60,296	57,127
Debtors	8	37,434	36,705
Other assets	8	23,685	22,774
Nil Paid Shares receivable	6	386	722
Bull team	2	109,453	101,164
Land, buildings and equipment - owned & leased	3,5	128,579	125,845
Software, goodwill and other intangible assets	4	48,644	47,697
Total assets		408,477	392,034
Creditors	7	28,210	25,187
Borrowings	7	-	-
Deferred tax	9	36,087	33,323
Other liabilities	11	39,803	35,152
Total liabilities		104,100	93,662
Net assets		304,377	298,372
Share capital	6	76,737	76,737
Retained earnings	6	176,814	172,896
Other reserves	6	50,826	48,739
Total equity		304,377	298,372

Director

Date: 15 July 2026

Director

Date: 15 July 2026

Key results and position

STATEMENT OF CASH FLOWS FOR THE YEAR

For the year ended 31 May 2026

In thousands of New Zealand dollars

	Note	2026	2025
Customer receipts		310,747	289,434
Supplier payments		(262,419)	(233,163)
Net tax receipts/(payments)		1,403	(382)
Other operating cash flows		385	498
Net operating cash flows	13	50,116	56,387
Software development		(12,073)	(13,593)
Net sales/(purchases) of land, buildings and equipment		(12,642)	(14,216)
Sale of investments		272	-
Purchase of investments		(156)	(8)
Net investment cash flows		(24,599)	(27,817)
Payment of principal portion of lease liabilities		(5,906)	(5,948)
Nil Paid Share receipts		41	78
Dividends paid		(17,079)	(8,095)
Net financing cash flows		(22,944)	(13,965)
Movement in cash for the year		2,573	14,605
Cash and cash equivalents at beginning of the year		57,127	42,341
Currency movement on cash holdings		596	181
Cash and cash equivalents at end of the year		60,296	57,127
Components of cash and cash equivalents include:			
Cash		1	1
Bank balances		17,795	22,126
Term deposits		42,500	35,000

Key results and position

STATEMENT OF CHANGES IN POSITION FOR THE YEAR

For the year ended 31 May 2026

<i>In thousands of New Zealand dollars</i>	Note	Share capital	Retained earnings	Other reserves	Total equity
Balance at 1 June 2025		76,737	172,896	48,739	298,372
Profit/(loss) for the year		-	21,315	-	21,315
Dividends paid		-	(17,397)	-	(17,397)
Hedge revaluations		-	-	91	91
Foreign currency translation movements		-	-	747	747
Investment revaluations		-	-	241	241
Land and building revaluations	3,6	-	-	1,008	1,008
Balance at 31 May 2026		76,737	176,814	50,826	304,377
Balance at 1 June 2024		76,737	150,567	47,607	274,911
Profit/(loss) for the year		-	30,643	-	30,643
Dividends paid		-	(8,314)	-	(8,314)
Hedge revaluations		-	-	(150)	(150)
Foreign currency translation movements		-	-	(48)	(48)
Investment revaluations		-	-	196	196
Land and building revaluations	3,6	-	-	1,134	1,134
Balance at 31 May 2025		76,737	172,896	48,739	298,372

More Details



Accounting policies

Accounting entity

These financial statements set out the performance, position and cash flows of Livestock Improvement Corporation Limited ("LIC" or the "Company") and its subsidiaries (the "Group") for the year ended 31 May 2026.

LIC is domiciled in New Zealand, registered under the Companies Act 1993 and the Co-operative Companies Act 1996, and listed on the Main Board of NZX Ltd. LIC is an FMC Reporting Entity for the purposes of the Financial Reporting Act 2013 and the Financial Markets Conduct Act 2013.

Basis of Preparation

(i) Statement of compliance

These financial statements comply with NZ GAAP as appropriate for Tier 1, for-profit entities, NZIFRS and IFRS.

(ii) Basis of measurement

The financial statements have been prepared on a GST exclusive basis, with the exception of trade receivables and trade payables, which are reported inclusive of GST. The financial statements have been prepared on a historical cost basis, except for the Bull team, Land & Buildings, Nil Paid Share receivable and Investments, which are all measured at fair value.

The majority of the Group's business does not follow a clearly identifiable operating cycle, therefore the balance sheet is presented in order of liquidity as it is more relevant to the users of the financial statements.

(iii) Functional and presentation currency

The functional currency of the Company and the presentation currency of the financial statements is New Zealand Dollars ("NZD"), with amounts rounded to the nearest thousand.

(iv) Use of estimates and judgements

The key estimations and judgements made in preparing these financial statements are the valuation of the Bull team and the impairment testing of software and other intangible assets.

(v) New or amended standards adopted in current year and standards issued but not yet effective

Accounting policies have been applied consistently with prior periods. No new or amended standards were adopted in the current year that had a significant impact.

NZ IFRS 18 Presentation and Disclosure in Financial Statements is effective for the year ending 31 May 2028 and will impact the presentation of the Statement of Results for the Year, with an allocation of income and expenses between operating, investing and financing categories, and new sub-totals such as Operating profit. Financial performance measures used to explain the Group financial statements will also be required to be disclosed, and there is enhanced guidance on the aggregation and disaggregation of information. The Group is continuing to assess the effect of applying NZ IFRS 18.

(vi) Climate risk

Climate change and how farmer shareholders, regulators and others respond may have an impact on the Group's future revenue and the recognised amounts of assets and liabilities. While the effects of climate change are a continuing source of uncertainty, climate-related risks have been assessed as not having a material impact on these financial statements. Reviews of accounting estimates (including the valuation of the bull team in Note 2, and the valuation of land and buildings in Note 3), judgements and impairment testing assumptions (refer to note 4) have considered potential future impacts of climate change.

Notes to the Financial Statements

1. Business analysis

The Group operates in four key operating segments as set out below. The information below reflects the information regularly reported to the Chief Executive on those key operating segments.

(i) Operating segments

Segment	Description	Revenue Recognition
NZ market genetics	Provide bovine genetic breeding material and related services, predominately to dairy farmers	Revenue comprises up to two performance obligations - product delivery and, in most cases, insemination services. These performance obligations are not distinct as they are highly interrelated and inseparable in the context of the contract and are therefore accounted for as a single combined performance obligation. Revenue is recognised at the point in time when control of the goods and services transfers to the customer. This segment is highly seasonal, the majority of products and associated services are provided to customers and recognised as revenue during New Zealand's spring months.
Testing	Herd testing, on-farm support and DNA and animal health testing services	Revenue contains a single performance obligation and is recognised at a point in time when the testing services have been completed and the results are provided to the customer, at which point control of the service transfers to the customer.
Farm software	Data recording, tags and farm management information services	Data recording and associated services revenue is recognised on a monthly basis over time as the services are provided. Revenue is billed in arrears and recognised on a straight-line basis over the subscription period. Tags revenue is recognised at a point in time when control of the goods transfers to the customer.
International	Provides bovine genetic breeding material and related services to offshore markets	Revenue contains a single performance obligation and is recognised at a point in time when control of the product transfers to the customer, which is generally on dispatch in accordance with the contractual terms.

In thousands of New Zealand dollars

2026	NZ market genetics	Testing	Farm software	International	Other	Eliminations	Total
External revenue	131,085	89,542	60,433	17,449	16,293	-	314,802
Inter-segment revenue	-	-	-	-	2,150	(2,150)	-
Total revenue	131,085	89,542	60,433	17,449	18,443	(2,150)	314,802
Depreciation & amortisation	(4,138)	(8,558)	(3,091)	(77)	(12,471)	-	(28,335)
Segment gross profit before tax	32,917	17,786	34,392	2,499	543	-	88,137
Bull team revaluation							8,289
Significant enterprise system implementation costs							(9,025)
Other unallocated amounts							(59,266)
Profit/(loss) before tax expense							28,135

Notes to the Financial Statements

1. Business analysis (cont.)

2025	NZ market genetics	Testing	Farm software	International	Other	Eliminations	Total
External revenue	119,933	79,442	61,800	16,037	17,895	-	295,107
Inter-segment revenue	-	-	-	-	2,133	(2,133)	-
Total revenue	119,933	79,442	61,800	16,037	20,028	(2,133)	295,107
Depreciation & amortisation	(3,476)	(10,377)	(3,742)	(169)	(10,287)	-	(28,051)
Segment gross profit before tax	31,138	11,609	33,232	2,963	2,263	-	81,205
Bull team revaluation							12,292
Significant enterprise system implementation costs							-
Other unallocated amounts							(53,220)
Profit/(loss) before tax expense							40,277

The Other operating segment includes research & development and support services. Other unallocated amounts include personnel costs, other expenses, and net finance costs.

(ii) Geographic analysis

In thousands of New Zealand dollars

2026	New Zealand	Australia	Ireland	United Kingdom	Other	Total
Revenues	293,172	9,328	4,258	2,820	5,224	314,802
Non-current assets	286,532	4,599	1,192	11	-	292,334
2025						
Revenues	275,211	8,857	4,049	2,961	4,029	295,107
Non-current assets	274,888	4,560	1,075	51	-	280,574

Non-current assets includes the Bull team, Land, buildings & equipment, Software, goodwill and other intangible assets, Nil Paid Share receivable and investments.

The Group's significant subsidiaries are:

- **New Zealand:** LIC Agritechnology Company Limited (100%) (amalgamated into the Parent effective 1 June 2026)
- **Australia:** Livestock Improvement Pty Ltd (100%), Beacon Automation Pty Ltd (100%)
- **Ireland:** LIC Ireland Limited (100%)
- **United Kingdom:** Livestock Improvement Corporation (UK) Ltd (100%)

The Group is not dependent on any one major customer in any of its reportable segments. New Zealand revenues include government grants and R&D tax incentive income of \$6.905 million (2025: \$7.685 million).

Notes to the Financial Statements

2. Bull team

The bull team is the cornerstone asset of LIC's genetics business. The 757 total bulls (2025: 826 bulls) from which the bull team are selected are carried at their fair value, which is based on LIC's modelling of future cash flows from the bulls (a "Level 3 valuation"). Changes in their fair value are reported in profit/(loss) for the year. The fair value from the bulls is partly dependent on the future sales mix of LIC's genetics products, which correlates to movements in the cow population and Farmgate Milk Price. The valuation is also sensitive to a change in the WACC rate used to discount future cash flows and the run-off profile of bulls (revenue attributable) that make up the bull team.

<i>In thousands of New Zealand dollars</i>	2026	2025
Opening balance	101,164	88,872
Bull team revaluation	8,289	12,292
Closing balance	109,453	101,164

Key drivers of the model:

Forecasted Fonterra Farmgate Milk Price*	\$9.45	\$9.50
WACC annualised post tax rate	7.13% - 8.47%	7.25% - 8.74%
Number of bulls in the team	110	122
Average % of run-off profile (years 2-5)	44%	45%

* This is the short term Milk Price outlook.

The impact on the fair value of a change to these key drivers is summarised below:

Change in the bull run-off profile – average of a 5% shift across years 2-5	\$9.1m	\$8.4m
Reduction of 5% in sales demand (due to unforeseen reduction in milk price, cow population or other significant events)	\$8.1m	\$7.4m
WACC moves 100 basis points	\$3.2m	\$3.0m

Notes to the Financial Statements

3. Land, buildings and equipment

Land is measured at fair value and buildings, including other improvements, are measured at fair value less accumulated depreciation. The fair value of land and buildings was reviewed by independent valuers in April 2026 through a desktop valuation. A full valuation process, including inspection of each property, is performed at least every three years and most recently in April 2024. Revaluations for both land and buildings are undertaken using a level 2 fair value methodology on the basis that the assets are in continuing use for the purpose of their current activities. The valuers take a market-based approach to estimate the value of each property by considering comparable sale prices per hectare for land in the same area and replacement cost per square metre for buildings less depreciation based on the useful life of the asset. Other inputs include consideration of the condition of assets, inflation rates, any assets intended for disposal and any land conditions such as easements, encumbrances, interests and resource management zoning. Building improvement additions after the most recent full valuation are recorded at cost less accumulated depreciation, but only included in the valuation to the extent of comparable depreciated replacement cost.

