

Tēnā koutou kua huihui mai nei
E mihi ana ki ngā mana whenua
Nō Mohua ahau
E mahi ana au hei Chairman ki LIC
Ko tēnei taku mihi ki ngā tāngata whenua o te rohe nei
Ko Corrigan tōku ingoa
Nō reira, tēnā koutou katoa.

Good afternoon everyone, my name is Corrigan Sowman and I am your Board Chair. I would like to welcome you to this year's AGM and thank you for being here – whether you're joining us in person or tuning in online.

Joining me this afternoon is our CE David Chin and our CFO Brent Mealings.

Our apologies from SRG is Dan Joho, and from the Honoraria Committee, Shirley Trumper, Ellen Bartlett and George Moss.

Just a quick note that Sophie Haslem has been unable to join us in person today due to weather-related flight disruption, but she is joining us online.

Notice of this annual meeting of LIC shareholders was given on 31 July 2026, setting out the business for the meeting.

It is an opportunity for LIC's shareholders to come together to review the financial statements and performance for the last financial year, to approve remuneration arrangements for the auditors, SRG and Directors, to address the formal elections for directors and SRG members, and to address general business relating to the performance and future of our company.

There will be an opportunity to ask relevant questions related to the company's performance and future after the formal resolutions, in general business near the end of the meeting.

Before we get underway, I'll quickly take you through what we'll cover today. I'll start with a few opening remarks before handing over to Brent, who will take us through LIC's financial performance for the year. David will then talk about where LIC is heading, the opportunities ahead of us and some of the work underway to continue delivering value for our farmer shareholders. We'll then move into the formal business of the meeting, including the Honoraria Committee report and the resolutions before shareholders. And finally, we'll open up for general business and questions.

Before Brent takes you through the numbers, I want to spend a few minutes on what your co-operative has been investing in, and why. Because a co-operative balance

sheet is more than just our financial position. It is ultimately a story about how collectively we leverage to do things for you that no individual farmer, could or would choose to do alone. Ultimately, it's investing in the long game.

The cows you mate this season produce calves next winter. Those heifers are mated the following year. They calve down and enter the herd three years after your original decision. And you do not see the full result until they finish their first lactation.

That is a long wait for a return. But no one here would stop mating because the payback is three years out. You do it because it compounds, and because today's herd is the product of decisions made by the farmers who came before us.

Your Board thinks the same way about capital. The investments we make in genomics, in laboratories, in the technology, are decisions where the money goes out now and the value lands over years, not just the next few quarters.

That is the discipline of a co-operative that intends to be here for the next generation of farmers, not just this one. Genomics is the clearest example.

We have invested significantly in building out the genomic platform - the back-end IT infrastructure that runs it, the laboratory capacity behind it, and the products that put it within reach of every farmer rather than just a few. A critical decision was price. We brought the cost of an off-peak genomic evaluation down from around \$50 to \$20 for dams, and \$31.75 for young stock. That was a deliberate choice to leave more value behind the farm gate.

When the Board approved the consolidated GeneMark Genomics product, the business case had a negative net present value for LIC on a standalone basis. We approved it because the value to farmers, and to the wider sector, was compelling.

To put the old barrier in perspective, profiling every dam in a 500-cow herd used to cost more than \$11,000. That limited uptake to the few. Now it is available to the many. The response from you has been well ahead of what we expected.

New Zealand is now at the forefront of farmer participation in genotype collection anywhere in the world where it is not subsidised by government. Our farmers are doing this by choice.

We now hold over two million genotypes in our reference population and that is growing by over half a million a year. That is a huge asset. And it becomes more valuable over time, because as those animals start milking, their production data flows back in and every prediction gets sharper. That is the compounding effect. The investment we made

three and four years ago is paying you back now, and the investment we are making today will pay the farmers who come after us.

There are three sources of value for you and the co-operative.

One - more accurate pedigrees. You know which calf came from which cow.

Two - a much better estimate of genetic potential. Parent verification alone gives reliability of around 25 to 30 percent. Add the animal's own genotype and that lifts to 50 to 60 percent. That is the difference between guessing