Revaluations are reflected in the revaluation reserve. Equipment includes plant, vehicles, furniture and fittings and IT hardware, and is carried at depreciated cost. Buildings and equipment are depreciated on a straight-line basis over their estimated useful lives, and are reviewed annually for any indications of impairment.

	2026				2025			
	Land	Buildings	Equipment	Total	Land	Buildings	Equipment	Total
Opening balance	39,093	60,679	26,073	125,845	38,733	55,701	24,563	118,997
Additions	-	3,487	9,633	13,120	-	5,133	9,532	14,665
Disposals	-	-	(134)	(134)	-	(451)	(73)	(524)
Depreciation	-	(3,301)	(7,674)	(10,975)	-	(3,362)	(7,158)	(10,520)
Revaluation	442	326	-	768	360	1,232	-	1,592
Foreign exchange	-	6	45	51	-	-	18	18
Leased assets movement - note 5	-	(2,043)	1,947	(96)	-	2,426	(809)	1,617
Closing balance	39,535	59,154	29,890	128,579	39,093	60,679	26,073	125,845
Value if carried at cost	11,726	26,276	N/A		11,726	25,717	N/A	
Estimated useful lives	N/A	10-60 years	3-10 years		N/A	10-60 years	3-10 years	

Notes to the Financial Statements

4. Software and other intangibles

(i) Software and other intangible asset balances

Software development expenditure is capitalised only where costs are directly attributable, and once the product or process is commercially feasible, the benefits are probable, and the Group intends to sell or use the completed software.

Software assets are amortised over their useful lives of up to seven years on a straight line basis, and are reviewed annually for indicators of impairment.

Intellectual property (IP) assets are amortised over their estimated useful lives of up to 13 years.

The genetic data in the LIC database increases with each successive generation. Both goodwill and the LIC database have indefinite useful lives. They are recognised at cost and are not amortised, are allocated to a cash generating unit ("CGU") and tested for impairment annually.

In thousands of New Zealand dollars								
	2026				2025			
	Software & IP	Goodwill	Database	Total	Software & IP	Goodwill	Database	Total
Opening balance	34,838	2,359	10,500	47,697	33,046	2,371	10,500	45,917
Additions	11,667	-	-	11,667	13,808	-	-	13,808
Disposals/impairment	(1)	-	-	(1)	(183)	-	-	(183)
Amortisation	(11,126)	-	-	(11,126)	(11,813)	-	-	(11,813)
Foreign exchange	168	239	-	407	(20)	(12)	-	(32)
Closing balance	35,546	2,598	10,500	48,644	34,838	2,359	10,500	47,697

At reporting date, software includes \$8.837 million (2025: \$8.024 million) of work in progress, which is not being amortised until it is ready for use.

(ii) Impairment testing of intangible assets

Allocation of Goodwill and the LIC Database to CGUs:

In thousands of New Zealand dollars						
	2026			2025		
	NZ market genetics, Farm software and Testing CGU	International CGU	Total	NZ market genetics, Farm software and Testing CGU	International CGU	Total
LIC database	10,500	-	10,500	10,500	-	10,500
Goodwill	-	2,598	2,598	-	2,359	2,359
Total	10,500	2,598	13,098	10,500	2,359	12,859

International CGU relates to two separate CGUs - LIC Ireland and Beacon Automation. The LIC database and each of the international CGU Goodwill recoverable amounts have been separately tested using a value in use method.

For the LIC database and International CGU Goodwill, a discounted cash flow model is used for impairment testing based on expected results and capital expenditure from the current year forecast, Board approved budgets and a projection for further periods using a terminal growth rate. A five year cash flow projection period is used. The terminal growth rate used is 1.5% (2025: 1.5%) for the LIC database and International CGU Goodwill. The discount rate applied is reviewed and updated annually for movements in published Treasury risk-free rates and is 8.5-10.6% for the LIC database and International CGU Goodwill (2025: 8.5-10.6% for the LIC database and International CGU Goodwill).

Notes to the Financial Statements

5. Leases

(i) LIC as a lessee

The Group has lease contracts for buildings, equipment and vehicles used in its operations. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Several lease contracts include extension and termination options. The Group's discount or incremental borrowing rate applicable to leases is 5.8% (2025: 5.2%).

The Group also has certain leases of machinery with lease terms of 12-months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

(ii) Lease balances in the Statement of Position

Right of use assets

Set out below are the carrying amounts of right-of-use assets recognised (under Land, buildings and equipment) and the movements during the period:

In thousands of New Zealand dollars

	2026				2025			
	Buildings	Equipment	Vehicles	Total	Buildings	Equipment	Vehicles	Total
Opening Balance	14,825	417	6,486	21,728	12,399	385	7,327	20,111
Depreciation	(1,729)	(168)	(4,337)	(6,234)	(1,591)	(166)	(3,961)	(5,718)
Additions	1,129	-	6,549	7,678	4,010	337	3,216	7,563
Disposals/modifications	(1,443)	-	(97)	(1,540)	7	(139)	(96)	(228)
Closing balance	12,782	249	8,601	21,632	14,825	417	6,486	21,728
<i>Lease terms</i>	<i>3-28 years</i>	<i>1-9 years</i>	<i>3-7 years</i>		<i>3-28 years</i>	<i>1-9 years</i>	<i>1-7 years</i>	

Lease liabilities

Set out below are the carrying amounts of lease liabilities recognised at 31 May (included in Other liabilities):

In thousands of New Zealand dollars

	2026				2025			
	Buildings	Equipment	Vehicles	Total	Buildings	Equipment	Vehicles	Total
Within 1 year	1,716	152	3,168	5,036	1,490	164	3,390	5,044
Between 1 to 5 years	5,527	118	5,290	10,935	6,017	262	3,403	9,682
More than 5 years	7,011	-	647	7,658	8,587	-	-	8,587
Closing balance	14,254	270	9,105	23,629	16,094	426	6,793	23,313

Notes to the Financial Statements

5. Leases continued

(iii) Lease related amounts in the Statement of Results

In thousands of New Zealand dollars

	2026				2025			
	Buildings	Equipment	Vehicles	Total	Buildings	Equipment	Vehicles	Total
Depreciation	1,729	168	4,337	6,234	1,591	166	3,961	5,718
Interest expense	720	17	669	1,406	636	24	489	1,149
Variable lease payments	-	-	891	891	-	-	852	852
Short-term and low-value leases	14	37	-	51	-	7	-	7
Total amount	2,463	222	5,897	8,582	2,227	197	5,302	7,726

The Group had total non-variable cash outflows for leases of \$7.312 million in 2026 (\$6.782 million in 2025).

(iv) LIC as a lessor

The Group leases a small portion of the land on its Newstead campus to an unrelated party. The Group has classified these leases as operating leases, as they do not transfer substantially all of the risks and rewards incidental to the ownership of the asset.

Rental income recognised by the Group during 2026 was \$0.028 million (2025: \$0.012 million).

Set out below is a maturity analysis of lease payments, showing the undiscounted lease payments to be received after 31 May:

In thousands of New Zealand dollars

	2026		2025	
	Land	Total	Land	Total
Within 1 year	50	50	12	12
Between 1 to 5 years	200	200	46	46
More than 5 years	650	650	162	162
Closing balance	900	900	220	220

Notes to the Financial Statements

6. Funding

The Group's funding comes from Share capital, retained earnings, other reserves and borrowings.

(i) Ordinary Shares

All Ordinary Shares have voting rights and the right to receive dividends based on the profits of the Company.

At reporting date there were 142,344,836 Ordinary Shares on issue, excluding 5,337,584 shares held as treasury stock (2025: 142,344,836 Ordinary Shares, excluding 5,337,584 shares held as treasury stock). Treasury stock shares held by the Company do not carry dividend rights and therefore are excluded from dividend calculations.

(ii) Nil Paid Shares

Ordinary Shares includes both fully paid shares and shares on which full payment has not yet been made. These Nil Paid Shares must be paid up over time by Shareholders via a combination of dividend payments forgone, voluntary payments and payments made on exit as a Shareholder. At year-end the outstanding amount on Nil Paid Shares has been recorded in the Statement of Position as a receivable, valued at \$0.386 million (2025: \$0.722 million) using a discounted cash flow model. The model uses assumptions on expected future dividends, voluntary and compulsory payments and applies a discount rate of 5.8% (2025: 6.5%).

(iii) Other reserves and equity

<i>In thousands of New Zealand dollars</i>	Hedge revaluation reserve	Investment revaluation reserve	Land & building revaluation reserve	Foreign currency translation reserve	Other reserves
Balance at 1 June 2025	(230)	1,652	47,425	(108)	48,739
Revaluations	91	241	1,008	747	2,087
Balance at 31 May 2026	(139)	1,893	48,433	639	50,826
Balance at 1 June 2024	(80)	1,456	46,291	(60)	47,607
Revaluations	(150)	196	1,134	(48)	1,132
Balance at 31 May 2025	(230)	1,652	47,425	(108)	48,739

(iv) Market capitalisation

As at 31 May 2026, the Group's market capitalisation of \$171.746 million (2025: \$134.501 million) was below the carrying value of net assets of \$304.377 million (2025: \$298.372 million). The share price is not considered an accurate reflection of the fair value of the Group's net assets for a number of reasons, including the nature of the co-operative and its restricted capital structure. Accounting standards consider market capitalisation below net assets to be an indicator of possible impairment and an impairment test has therefore been performed. The Group recoverable amount has been determined using a value in use method as with the impairment tests in Note 4, a discounted cash flow model has been used based on Board approved budgets and a projection covering five years using a terminal growth rate of 1.5% (2025: 1.5%). The discount rate applied is reviewed and updated annually and is 8.5% (2025: 8.5%). The calculated recoverable amount of the group was higher than the carrying value of the net assets and therefore no impairment was recognised.

(v) Bank debt

Bank loans for seasonal funding requirements are secured by a Negative Pledge granted to Westpac and Rabobank over certain New Zealand-based subsidiaries.

Notes to the Financial Statements

7. Liquidity and interest rate risk

(i) Liquidity risk

Liquidity risk is the risk of having insufficient liquid assets to pay the Group's debts as they fall due. The Group manages the risk by monitoring forecast cash flows and holding sufficient bank facilities to meet the Group's needs. The contractual maturity of the Group's funding is shown below.

	2026				2025			
	Demand to 6 months	6 months to 1 year	1 year plus	Total	Demand to 6 months	6 months to 1 year	1 year plus	Total
Creditors	28,210	-	-	28,210	25,187	-	-	25,187
Total	28,210	-	-	28,210	25,187	-	-	25,187

The Group has bank funding facilities in place until February 2027 and expects to be able to meet any obligations which fall due.

(ii) Interest rate risk

Interest rate risk is the risk that changes in interest rates could adversely affect the Group's results or position. The weighted average effective interest rate paid on borrowings in 2026 was 6.3% (2025: 6.5%). A 1.0% increase in interest rates would increase interest paid and reduce profit after tax by approximately \$0.017 million (2025: \$0.018 million).

8. Debtors and other assets

(i) Debtors

Net bad debts of \$0.009 million have been expensed during the year (2025: \$0.053 million), and 93.2% of trade receivables are not past due (2025: 91.3%).

(ii) Other assets

	2026		2025	
	In thousands of New Zealand dollars		In thousands of New Zealand dollars	
Inventories	17,410		16,703	
Investments	5,271		5,145	
Other livestock	1,004		926	
Total	23,685		22,774	

Inventories utilised and expensed during the period amounted to \$38.741 million (2025: \$31.613 million). Net inventories written on in 2026 totalled \$0.356 million (2025: \$0.201 million written on), comprised of \$0.182 million of stock written off and \$0.538 million of previously written off stock written back on into inventory.

Investments are non-current assets and are held at fair values based on available share prices and other market information. Gains and losses are recognised in other comprehensive income, as investments are not held for trading. Investments include Figured Limited \$3.514 million (2025: \$3.358 million).

Notes to the Financial Statements

9. Tax

Tax expense is recognised for items arising this year that are either taxable this year (current tax) or in other years (deferred tax). The main items giving rise to deferred tax are revaluations of the Bull team and Buildings.

(i) Tax expense

<i>In thousands of New Zealand dollars</i>	2026	2025
Profit/(loss) for the year	21,315	30,643
Tax expense	6,820	9,634
Profit/(loss) before tax expense	28,135	40,277
Tax at 28% NZ company tax rate	7,878	11,278
Effect of overseas income	(100)	(93)
Non-deductible items	(891)	(1,449)
Adjustments from prior periods	(67)	(102)
Tax expense	6,820	9,634
Current tax expense	4,321	7,246
Deferred tax expense	2,499	2,388
Imputation credits available	8,427	13,117

Given the Group's current turnover, and the lack of significant operations in foreign jurisdictions with tax rates below 15%, it does not expect to be impacted by Pillar II tax reforms and the move towards global minimum tax rates of 15%.

LIC claims credits under the R&D Tax Incentive scheme. Claims include eligible core research expenditure and technology development, as well as expenses that support R&D, and the credits are recorded as non-taxable revenue.

(ii) Deferred tax liability

<i>In thousands of New Zealand dollars</i>	As at 31 May 2026	Through Profit/(loss)	Through Other reserves	As at 31 May 2025	Through Profit/(loss)	Through Other reserves	As at 31 May 2024
Bull team & livestock	30,097	2,356	-	27,741	3,320	-	24,421
Buildings, equipment & software	5,871	(792)	230	6,433	235	348	5,850
LIC database	2,940	-	-	2,940	-	-	2,940
Other	(2,821)	935	35	(3,791)	(1,167)	(58)	(2,566)
Total	36,087	2,499	265	33,323	2,388	290	30,645

Notes to the Financial Statements

10. Other expenses

Other expenses includes the following amounts paid to the Group's auditors, KPMG:

<i>In thousands of New Zealand dollars</i>	2026	2025
Audit and audit related statements		
Audit of the financial statements	238	232
Agreed upon procedures*	28	26
GHG scope 1 & 2 assurance as it relates to year end	-	25
Total audit and audit related services	266	283
Tax - compliance services	-	78
Total	266	361

*Agreed upon procedures relate to the R&D tax incentive scheme and disclosure of historical financial data in the sustainability report.

As part of business activities, LIC incurs research and development expenses while working on a number of projects.

<i>In thousands of New Zealand dollars</i>	2026	2025
Research & Development expenses	26,567	22,549

11. Other liabilities

<i>In thousands of New Zealand dollars</i>	2026	2025
Provisions for employee entitlements	12,071	10,194
Provision for sire proving rebate	2,401	2,441
Derivatives used for hedging	169	295
Provision for tax	737	(1,712)
Lease liabilities - current	5,036	5,044
Lease liabilities - non-current	18,593	18,269
Other	796	621
Total	39,803	35,152

The provision for sire proving rebate represents a rolling three years of expected rebate payments, with between \$0.8 - \$1.0 million due to be paid in each of the next three years, discounted to 31 May 2026.

Notes to the Financial Statements

12. Transactions with Related Parties - Directors and Management

The Group has had the following short-term transactions with key Management and Directors during the year:

<i>In thousands of New Zealand dollars</i>	2026	2025
Remuneration of key Management and Directors	5,238	4,622
Sale of goods and services to key Management and Directors	1,219	996
Purchases of goods and services from key Management and Directors	-	-

Directors of the Company and their related entities hold 635,712 Ordinary Shares, representing 0.43% of shares on issue (2025: 617,474 Ordinary Shares, representing 0.42%).

There are no loans or deposits with related entities outside of the consolidated Group.

13. Reconciliation of the Profit/(loss) for the year to Net operating cash flows

<i>In thousands of New Zealand dollars</i>	2026	2025
Profit/(loss) for the year	21,315	30,643
<i>Adjusted for:</i>		
Depreciation and amortisation on all assets	28,335	28,051
Bull team revaluation	(8,289)	(12,292)
Deferred tax expense	2,499	2,388
Working capital movements and other non-cash items	6,256	7,597
Net operating cash flows	50,116	56,387

14. Significant enterprise system implementation costs

During the period, LIC embarked on a significant multi-year investment into replacing and improving aged enterprise and customer facing systems. The investment is predominantly into Software as a Service tools, the costs of which are generally expensed as incurred rather than amortised over future financial periods. As a result, Net profit after tax has been negatively impacted by \$6.498 million implementation costs in 2026 (May 2025: nil). This expenditure has been excluded from LIC's Underlying Earnings, which is a supplementary non-GAAP measurement considered useful to investors as it is the basis on which LIC has historically reported and used to determine dividends. Non-GAAP financial information does not have a standardised meaning prescribed by GAAP and therefore may not be comparable to similar financial information presented by other entities.

15. Subsequent events

After 31 May 2026, a dividend of 12.26 cents per Ordinary Share was proposed by the Directors in relation to the 2026 year, or \$17.458 million (2025: 12.22 cents per Ordinary Share, or \$17.397 million). Treasury stock shares held by the Company do not carry dividend rights and therefore are excluded from dividend calculations.

Independent Auditor's Report

To the shareholders of Livestock Improvement Corporation Limited

Report on the audit of the consolidated financial statements

Opinion

We have audited the accompanying consolidated financial statements which comprise:

- the consolidated statement of financial position as at 31 May 2026;
- the consolidated statements of results, changes in position and cash flows for the year then ended; and
- notes, including material accounting policy information and other explanatory information.

In our opinion, the accompanying consolidated financial statements of Livestock Improvement Corporation Limited (the **Company**) and its subsidiaries (the **Group**) on pages 8 to 25 present fairly in all material respects:

- the Group's financial position as at 31 May 2026 and its financial performance and cash flows for the year ended on that date;
- In accordance with New Zealand Equivalents to International Financial Reporting Standards (**NZ IFRS**) issued by the New Zealand Accounting Standards Board and the International Financial Reporting Standards issued by the International Accounting Standards Board.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (**ISAs (NZ)**). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of Livestock Improvement Corporation Limited in accordance with Professional and Ethical Standard 1 International Code of Ethics for Assurance Practitioners (Including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (**IESBA Code**), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with Professional and Ethical Standards 1 and the IESBA Code.

Our responsibilities under ISAs (NZ) are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

Our firm has provided other services to the Group in relation to assurance services and agreed upon procedures engagements. Subject to certain restrictions, partners and employees of our firm may also deal with the Group on normal terms within the ordinary course of trading activities of the business of the Group. These matters have not impaired our independence as auditor of the Group. The firm has no other relationship with, or interest in, the Group.

Materiality

The scope of our audit was influenced by our application of materiality. Materiality helped us to determine the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the consolidated financial statements as a whole. The materiality for the consolidated financial statements as a whole was set at \$1,040,000 determined with reference to a benchmark of the Group's profit/(loss) for the year before tax (excluding bull team revaluation movements and significant enterprise system implementation costs). We chose the benchmark because, in our view, this is a key measure of the Group's performance.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements in the current period. We summarise below those matters and our key audit procedures to address those matters in order that the shareholders as a body may better understand the process by which we arrived at our audit opinion.

Our procedures were undertaken in the context of and solely for the purpose of our audit opinion on the consolidated financial statements as a whole and we do not express discrete opinions on separate elements of the consolidated financial statements.

The key audit matter

How the matter was addressed in our audit

Valuation of the Bull Team

Refer to Note 2 to the consolidated financial statements.

Determining the valuation of the bull team, which is the core asset to both the domestic and international genetics operations of the Group, is a highly judgemental and complex area. Management prepares a model that projects the number and types of straws that the current team can produce and will be sold over the useful life of the bulls. The valuation model factors the cost of rearing, animal and farm management costs, and forecasts of processing costs to make sales. The calculated surplus is discounted to reflect the time value of money.

Our audit procedures included challenge of management's significant assumptions such as:

- Projected sales volumes and pricing;
- Discount rates applied; and
- Runoff Profile of the bulls.

We compared sales and costs growth, and inflation rates to historical data and published market forecast data where available.

We utilised our valuation specialists to review market and industry data to assess management's discount rate applied to the valuation model.

We assessed the runoff profile of the bulls against historical data.

We considered the adequacy of the related financial statement disclosures.

We had no matters to report as a result of our procedures.

Carrying Value of Intangible Assets

Refer to Note 4 to the consolidated financial statements.

The Group has a Database intangible asset of \$10.5 million with an indefinite useful life.

The significant cash generating unit (CGU) holding this asset is tested twice a year for impairment using a discounted cashflow model to determine the recoverable amount.

The market capitalisation deficit that exists at balance date is an indicator of impairment at a Group level and has therefore been tested for impairment using a discounted cashflow model to determine the recoverable amount of the Group.

The annual impairment tests performed by the Group were significant to our audit due to the magnitude of the intangible assets and because the discounted cashflow models involve judgement about the future performance of the CGU and the Group, including considering future economic and market conditions.

We challenged management on the reasonableness of the assumptions included in the cashflow forecast models, with particular attention paid to the following:

- Assessing management's future sales and growth assumptions compared to external market and industry data and historical performance of the CGU and the Group. We used our own valuation specialists to assist us with the consideration of the discount rates;
- Comparing management's previous forecasts to actual results achieved in the CGU and the Group; and
- Performing sensitivity analysis around the key assumptions used in the model.

We had no matters to report as a result of our procedures.

Other information

The directors, on behalf of the Group, are responsible for the other information. The other information comprises information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

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

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

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



Use of this independent auditor's report

This independent auditor's report is made solely to the shareholders. Our audit work has been undertaken so that we might state to the shareholders those matters we are required to state to them in the independent auditor's report and for no other purpose. To the fullest extent permitted by law, none of KPMG, any entities directly or indirectly controlled by KPMG, or any of their respective members or employees, accept or assume any responsibility and deny all liability to anyone other than the shareholders for our audit work, this independent auditor's report, or any of the opinions we have formed.



Responsibilities of directors for the consolidated financial statements

The directors, on behalf of the Group, are responsible for:

- the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS issued by the New Zealand Accounting Standards Board and the International Financial Reporting Standards issued by the International Accounting Standards Board;
- implementing the necessary internal control to enable the preparation of a consolidated set of financial statements that is free from material misstatement, whether due to fraud or error; and
- assessing the ability of the Group to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations or have no realistic alternative but to do so.



Auditor's responsibilities for the audit of the consolidated financial statements

Our objective is:

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

Reasonable assurance is a high level of assurance but it is not a guarantee that an audit conducted in accordance with ISAs NZ will always detect a material misstatement when it exists.



Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the External Reporting Board (XRB) website at:

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

This description forms part of our independent auditor's report.

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

For and on behalf of:

A handwritten signature in blue ink that reads 'KPMG'.

KPMG
Wellington

15 July 2026

Corporate Governance Report



Corporate Governance Statement

Livestock Improvement Corporation ("LIC" or the "Company") is a New Zealand Co-operative Company, owned by New Zealand dairy farmers. Its shares are quoted on the Main Board of the New Zealand Stock Exchange (NZX). Although LIC is technically still a Climate Reporting Entity (as defined under The Financial Sector (Climate-related Disclosures and Other Matters) Amendment Act 2021), this will no longer be the case under changes proposed in the Financial Markets Conduct Amendment Bill. In October 2025 the Financial Markets Authority confirmed 'no action' relief for climate reporting entities due to be relieved of mandatory reporting. Accordingly, LIC will not be preparing or publishing Climate Statements for the year ended 31 May 2026. Climate Statements for previous periods can be accessed on LIC's website at: lic.co.nz/about/environment-and-sustainability/climate-disclosure-reporting/

In this section of the Annual Report we report against the Principles and Recommendations of the NZX Corporate Governance Code dated 31 March 2026 (the NZX Code) and the extent that LIC has followed the NZX Code's recommendations. LIC has a high degree of compliance with the NZX Code. This statement is current to 31 May 2026 and has been approved by the Directors of LIC.

LIC is primarily involved in the development, production and marketing of artificial breeding, genetics, farm software, diagnostic, animal health and herd testing services in the New Zealand dairy sector, as well as research relating to dairy herd improvement.

On LIC's website (lic.co.nz/shareholders/corporategovernance) you will find the following corporate governance documents:

- Constitution of Livestock Improvement Corporation Limited

Charters

- LIC Board Charter
- Audit, Finance & Risk Committee Charter
- People and Culture Committee Charter
- Disclosure Committee Charter
- LIC Shareholder Reference Group, Board and Management Engagement Charter

Other Corporate Governance Documents

- Code of Conduct and Ethics
- Continuous Disclosure Policy
- Diversity, Equity and Inclusion Policy
- Dividend Policy
- External Auditor Independence Policy
- Honoraria Committee Terms of Reference
- Terms of Reference Shareholder Reference Group
- Share Trading and Disclosure Policy

Our latest Sustainability Report can also be accessed on LIC's website at:

lic.co.nz/about/environment-and-sustainability/sustainability

Co-operative Principles

LIC's co-operative principles are set out in its Constitution and are:

- a. The Company will remain a Co-operative Company;
- b. The Company is "User Controlled" meaning that eligible Users of the Company's qualifying products and services hold 60% or more of its voting rights;
- c. Core products and services are made available to all Shareholders at fair commercial prices;
- d. Products and services which benefit Shareholders, and which otherwise might not be made available, are developed and made available to Shareholders, provided that the company receives a commercial return; and
- e. Shareholders co-operate with the Company and each other, including the sharing of information to promote their common interests.

NZX Code Principle 1, Ethical standards:

Directors should set high standards of ethical behaviour, model this behaviour and hold management accountable for these standards being followed throughout the organisation.

Code of Conduct and Ethics

LIC's Code of Conduct and Ethics (the Code) sets out the ethical and behaviour standards expected of Directors, members of the Shareholder Reference Group (SRG), employees and contractors of LIC. The Code is reviewed biennially (or as required) to keep it up to date with employee, shareholder and other stakeholder expectations. New Directors and employees receive training on the Code as part of their induction process. Directors and employees are also expected to uphold LIC's values of integrity, innovation, being in-tune with our farmers, passion and spirit of cooperation.

Avoiding conflicts of interest

The Code includes direction on disclosing and managing conflicts of interest. The Board updates changes in interests and any potential conflicts at each meeting. LIC's General Counsel holds a Directors' interests register and the Board reviews the register at each meeting. The register records relevant transactions and disclosures of interests. The Directors' interests are set out on page 44.

Whistleblowing

The Code and the Company's Employment Relations Policy, which are available to employees on LIC's intranet, include guidance on specific action to be taken by a person who suspects a serious wrongdoing ("Complainant"). The Code and the Company's Employment Relations Policy confirm the confidentiality of the Complainant and non-retaliation against the Complainant.

Trading in securities

The Company has a Share Trading and Disclosure Policy for Directors, members of the SRG, Restricted Persons and other employees wanting to deal in the securities of the Company.

The Policy outlines:

- when Directors, members of the SRG, Restricted Persons and other employees of the Company may deal in the shares of the Company;
- procedures to reduce the risk of insider trading; and
- disclosure requirements.

The Policy records the Company's procedures for compliance with the Financial Markets Conduct Act 2013 (FMC Act), the NZX Listing Rules and other relevant legislation/regulation for the trading and disclosure of trading in the shares of the Company and details the exemption granted by the Financial Markets Authority from certain provisions of the FMC Act.

The exemption ensures that LIC Directors and employees can comply with the Company's constitutional and co-operative requirements and the Rules of its Employee Share Scheme without technically infringing the insider trading provisions of the FMC Act.

The Policy aims to protect Directors, members of the SRG, Restricted Persons and employees, as well as the Company and the Company's Shareholders, against acts of insider trading that could disadvantage holders of the Company's shares.

An Elected Director must hold the minimum shareholding requirement and can hold additional shares in accordance with the Company's Constitution.

NZX Code Principle 2, Board composition and performance:

To ensure an effective board, there should be a balance of independence, skills, knowledge, experience and perspectives.

Role of the Board

Legislation, the NZX Listing Rules and the Company's Constitution establish the Board's responsibilities and include provisions for how the Company will operate. The structure of the Board and its governance arrangements are set out in the Company's Constitution and in the Board's written Charter, which outlines and distinguishes the Board and Management's respective roles and responsibilities. The Board is responsible for the direction and control of LIC's activities. It is also committed to the guiding values of the Company.

Board responsibilities

The Board is responsible for setting the strategy of LIC and monitoring delivery against that strategy, recognising the Company's economic, environmental and social responsibilities.

As a generational Co-operative, LIC's strategy is to help farmers breed better cows for their future herd now, using the best tools, insight and genetics by focusing on the following:



The Board is also responsible for approval of significant expenditures, policy determination, selection of Appointed Directors, oversight of risk (including climate-related risks and opportunities and setting risk appetite for all risk categories) and stewardship of the Company's assets.

Management is responsible for implementing the strategic objectives, operating within the risk appetite set by the Board, and for all other day-to-day running of the Company. The Board delegates the day-to-day leadership and management of the Company to the Chief Executive (CE). The delegations are set out in the Board Charter and in a Delegated Authorities Policy, which also sets

out authority levels for types of commitments that the Company's management can make. A copy of the Board Charter is available on LIC's website.

Notwithstanding the responsibilities of the Board, the Board and Shareholders will not, except with the written consent of the Minister for Primary Industries, or other relevant Minister, exercise any of their rights, directions and powers under, or alter the Constitution so as to cause or permit the Company to cease to be a co-operative supplying goods and services to Shareholders.

Board composition

The Board is comprised of six Elected and three Appointed Directors. The current Board of Directors is made up as follows:

- Elected Directors: Corrigan Sowman (Chair), Nicola Shadbolt, Duncan Coull, Tony Coltman, Victoria Trayner and Mike O'Connor.
- Appointed Directors: Sophie Haslem, Hamish Rumbold and Blair O'Keeffe.

Information about each Director, including their independence, ownership interests and attendance at board meetings, is included in this section. A profile of each Director's experience, including the length of their service, can be found on the LIC website. See also page 37 for further information about the Company's Diversity, Equity and Inclusion policy.

Nomination, election and appointment of Directors

The nomination, election and appointment of Directors to the Board of LIC is also governed by the LIC Constitution. The relevant NZX Rulings and waivers to the NZX Listing Rules are set out on pages 49 and 50.

Elected Directors are nominated and elected by Shareholders within the region each Director represents (two regions in total). Once elected they will hold office for a period of approximately three years. The term of that director's tenure will be in accordance with the Rotation Schedule.

All recommendations and deliberations on the selection of Appointed Directors are undertaken by the full Board.

Appointed Directors hold office for approximately three years, unless a shorter term is approved by Shareholders.

A retiring Director is eligible for re-election or re-appointment as a Director of the Company. All Directors enter into written agreements setting out the terms of their engagement.

In relation to the nomination and appointment of Directors, appropriate checks are undertaken by an external party, Propero Consulting Limited. The process includes the provision of key information about candidates to Shareholders and/or the Board, such as relevant skills, experience and directorships and any material adverse information of which the Company has become aware.

In this year's Director elections, North Island Director Duncan Coull and South Island Director Victoria Trayner are due to retire by rotation at the Annual Meeting. Duncan Coull has decided, after three years on the LIC Board, not to seek re-election. Duncan Coull will be replaced by a nominated Shareholder that is elected by Shareholders. The Election will be held at the 2026 Annual Meeting.

With no nominations received other than Victoria Trayner for the South Island Region, Victoria Trayner is deemed appointed as a Director for another term from the 2026 Annual Meeting.

Appointed Director, Sophie Haslem is due to retire by rotation at this year's Annual Meeting after eight years on the LIC Board. She has decided to seek re-appointment.

Meetings

The Board met eleven times in 2025/26 with two additional strategy days.

Board Attendance:

No of meetings	BOARD MEETINGS		SPECIAL BOARD MEETINGS		BOARD STRATEGY DAYS	
	Held	Attended	Held	Attended	Held	Attended
<i>Current directors</i>						
Nicola Shadbolt**	9	5	2	2	2	1
Blair O'Keeffe***	9	9	2	2	2	2
Sophie Haslem	9	9	2	2	2	2
Corrigan Sowman	9	9	2	2	2	2
Duncan Coull	9	8	2	2	2	2
Victoria Trayner	9	9	2	2	2	2
Mike O'Connor	9	9	2	2	2	2
Tony Coltman	9	8	2	2	2	2
Hamish Rumbold	9	9	2	2	2	2
<i>Departed directors</i>						
Tim Gibson*	9	1	2	-	2	-
Ben Dickie*	9	1	2	-	2	-

*retired at the 2025 Annual Meeting

**elected at the 2025 Annual Meeting

***appointed on 7 July 2025

Director training

Directors each undertake appropriate education to remain current in how to best perform their duties as Directors. Directors maintain memberships of relevant bodies such as the Institute of Directors and receive information individually and from Management in relation to specific issues relevant to LIC, the markets in which it operates and the dairy sector. Directors also undertake in-market and stakeholder visits.

The Chair revises development plans for each of the Directors annually. These plans specifically focus on areas that will not only develop the individual Director but will also enhance overall Board capability. In addition, Directors undertaking higher-level study may submit a claim to have LIC contribute to the cost of the study providing the study will be beneficial to LIC. The Board Chair will have discretion on how much LIC contributes to the cost of the study.



Board, Committee and Director Performance

The Board uses an external party to assist with reviewing the performance of the Board, individual Directors and its committees on a regular basis. Independent consultants Propero Consulting Limited were last engaged in 2025 and undertook a pulse check evaluation of the performance of the Board. The evaluation provided the Board with additional support as part of the transition to a new Chair and also highlighted the continued improvement in communication between the Board and Senior Leadership Team to support strong decision making.

Director Independence

Directors are appointed in accordance with the Constitution. The current Appointed Directors are not Shareholders and are appointed to bring their external expertise to the Board.

For the purposes of the Listing Rules, the Board has determined all of the Directors to be independent.

While all Elected Directors are Shareholders and purchase from and sell goods and services to LIC, the Board does not consider them to have a relationship that could reasonably influence, or be perceived to influence, their ability to bring an independent view to decisions in relation to LIC, to act in the best interest of LIC or to represent the interests of LIC Shareholders generally.

Chair

As noted above, LIC's Chair is assessed to be an independent Director. LIC's Board also endorses the separation of the roles of the Chair and Chief Executive (CE) and a Director should not simultaneously hold both roles. For the avoidance of doubt, the positions of Board Chair and CE are currently held by two separate individuals.

To ensure appropriate management where necessary, the LIC Board Charter sets out an exception to this whereby the Board may appoint a Director to assume the post of CE concurrently on a temporary basis when the post of CE is vacant, for a period of no longer than six months. This can be extended, only where the position of CE is still vacant, for a further maximum period of six months. At the termination of that further period, that Director shall resign from the Board.

NZX Code Principle 3, Board committees:

The board should use committees where this will enhance its effectiveness in key areas, while still retaining board responsibility.

Committees

LIC Board committees operate under formal Charters that are reviewed regularly. They review and consider in detail the policies and proposals developed by Management and make recommendations to the Board. They do not take action or make decisions on behalf of the Board unless specifically mandated to do so. A committee or an individual Director can engage independent legal counsel at LIC's expense with the prior approval of the Board Chair.

The Board will occasionally appoint a committee of Directors to consider or approve a specific proposal or action if the timing of meetings or availability of Directors means the matter cannot be considered by the full Board. Their deliberations and decisions are reported back to the Board no later than the next meeting.

Audit, Finance & Risk Committee

A Sub-Committee of the Board, the Audit, Finance & Risk Committee, ensures the Company complies with its audit, financial and risk management responsibilities. It operates under a written charter, which is available on the LIC website. The Committee is chaired by Appointed Director Sophie Haslem, who is both independent and has an adequate accounting or financial background, with the other members being:

As at 1 June 2025	Ben Dickie, Victoria Trayner and Corrigan Sowman
As at 28 January 2026	Tony Coltman, Mike O'Connor, Nicola Shadbolt, Corrigan Sowman and Hamish Rumbold

All current members of the Committee are considered to be independent. Management only attend Committee meetings at the invitation of the Committee.

The Committee meets at least four times a year and met eight times in 2025/26.

People and Culture Committee

A Sub-Committee of the Board, the People and Culture Committee, approves appointments and terms of remuneration of the Chief Executive, oversees the people policies for LIC and also considers and assists the Board in its director appointment process and, where appropriate, recommends to the Board any wage and salary percentage adjustments for the Co-operative's employees. It operates under a written charter, which is available on the LIC website. The Committee is chaired by Appointed Director Blair O'Keeffe with the other members being:

As at 1 June 2025	Tim Gibson (as previous Chair), Corrigan Sowman, Tony Coltman, Duncan Coull and Mike O'Connor
As at 1 January 2026	Corrigan Sowman, Duncan Coull and Victoria Trayner

All current members of the Committee are considered to be independent. Management only attends Committee meetings at the invitation of the Committee.

The Committee meets at least four times a year and met four times in 2025/26. For completeness, the Company does not have a nomination committee as recommendations and decisions relating to Director appointments are made by the full Board as outlined on page 33.

Disclosure Committee

A Sub-Committee of the Board, the Disclosure Committee, assists the Board and Company in ensuring that all material information is identified, reported for review by the Disclosure Committee and, if required, disclosed promptly and without delay to the NZX. It operates under a written charter, which is available on the LIC website. The Disclosure Committee is chaired by Board Chair Corrigan Sowman with the other members being AFRC Chair Sophie Haslem, the Chief Executive, Chief Financial Officer, General Counsel and Communications and Brand Engagement Manager. Disclosure Committee meetings are also attended by other members of management as required.

The Committee meets as and when required and met twice in 2025/26.

Board Committee Attendance:

No of meetings	AUDIT, FINANCE & RISK COMMITTEE		PEOPLE AND CULTURE COMMITTEE		DISCLOSURE COMMITTEE	
	Held	Attended	Held	Attended	Held	Attended
<i>Current directors</i>						
Nicola Shadbolt**	8	3				
Blair O'Keeffe***			4	3		
Sophie Haslem	8	8			2	2
Corrigan Sowman	8	8	4	4	2	2
Duncan Coull			4	3		
Victoria Trayner	8	5	4	2		
Mike O'Connor	8	3	4	2		
Tony Coltman	8	3	4	3		
Hamish Rumbold	8	6				
<i>Departed directors</i>						
Tim Gibson*			4	1		
Ben Dickie*	8	2				

*retired at the 2025 Annual Meeting

**elected at the 2025 Annual Meeting

***appointed on 7 July 2025

Takeovers

Due to LIC's co-operative company status, its Constitution and the Dairy Industry Restructuring Act 2001 (DIRA) based shareholding restrictions, LIC considers it is not necessary to have takeover protocols in place. Under

LIC's Constitution no person shall hold a relevant interest of more than 5% of the total number of ordinary shares in the Company.

NZX Code Principle 4, Reporting and disclosure:

The Board should demand integrity in financial and non-financial reporting, and in the timeliness and balance of corporate disclosures.

Financial reporting

The Board is responsible overall for ensuring the integrity of the Company's reporting to Shareholders, including financial statements that comply with generally accepted accounting practice (NZ GAAP).

The Board's Audit, Finance & Risk Committee oversees the quality, reliability and accuracy of the financial statements and related documents and its role is more fully described in its Charter, which is available on the LIC website. In undertaking its role, the Committee makes enquiries of management and the external auditors, including requiring management representations so that the Directors can be satisfied as to the validity and accuracy of all aspects of LIC's financial reporting.

Disclosure to the market

LIC has a written disclosure policy: the Continuous Disclosure Policy can be found on our website. It sets out requirements for disclosure promptly and without delay to the market of material information, so that all stakeholders have equal access to information. The Board specifically consider with management at each board meeting whether there are any issues which might require disclosure to the market under the NZX continuous disclosure requirements.

Non-financial reporting

Sustainability

LIC's annual sustainability report is prepared in accordance with the core option of the Global Reporting Initiative (GRI) Standards.

Diversity, Equity and Inclusion

The Company fosters an inclusive working environment that promotes employment equity and workforce diversity at all levels, including within the Senior Leadership Team and the Board. The Diversity, Equity and Inclusion Policy is available on LIC's website at lic.co.nz/shareholders/corporategovernance

As at the 2025/26 year-end, members of the Board and Senior Leadership Team self-identified as follows:

	2026			2025		
	M	F	GD	M	F	GD
LIC Board	6	3	-	7	2	-
LIC Senior Leadership Team	7	1	-	6	2	-

Key: M = Male / F = Female / GD = Gender Diverse

The Diversity, Equity & Inclusion Committee aims to foster a workplace culture that values and promotes diversity, equity and inclusion.

For 2025/26 the Committee focused on topics such as:

- Women in Leadership
- Cultural Celebration
- Neurodiversity

LIC continues to collect baseline data from its employees on an opt-in basis, which includes gender identity, age and ethnicity. This information has highlighted that LIC is a reasonably diverse company. The aim is to continually update our baseline data so that targeted initiatives can be completed.

In support of initiatives that foster an inclusive working environment, all external advertising for positions at LIC are worded to encourage a diverse range of applicants. Management appointment interviews are conducted by a panel that represents diversity of thought. Training for employees is provided on the benefits of diversity, equity and inclusion and has been developed and implemented to drive an understanding of unconscious bias.

Non-financial risks

LIC's exposure to non-financial risks, including economic, environmental and health and safety risks, is assessed using LIC's risk management framework described under Principle 6.

NZX Code Principle 5, Remuneration:

The remuneration of directors and executives should be transparent, fair and reasonable.

Directors Remuneration

Under LIC's Constitution, LIC has an Honoraria Committee tasked with considering and recommending to Shareholders the form and amount of fees paid to LIC's Directors. The Honoraria Committee is made up of between two and four Shareholders, elected by their fellow Shareholders. The Honoraria Committee's Terms of Reference are on the LIC website. LIC does not have a directors' remuneration policy, relying instead on the Honoraria Committee to recommend to Shareholders the remuneration to be paid to the Directors.

The total remuneration for LIC's Directors is approved by Shareholders at the Annual Meeting and the current pool of \$812,000 for all nine Directors was approved at the Annual Meeting held in September 2025.

Directors of the Company received the following remuneration for the twelve months ending 31 May 2026:

In thousands of New Zealand dollars	Board	AFRC	P&C	Other Payments	Total Fees
<i>Current directors</i>					
Corrigan Sowman	149				149
Nicola Shadbolt**	52				52
Blair O'Keefe***	76		20		96
Sophie Haslem	95 ^A	27			122
Duncan Coull	73				73
Victoria Trayner	73				73
Mike O'Connor	73				73
Tony Coltman	73				73
Hamish Rumbold	73			15	88
<i>Departed directors</i>					
Tim Gibson*	46				46
Ben Dickie*	21 ^A				21
					866

*retired at the 2025 Annual Meeting

**elected at the 2025 Annual Meeting

***appointed on 7 July 2025

^Aincludes directors fees relating to the previous financial year

In addition to the above remuneration, and in accordance with the Constitution, Directors are reimbursed for any actual and reasonable expenses incurred while on LIC business. This is paid in the form of a standard annual incidental allowance with any further actual and reasonable expenses incurred while on LIC business also reimbursed. The standard annual incidental allowance is set at \$1,200 for each Director and \$6,000 for the Chair. The payment of a standard incidental allowance reduces the administrative effort required in submitting and processing transactions of a relatively low value.

The Directors receive no other benefits.

No Directors of subsidiaries received any remuneration or other benefits in their role as a Director of that subsidiary. The remuneration of employees that receive more than \$100,000 as a result of employee remuneration (and other benefits) is included in the Employees' Remuneration table on page 39.

Chief Executive Remuneration

Chief Executive (CE) David Chin's remuneration package is made up of a combination of base salary and annual performance payments. His performance is assessed based on a range of factors including:

- Overall financial performance (40%): delivery of the annual plan and financial budget
- Overall strategic performance (60%), including:
 - Set direction and align the organisation – embed the LIC strategy with staff and farmers, strengthen strategic communication, and lift organisational accountability and culture;
 - Execute the strategy with discipline – implement clear delivery roadmaps, progress CRM replacement and product operating model, and improve staff engagement outcomes; and
 - Strengthen stakeholder relationships – partner effectively with the sector on implementing One BW and deepen shareholder engagement.

The remuneration paid to LIC's CE for the year ending 31 May 2026 is set out below:

In thousands of New Zealand dollars

Base Salary (TPV)	585
2024/25 year short-term incentive payment received	213
Total	798

The CE's current remuneration package consists of \$585,000 TPV and short-term incentive target of achieving both budget goals and other standard objectives (20% of TPV) as well as stretch objectives in relation to strategy (20% of TPV) and does not include any long-term incentives or share options.

Employee Remuneration

LIC has a transparent Remuneration Policy for all employees, which is approved by the People and Culture Committee. This is an internal policy and is available to all employees on LIC's intranet.

LIC aims to have a remuneration framework and policies to attract and retain talented and motivated people. The Company wants to:

1. Be recognised as a great place to work;
2. Recognise and reward successes, while encouraging teamwork and a high performance culture;

3. Be fair and consistent; and
4. Be true to our values of integrity, innovation, spirit of co-operation, in tune and passion.

We use market data to determine fair remuneration levels for all staff. Short-term incentives apply to executive and certain management roles for achievement of specific objectives and in relation to achievement of project initiatives and are paid in the following period. During the period 1 June 2025 to 31 May 2026 the following numbers of employees (not being Directors) received total remuneration, including benefits and short-term incentives relating to the 2024/25 year, of at least \$100,000:

Remuneration Range (Gross)	Current Employees	Exited Employees	Total
100,000 – 109,999	50	7	57
110,000 – 119,999	63	5	68
120,000 – 129,999	76	2	78
130,000 – 139,999	39	2	41
140,000 – 149,999	34	2	36
150,000 – 159,999	24	1	25
160,000 – 169,999	21	1	22
170,000 – 179,999	10	-	10
180,000 – 189,999	19	-	19
190,000 – 199,999	8	1	9
200,000 – 209,999	7	-	7
210,000 – 219,999	6	-	6
220,000 – 229,999	5	-	5
230,000 – 239,999	1	1	2
240,000 – 249,999	7	1	8
250,000 – 259,999	2	-	2
260,000 – 269,999	4	-	4
270,000 – 279,999	3	-	3
290,000 – 299,999	3	-	3
300,000 – 309,999	3	-	3
320,000 – 329,999	1	-	1
340,000 – 349,000	1	-	1
390,000 – 399,999	-	1	1
460,000 – 469,999	1	-	1
490,000 – 499,999	1	-	1
520,000 – 529,999	1	-	1
580,000 – 589,999	1	-	1
600,000 – 609,999	1	-	1
790,000 – 799,999	1	-	1
	393	24	417

NZX Code Principle 6. Risk management:

Directors should have a sound understanding of the material risks faced by the issuer and how to manage them. The Board should regularly verify that the issuer has appropriate processes that identify and manage potential and material risks.

Managing Risk

LIC's Risk Management Policy sets our approach to risk management. LIC is committed to a proactive approach to the identification, quantification and management of risk and has implemented a structured risk management framework to assist management and the Board to identify, manage and mitigate key enterprise-wide risks. Once identified, risks are captured in an online tool, assessed using a combination of the likelihood and consequence of the risk occurring and controls and key risk indicators identified. Risks are reviewed and controls self-assessed at least annually, or as needed, and internal

audit reviews are completed on key areas on a rotating basis over time. LIC also has a separate Legislative Compliance Policy under which potential and actual legislation and regulation changes are monitored and changes material to LIC are reported to AFRC at least annually. Where gaps or deficiencies are identified through controls assessment or internal audits, actions are agreed and completion monitored. Where risks are not able to be mitigated, exception approval is required and exceptions are reported to the Audit, Finance & Risk Committee.

LIC's board is currently reviewing its risk categories. For the period this Annual Report covers, LIC's risk categories are:



Biosecurity & Animal Health

A biosecurity or animal health event impacts LIC's livestock or its ability to provide products or services to its customers.



Information Security

The availability, integrity or confidentiality of information managed by LIC is compromised due to a malicious or unintentional information security incident.



Brand Damage

Continued short-term reputational damage results in damage to LIC's brand.



Financial Risk

Failure to manage LIC's debts and financial leverage or to identify fraud, internal errors or money owed results in LIC being unable to cover operational costs and/or pay back its debts.



Market Disruption

The inability to commercialise innovations or respond quickly to market disruption or emerging technologies causes reduced use by Shareholders of existing products or services with a resultant reduction in revenue.



Health & Safety

The potential for injury or loss of life for employees, contractors or visitors engaged in LIC business activities or on LIC sites or prosecution of the organisation.



Compliance

Breaches of laws, regulations, licences, standards, NZX continuous disclosure requirements or Overseas Market Access Requirements result in restrictions, penalties, or loss.



People & Capability

Availability, capability and engagement of our people and key vendors to effectively execute LIC's strategic plan.



Disruption to Production or Service

Any disruption caused by processes, people, equipment, systems, software availability or external events which affects LIC's ability to deliver quality semen or other products and services to its customers.



Strategic Risk

An inability to deliver LIC's agreed strategy due to disruption, planning, risk, resourcing and other barriers not identified or managed.

Of particular interest to Shareholders and stakeholders will be the following updates on LIC's key risk categories:

Health and safety

The health and safety of people - our employees, customers, contractors and anyone we come into contact with - is of utmost importance to LIC and remains our highest priority, regardless of the country they are based in, or which site they are based at.

The Health, Safety and Environment Manager regularly meets with the Senior Leadership Team and Board of Directors to provide updates on health and safety for our employees. LIC has a mature risk management system, internal health and safety expertise to provide assistance and support, and a well-functioning internal and external audit function, which provides assurance to the Board that LIC's health and safety system is operating effectively. Directors and the Senior Leadership Team are required to visit sites to verify for themselves that critical risk controls are in place and operating as expected.

LIC has reviewed its critical risks, which resulted in a refresh of our critical risk list. We believe the following identified ten critical health and safety risks/high-risk hazards have a high likelihood of causing death or life-changing injuries if uncontrolled. These are:

- Adverse customer behaviour
- Bull drafting
- Bull handling in yards/barns
- Driving on national roads
- Farm vehicles (tractors)
- Lone work (working alone/remotely)
- Other animal handling in yards/barns (eg cows, heifers, calves)
- Psychosocial factors – work design, interpersonal relationships, work environment
- Quad bikes and side-by-sides
- Working at heights

These hazards are well-controlled and risk reviews are conducted regularly to ensure the controls remain in place and are working. There is an ongoing focus on maintaining the effectiveness of existing controls.

All Business units have elected health and safety representatives and there is a quarterly formal governance forum, chaired by LIC's CE. Each business unit is also required to develop a bespoke health and safety plan to continually improve health and safety management in their area. Progress against these plans is reviewed at the Health and Safety Governance Forum meeting.

LIC uses the Lost Time Injury Frequency Rate (LTIFR) as a safety metric. The LTIFR is not LIC's sole safety measure – it complements a range of other leading and lagging safety measures, which are regularly reported to the Senior Leadership Team and the Board.

	2025/26	2024/25
LTIFR (200,000 h)	4.30	4.33
Notifiable Events/ Illnesses	-	3

No notifiable incidents were reported this year.

More critical risk related events (including near-miss and incident reports) were reported this year when compared to last year. LIC's lost time injuries have stayed the same as last year. Animal handling and driving remain the biggest source of critical risk-related event reports.

A SafePlus assessment that focused on LIC's farms, artificial breeding and herd testing teams helped LIC identify areas for improvement in our health & safety management. Areas of focus included:

- Governance: a due diligence assessment with the Board of Directors, resulting in a refreshed, shared understanding of the expectations of LIC's Officers.
- Audit and assurance: strengthening LIC internal H&S audits to provide increased risk management assurance.
- Identifying clear areas of focus for the next year, including bull drafting, the quality of LIC farm facilities, fatigue management, sharing overlapping safety duties with our farmer customers and driver safety.
- Improved communication and leadership engagement on H&S matters.
- Driver safety for artificial breeding technicians.
- Emergency management for our employees who work on customer farms.

Great progress has been made on all these areas, and efforts will be ongoing.

LIC has also successfully passed the updated ACC Accredited Employer Programme Health and Safety and Injury Management standards with no non-conformances and LIC remains an accredited employer that can self-manage our workplace injury claims.

Disruption to production or service

The Company's ability to provide sufficient quality bull semen during a season relies on several factors, including the maintenance and operation of key equipment, staff and training and adherence to approved procedures and processes. An inability to meet demand for the Company's semen would result in significant reputational damage as well as a reduction in New Zealand revenue. Standard operating procedures are well documented and regularly reviewed. Semen quality is monitored daily and non-return rates are monitored weekly during the peak of the season. A crisis management framework is in place, supported by defined key roles and alternates and business continuance plans, and these are reviewed and tested regularly.

Information security

Reliance on technology, IT systems and services increases the impact of system outages and data loss should a significant adverse technology event occur. LIC's toolsets and visibility across the technology environment provide the ability to detect potential threats. Business continuity and disaster recovery plans, together with scenario playbooks are in place (including for cyber attacks), reviewed regularly and backups are performed regularly to support LIC's recovery should it be needed. LIC works with external experts to test and improve information security and regularly undertakes phishing simulations and training to assess staff preparedness and vigilance.

Financial Risk

LIC has stringent processes in place to ensure budgets, forecasts and financial reporting are accurate and timely. LIC maintains internal controls to manage delegated authority and remove the opportunity for fraudulent activity through the segregation of duties.

The Company's revenue may be reduced as farmers decrease expenditure as a consequence of reduced returns, availability of cash or an increased cost of production. Reductions in New Zealand's milk price will affect returns paid to Shareholders: as a net exporter of milk, New Zealand's milk price is heavily influenced by reference to the price set by the Global Dairy Trade. Rural lenders' approach to their lending portfolio may result in a tightening in policy and in turn less cash on farm. As a result, farmers may look to reduce both their capital spend as well as farm working expenses, including herd improvement.

Biosecurity and animal health

Quarantine procedures are in place in all LIC controlled locations with quarantine bulls maintained separately to production bulls. Controls are in place on LIC's bull farms, including segregation of bulls and double fencing, for safety and to reduce the risk of unwanted organisms. Bulls are regularly inspected and undergo health testing. Business continuity plans are in place and regularly reviewed. LIC has veterinary and epidemiological expertise within the Company.

Market disruption

The inability to commercialise innovations and/or respond quickly to market disruption or emerging technologies could cause reduced use by Shareholders of existing products and services with a resultant reduction in revenue.

LIC maintains a watching brief on the innovation and technology landscape and follows agile product development methodologies to enable quicker commercialisation of new and improved products and services and the Board prioritises capital spend to ensure developments align with farmer needs.

Compliance

Breaches of laws, regulations, licences, standards, NZX continuous disclosure requirements, or market access requirements, could result in restrictions, penalties, or loss. LIC uses the New Zealand legal compliance software tool ComplyWith to ensure clarity of obligations across the organisation and for tracking adherence to compliance requirements.

Strategic risk

Disruption, planning, risk, resourcing or other barriers not identified or managed could lead to an inability to deliver on LIC's strategy, as would the lack of availability, capability and engagement of our people and key vendors. LIC regularly reviews progress against strategic objectives and has developed key metrics to ensure delivery of the commitments made to Shareholders.

The Board and Management continue to explore growth opportunities and ways to improve efficiency within LIC and for dairy farmers through innovative products and solutions. There is also a continued focus on genomic evaluation, appropriate selection principles and careful monitoring of the elite portion of the national herd to ensure LIC's breeding scheme continues to deliver superior dairy genetics to assist farmers in improving productivity. Off-shore business activity also provides a buffer for NZ-specific impacts.

Climate

Climate risk is a sub-category risk in LIC's risk management tool as it impacts more than one of LIC's key risk areas. LIC has identified transition and physical risks related to climate change.

LIC measures and publicly reports our greenhouse gas emissions, has set emissions reduction targets, and works with our staff and suppliers to build sustainability into our purchasing decisions. LIC continues to offer farmers the tools and genetics they need to breed more efficient cows and drive sustainability improvements on-farm.

NZX Code Principle 7, Auditors:

The Board should ensure the quality and independence of the external audit process.

External Audit

LIC has an External Auditor Independence Policy that requires the external auditor to be independent and to be seen as independent. This policy can be found on the LIC website. The Board is satisfied that there is no relationship between the auditor and LIC or any related person at this time that could compromise the auditor's independence. The Board also obtains confirmation of independence formally from the auditor.

To ensure full and frank discussion between the Audit, Finance & Risk Committee and the auditors, the auditor's senior representatives meet separately with the Committee.

The External Auditor Independence Policy sets out restrictions on non-audit work that can be performed by the auditor and the Audit, Finance & Risk Committee

is required to approve all engagements with the auditor. The policy requires rotation of the key audit partner every five years, a requirement that we are fully compliant with. LIC's external auditor attends its Annual Meeting each year to answer questions from Shareholders in relation to the audit.

Internal Audit

LIC's Risk & Assurance Team is responsible for delivery of the Enterprise Internal Audit Plan developed annually based on risks that may affect LIC's achievement of its strategic goals and a set rotation for some audits as agreed with the Audit, Finance & Risk Committee. The Risk & Assurance Manager regularly reports to the Audit, Finance & Risk Committee on progress against the internal audit plan, audit outcomes, and issue resolution.

NZX Code Principle 8, Shareholder rights and relations:

The Board should respect the rights of shareholders and foster constructive relationships with shareholders that encourage them to engage with the issuer.

The Board recognises that, as its Shareholders are the Company's owners, customers and stakeholders, it is responsible for overseeing Shareholder engagement. Shareholder engagement reflects LIC's co-operative ownership structure and values and aims to be efficient, effective, fit for purpose and meet Shareholder expectations regarding increased transparency about LIC's activities.

The LIC website is the key place for LIC's financial and operational information, including the Company's presentations, reports, announcements and media releases. The website is updated immediately when any announcement is made to the NZX. Important corporate governance documents such as the charters and policies referred to in this section of the Annual Report can also be found on the LIC website and the Annual Report is available in both electronic and hard copy formats.

LIC provides half-year and annual reporting to the NZX to keep Shareholders informed and discloses information to the NZX to meet its continuous disclosure obligations as

required. The Company communicates with Shareholders through its Annual Report, half-year financial statements and at Shareholder meetings, as well as through a range of media channels on topics which it believes will be of interest to Shareholders.

LIC encourages all Shareholders to receive communications electronically but can provide hard copies of information as and when required.

All Shareholders have the right to vote on major decisions which may change the nature of the Company, and the Board encourages all Shareholders to attend and participate in Shareholder meetings.

This year the LIC Annual Meeting will be held both virtually and in person on Wednesday 23 September at 1pm at Ascot Park Hotel, Invercargill and online (lic.co.nz/annualmeeting). LIC welcomes Shareholders' attendance either on-line or in person. A Notice of Meeting will be sent to Shareholders on 31 July 2026.

Statutory Requirements

Entries in the interests register

Directors

All Elected Directors are customers and Shareholders of Livestock Improvement Corporation Limited and purchase products and services for their farming operations on an ongoing basis.

Directorships and Memberships

Nicola Mary Shadbolt:

Director of:

- FMG Insurance Limited
- Cooperative Business New Zealand Incorporated
- Nui Nui Holdings Limited
- Hemme Farm Limited
- Blythe Land Limited

Director and Shareholder of:

- Pohangina Land Company (No.1) Limited
- Ironsand Forests Limited
- Sheepstor Limited

Member of:

- Environmental Protection Authority
(appointed as of 1 July 2026)

Sophie Haslem:

Director of:

- Centreport Limited and subsidiaries:
 - Centreport Captive Insurance Limited
 - Centreport Investment Holdings Limited
- Kordia Group Limited and subsidiaries
(ceased as of 30 June 2026):
 - Kordia Limited
 - Kordia New Zealand Limited
- nib NZ Limited
- nib NZ Holdings Limited
- Payments NZ Limited
- Rangatira Limited

Shareholder of:

- CH4 Global Inc

Blair Albert O'Keeffe

Director of:

- Unison Networks Limited
- Central Air Ambulance Rescue Limited
- Port of Napier Limited (Chair)
- Director of Clarus Group companies, including:
 - Rockgas Limited
 - First Gas Limited
 - First Gas Midco Limited
 - First Gas Topco Limited
 - First Renewables Power Limited
 - First Renewables Power Midco Limited
 - First Renewables Power Topco Limited
 - Firstlight Network Limited
 - First Sunrise Holdco Limited
 - First Sunrise Bidco Limited
 - First Sunrise Midco Limited
 - First Sunrise Topco Limited
 - Gas Services NZ Limited, including:
 - First Renewables Limited
 - Gas Services NZ Midco Limited

Director and Shareholder of:

- Napier Port Holdings Limited (Chair)

Chair of:

- Hawke's Bay Rescue Helicopter Trust
- Hawke's Bay Regional Recovery Agency
(ceased as of 31 March 2026)

Hamish John Rumbold

Director of:

- The Warehouse Group Limited
(as of 19 November 2025)
- Ryman Healthcare Limited
(as of 1 May 2026)
- House of Travel Holdings Limited
- Perigee Holdco Limited (Chair)
(as of 21 July 2025)

Advisory roles:

- Board advisor – Evolution HealthCare
- Technology advisor – New Zealand Superannuation Fund

Antony Paul Coltman**Director and Shareholder of:**

- Band 4 Water Limited
- Canlac Holdings 2014 Limited
- Central Plains Water Limited

Shareholder of:

- Global Farming Trust

Advisory roles/member of:

- Rimanui Dairy Advisory Committee (ceased as of 20 August 2025)
- Fortuna Production Advisory Committee
- Pudahue Advisor (Chile)

Corrigan George Sowman**Member of:**

- Craigmores Sustainables Performance Committee (Uruwhenua Farms Limited Consultancy)

Michael John O'Connor**Director of:**

- Spectrum Group Services Limited

Director and Shareholder of:

- Spectrum Dairies GP Limited
- Finbar Farm Limited

Duncan James Bruce Coull**Director and Shareholder of:**

- RBS (2015) Limited
- RBS Invest Limited
- Ballance Agri-Nutrients Limited
- Ngutunui Dairies Limited

Director of:

- New Zealand Phosphate Company Limited

Victoria Jean Trayner**Director of:**

- Waimakariri Irrigation Limited
- North Canterbury Land Holding Limited
- INZ Accreditation Limited
- Irrigation New Zealand Incorporated Society

Director and Shareholder of:

- Platinum Farming Limited

Holds a 'relevant interest' in these entities (as defined in the Financial Markets Conduct Act 2013):

- Aratika Holdings Limited
- Timperley Investments Limited

Senior Staff

In addition to the directorships of LIC subsidiaries as detailed below, senior members of staff have recorded the following interests:

David Luk Chin (Chief Executive)**Director of:**

- Safer Farms

Paul Ferguson Dunbar (GM International)**Director of:**

- Eurogene AI Services (Ireland) Limited (in which LIC has a shareholding)

Brent Denis Mealings (Chief Financial Officer)**Director of:**

- Figured Limited (in which LIC has a shareholding)

Dhaya Paran Sivakumar (Chief Information Officer)**Director of:**

- Kordia Group Limited

The Directors of the Company's subsidiaries as at 31 May 2026 are set out below:

- LIC Agritechnology Company Limited: Nicola Shadbolt, Blair O'Keeffe, Hamish Rumbold, Sophie Haslem, Tony Coltman, Corrigan Sowman, Duncan Coull, Victoria Trayner and Mike O'Connor (LIC Agritechnology Company Limited was amalgamated with LIC and removed from the Companies Office register on 1 June 2026).
- Livestock Improvement (New Zealand) Corporation Limited: David Chin and Brent Mealings
- LIC Ventures No. 1 Limited: David Chin and Brent Mealings
- LIC Ventures No.3 Limited: David Chin and Brent Mealings
- Agrigate GP Limited: Brent Mealings and Dhaya Sivakumar (Agrigate GP Limited was removed from the Companies Office register on 25 June 2026).
- Livestock Improvement Pty Limited: Michael Rose and Paul Dunbar
- Beacon Automation Pty Limited: Brent Mealings, Michael Rose and Paul Dunbar
- Livestock Improvement Corporation (UK) Limited: Brent Mealings and James Simpson
- LIC Ireland Limited: Brent Mealings and James Simpson

Entries in the interest register

- a. Participation in the Company's Contract Mating Scheme could lead to the potential sale of bull calves to LIC in the 2027/28 season.** Directors participating in the scheme include:

Director	Potential Calf Sales	Potential Value
Corrigan Sowman	1	\$21,850

- b. Share Dealings by Directors**

As at 31 May 2026 the Directors other than the Appointed Directors (either in their own names and/or in the name(s) of their dairy farming entities) as qualifying users of LIC's products and services are holders of, or control the exercise of the right to vote or the acquisition or disposal of, the following shares (including Nil Paid Shares):

	31 May 2026
Director	Ordinary Shares
Nicola Shadbolt	129,632
Mike O'Connor	273,144
Corrigan Sowman	80,488
Tony Coltman	123,820
Duncan Coull*	8,900
Victoria Trayner*	7,200

**Includes shares compulsorily purchased to meet LIC's Shareholding Requirements*

Ordinary Shares include fully paid shares which are quoted on the NZX and Nil Paid Shares, which must be paid up over time by Shareholders.

- c. Loans to Directors of the Parent and Subsidiaries**

There have been no loans during the year.

- d. Directors Indemnity and Insurance**

The Company has issued a Deed of Indemnity and insured all its Directors and Senior Managers against liabilities to third parties for any acts or omissions in their capacity as Directors of the Company and its Related Parties.

- e. Use of Company Information**

There were no notices from Directors of the Company requesting to use Company Information received in their capacity as Directors, which would not otherwise have been available to them.

RESOLUTION OF DIRECTORS

DATED 15 JULY 2026 CONFIRMING THE CO-OPERATIVE STATUS OF LIVESTOCK IMPROVEMENT CORPORATION LIMITED

RESOLVED THAT:

Livestock Improvement Corporation Limited (Company) was registered as a Co-operative Company under the provisions of the Co-operative Companies Act 1996 (Act) on 1 March 2002.

In the opinion of the Board of Directors, the Company has been a Co-operative Company from that date to the end of the accounting year ended 31 May 2026.

The grounds for this opinion are:

1. The principal activity of the Company involves supplying artificial breeding, herd testing, herd recording and other services to transacting Shareholders (as that term is defined in section 4 of the Act). Accordingly, the principal activity of the Company is, and is stated in the Constitution of the Company as being, a co-operative activity (as the term is defined in section 3 of the Act); and
2. Not less than 60 percent of the voting rights attached to shares in the Company are held by transacting Shareholders.

Spread of Shareholders as at 31 May 2026 (including treasury stock and nil paid shares)

Size of Shareholding	Number of Shareholders*	Shares Held	% of Total
1 - 999	542	349,806	0.24%
1,000 - 1,999	737	1,156,784	0.78%
2,000 - 2,999	774	1,878,439	1.27%
3,000 - 3,999	625	2,061,414	1.40%
4,000 - 4,999	854	3,754,744	2.54%
5,000 - 5,999	412	2,284,931	1.55%
6,000 - 6,999	395	2,550,205	1.73%
7,000 - 7,999	352	2,600,873	1.76%
8,000 - 8,999	441	3,722,434	2.52%
9,000 - 9,999	270	2,578,708	1.75%
10,000 - 14,999	1,000	12,213,759	8.27%
15,000 - 19,999	629	10,872,457	7.36%
20,000 - 24,999	380	8,470,589	5.74%
25,000 - 29,999	254	6,912,462	4.68%
30,000 - 34,999	190	6,139,170	4.16%
35,000 - 39,999	124	4,616,147	3.13%
40,000 - 49,999	180	8,036,373	5.44%
50,000 - 99,999	266	17,704,948	11.99%
100,000 - 199,999	63	8,406,515	5.69%
200,000 - 299,999	15	3,595,286	2.43%
300,000 - 499,999	10	3,644,125	2.47%
500,000 - 999,999	5	3,884,732	2.63%
1,000,000 +	14	30,247,519	20.48%

*The number of Shareholders above is based on the number of separate/individual farms. The table below setting out the twenty largest shareholdings amalgamates Shareholders with multiple farms.

Twenty Largest Shareholdings as at 30 June 2025

(including treasury stock and nil paid shares)

SHAREHOLDER	SHARES HELD	% OF TOTAL SHARES
Trinity Lands Limited	7,315,625	4.95%
LIC Treasury Stock*	5,337,584	3.61%
Sim Brothers Limited	3,209,757	2.17%
Kotare Futures Limited	3,025,000	2.05%
David Lockhart Easton & Anthea Clare Easton & RFH Trustees Limited	2,472,320	1.67%
Melrose Dairy Limited	1,600,087	1.08%
Anglesea Agriculture Limited	1,517,203	1.03%
Cayuga Limited	1,370,443	0.93%
Robert Laurentius Johannes Bruin & Annemarie Bruin	1,291,429	0.87%
Align Farms Limited	1,238,616	0.84%
Kotare Pastoral Limited	1,179,714	0.80%
CIP Nominees No 1 Limited	1,112,293	0.75%
Mangatarata Farms Limited	1,100,000	0.74%
D B Douglas Limited	928,656	0.63%
Mark Braden Neil Dewdney & Anne Heather Dewdney & Victoria Ann Dewdney	877,109	0.59%
Christopher John Stark & Graham Carr	718,372	0.49%
Pilsen 2021 Ltd	616,944	0.42%
Malrose Properties Limited	575,241	0.39%
J D & R D Wallace Limited Partnership	566,288	0.38%
Bishop Farms Oxford Limited	474,572	0.32%
Kaimanawa Farms Limited	474,597	0.32%
Noremac Developments Limited	437,772	0.30%

*Treasury stock shares held by the Company do not carry dividend rights and therefore are excluded from dividend calculations.

Credit Rating Status

LIC currently does not have a credit rating.

Substantial product holders

Based on substantial product holder notices received by the Company from shareholders, as at 31 May 2026, the following parties were substantial product holders of the Company:

Substantial product holders	Number of shares at date of notice	Percentage of shares at date of notice	Date of notice
Trinity Lands Limited	7,313,073	5.168%	17/09/2024
David Gregory Turner	7,313,073	5.168%	17/09/2024

Key:

Number of shares = Number of quoted fully paid ordinary shares in substantial holding at date of notice

Percentage of shares = Percentage of quoted fully paid ordinary shares in substantial holding at date of notice

LIC understands that David Gregory Turner's substantial product holder disclosure is in relation to financial products held by Trinity Lands Limited, also disclosed above. David Gregory Turner's substantial product holding notice states his interest arises because he has the power to exercise, or to control the exercise of, a right to vote attached to the financial products held by Trinity Lands Limited and has the power to acquire or dispose of, or to control the acquisition or disposal of, the same financial products held by Trinity Lands Limited.

As noted in the table, these substantial product holder notices were disclosed on 17 September 2024. The Company has not received any other substantial product holder notice since that date.

Based on the Company's records, as at 31 May 2026, no shareholder holds more than 5% of the total shares in the Company (comprising the only class of quoted voting products of the Company). Where a person holds a relevant interest in shares other than by virtue of being the legal holder of shares, the Company may not be aware of that person's relevant interest and would be reliant on their lodgement of a substantial product holder notice.

LIC notes that the disclosures made at the date of the original notice are also available on nzx.com under LIC's announcements.

Donations

The Company made donations totalling \$12,356.13 during the year ended 31 May 2026.

No political contributions are made by the Company.

Non-Standard Listing

Livestock Improvement Corporation Limited has been classified as a Non-Standard NZX Issuer by the NZX, pursuant to NZX Listing Rule 1.18, by reason of it being a Co-operative Company having a Constitution which includes provisions with the following effect:

- The acquiring of Ordinary Shares is restricted to New Zealand dairy farmers who derive an income from the farming of dairy cows in New Zealand, whose milk is supplied to a New Zealand milk processor and who purchase qualifying products and services from Livestock Improvement Corporation Limited.

WAIVERS AND APPROVALS GRANTED BY NZX REGULATION LIMITED

On 19 December 2025, NZX Regulation Limited (NZ RegCo) released an Amended and restated waivers, approvals and Rulings decision in relation to the Company in respect of the following NZX Listing Rules:

1. A Ruling that treats the "Shareholding Requirement" as defined in LIC's Constitution as the "Minimum Holding" requirement for LIC for the purposes of the Listing Rules.
2. A Ruling to the extent that the definition of "Renounceable" refers to a Right or an offer of securities by LIC that is transferrable to any person entitled to hold those securities under the Constitution. This reflects the ownership restrictions on shares, resulting from the co-operative nature of LIC.
3. A waiver in respect of Rules 2.3.1 and 2.3.2, to allow for the following aspects of the Company's corporate governance structure:
 - a. Director nominations for Elected Directors by Ordinary Shareholders to be restricted by region, as set out in clause 22.4(b) of the Constitution and qualification, as set out in Schedule 3 of the Constitution;
 - b. the nomination procedures for Appointed and Elected Directors (including casually appointed directors) as set out in Schedule 3 of the Constitution;
4. A waiver in respect of Rule 3.13.1 to allow LIC to release to the NZX details of the Nil Paid Shares that have been converted into Fully Paid Shares on a monthly basis, in the form as required under Rule 3.13.1, on the first business day of each month, aggregating the number of Nil Paid Shares that have been paid up (if any) in the preceding month.
5. A waiver from Rule 4.15.1 to allow LIC to provide financial assistance to an Approved Holding Entity, for the purposes of, or in connection with, the acquisition of Equity Securities issued, or to be issued, under the Voluntary Investment Scheme.
6. A waiver in respect of Rule 6.2.4 to allow Nil Paid Ordinary Shares to carry full voting rights. Without this waiver, the Nil Paid Shares could only carry voting rights in proportion to which the Share is paid up.
7. A waiver in respect of Rule 6.6.1 to allow the lien provision in clause 18 in the Constitution to be read in place of this Rule.
8. A Ruling that Rule 7.1.2(a) includes (ix) electing SRG Members to the SRG, (x) fixing SRG remuneration and (xi) electing Honoraria Committee Members to the Honoraria Committee to avoid NZ RegCo needing to review LIC's notice of meeting when administrative matters in respect of the SRG Members election, Honoraria Committee Members election and SRG Member remuneration are included in any notice of meeting.
9. An approval under Rule 8.1.6(b) to include the following restrictions in the Constitution:
 - a. LIC is restricted in relation to the voting securities that may be issued, as set out in clause 3.2(b) of the Constitution, thereby maintaining its co-operative structure;
 - b. ordinary shares in LIC may only be held by or transferred to certain persons, as set out in clause 3.2(c) of the Constitution;
 - c. ordinary shares in LIC shall not be held or acquired for the benefit of any person who is not a User, unless an exception is provided, as set out in clause 3.2(d) of the Constitution;

- d. no person shall hold a relevant interest in more than 5% of the total number of ordinary shares in LIC on issue, as set out in clause 6.3(a) of the Constitution;
- e. LIC may require Users who have spent in excess of the Minimum Purchase Amount to compulsorily acquire sufficient ordinary shares to meet the Shareholding Requirement, as set out in clause 7.1 of the Constitution;
- f. LIC may require Users who no longer spend the Minimum Purchase Amount to compulsorily dispose of their ordinary shares, as set out in clause 7.2 of the Constitution; and
- g. While the Dairy Industry Restructuring Act 2001 restricts voting rights in LIC, no person can exercise, or control the exercise of, more than 1% of the maximum number of votes exercisable at any meeting of LIC, as outlined at clause 20.4 of the Constitution.

DISCLOSURE OF FINANCIAL ASSISTANCE AS REQUIRED UNDER THE COMPANIES ACT 1993

A. Dividend Reinvestment Plan:

LIC proposes to provide financial assistance to those Shareholders who elect to participate in the Dividend Reinvestment Plan (DRP) by agreeing to pay to the Guardian Trust Company of New Zealand Limited (Guardian Trust), as the Approved Holding Entity, the services and administration fees and brokerage and commission costs incurred for the purposes of the DRP. Craigs Investment Partners Limited (Craigs) has been appointed as the Broker to purchase Ordinary Shares on the NZX market for the purposes of the DRP, and the moneys paid by LIC to Guardian Trust as Approved Holding Entity will include the administration fee, brokerage and commission costs of Craigs.

LIC is required to make disclosures to all Shareholders in respect of this financial assistance. The exact amount of the net costs depends upon the extent to which Shareholders participate in the DRP. However, the total amount of net costs in the next twelve months is estimated to be in the region of \$15,000.

In relation to the financial assistance provided for the DRP, the LIC Board resolved on 15 July 2026 that LIC should provide the financial assistance referred to above (DRP Financial Assistance), for the period of 12 months commencing 10 working days after sending its Notice of Meeting to Shareholders on 31 July 2026, and that the giving of the DRP Financial Assistance is in the best interest of LIC and is of benefit to Shareholders not receiving that financial assistance; and that the terms and conditions under which the DRP Financial Assistance is given are fair and reasonable to LIC and to the Shareholders not receiving that financial assistance. The grounds for the Board's conclusions are:

- a. The DRP Financial Assistance enables LIC to provide Shareholders with an efficient means of acquiring additional Shares in LIC without incurring transaction costs which they would otherwise incur;
- b. The DRP Financial Assistance is available to all eligible Shareholders, giving equal opportunity to participate in the benefits of the DRP;
- c. The additional Shares will be acquired by Craigs through on-market transactions, or the issue of Shares from treasury stock;
- d. Shareholders who do not participate will not be diluted or otherwise disadvantaged as no new Shares are being issued under the DRP;
- e. Participating Shareholders will pay no greater than the higher of:
 - i. the volume-weighted average price of shares trading on the NZX market during the 20 Business Days prior to the date that the Board determines to issue shares from treasury stock; and
 - ii. the average price paid by Craigs on behalf of Participants for on-market acquisitions;
- f. The DRP will enhance the liquidity in the market for the Shares, providing a more liquid market for both participating and non-participating Shareholders wishing to trade in LIC Shares;
- g. The DRP enables LIC to offer Shareholders a mechanism to reinvest dividends in Shares without resulting in unnecessary new capital being raised through the issue of new shares; and
- h. The amount of DRP Financial Assistance is minimal in comparison to the benefits arising out of the DRP for Shareholders and LIC.

B. Voluntary Investment Scheme:

LIC proposes to provide financial assistance to those Directors and Senior Managers who are eligible and elect to participate in the Voluntary Investment Scheme (VIS) by agreeing to pay to the Guardian Trust, as the Approved Holding Entity, the services and administration fees and brokerage and commission costs incurred for the purposes of the VIS. Craigs has been appointed as the Broker to purchase Ordinary Shares on the NZX market for the purposes of the VIS, and the moneys paid by LIC to Guardian Trust as Approved Holding Entity will include the administration fee, brokerage and commission costs of Craigs.

LIC is required to make disclosures to all Shareholders in respect of this financial assistance. The exact costs depends upon the extent to which eligible Directors and Senior Managers participate in the VIS. However, the total costs in the next twelve months is estimated to be in the region of \$7,000.

In relation to the financial assistance provided for the VIS, the LIC Board resolved on 15 July 2026 that LIC should provide the financial assistance referred to above ("VIS Assistance"), for the period of 12 months commencing 10 working days after sending its Notice of Meeting to Shareholders on 31 July 2026, and that the giving of the VIS Assistance is in the best interest of LIC and is of benefit to Shareholders not receiving that financial assistance; and that the terms and conditions under which the VIS Assistance is given are fair and reasonable to LIC and to the Shareholders not receiving that financial assistance. The grounds for the Board's conclusions are:

- a. The VIS Assistance enables LIC to provide eligible Directors and Senior Managers a means of acquiring additional shares in LIC through a fixed trading plan, given the risk they will often be information insiders, and without incurring transaction costs which they would otherwise incur;
- b. The additional shares will be acquired by Craigs either through on-market transactions or the issue of Shares by LIC from treasury stock. Participating Directors and Senior Managers will pay the average NZX market price paid by Craigs on market for those Shares;
- c. Participating Directors and Senior Managers will pay a uniform price in relation to a season;
- d. The VIS will enhance the liquidity in the market for the Shares, providing a more liquid market for both participating Directors and Senior Managers and non-participating Shareholders wishing to trade in LIC shares;
- e. The VIS enables LIC to offer eligible Directors and Senior Managers a mechanism to invest in LIC Shares without resulting in unnecessary new capital being raised through the issue of new shares; and
- f. The amount of financial assistance is minimal in comparison to the benefits arising out of the VIS for participating Directors and Senior Managers, non-participating Shareholders and LIC.

C. LIC Employee Share Scheme:

LIC proposes to provide financial assistance to those employees who elect to participate in the LIC Employee Share Scheme (ESS) which from 1 April 2011 has been managed by Craigs, with CIP Nominees No. 1 Limited acting as custodian. LIC proposes to pay the Manager's and Custodian's fees and expenses (including brokerage). The amount of the fees will depend on how many employees participate in the ESS and the level of their contributions. However, it is estimated that the total fees in the next twelve months will be in the region of \$22,000.

In relation to the financial assistance provided for the ESS, the Board of LIC resolved on 15 July 2026 that LIC should provide the financial assistance referred to above (ESS Assistance) for the period of 12 months commencing 10 working days after the date of sending its Notice of Meeting to Shareholders on 31 July 2026, and that the giving of the ESS Assistance is in the best interests of LIC, and is of benefit to Shareholders not receiving that financial assistance; and that the terms and conditions under which the ESS Assistance is given are fair and reasonable, to LIC, and to the Shareholders not receiving that financial assistance. The grounds for the Board's conclusions are:

- a. The Employee Scheme is a valuable addition to the benefits available to the employees of LIC and will assist in retaining them as valuable staff;
- b. The Employee Scheme is a method of aligning the interests of employees with the interests of Shareholders and is an effective means of motivating future performance of the employees;
- c. Shareholders will not be diluted or otherwise disadvantaged as no new Shares are being issued under the Employee Scheme;
- d. The additional shares will be purchased through Craigs at the market price;
- e. The Employee Scheme will enhance the liquidity in the market for the Shares, providing a more liquid market for Shareholders wishing to trade in LIC Shares; and
- f. The amount of financial assistance is minimal in comparison to the benefits arising out of the Employee Scheme for Shareholders and LIC.



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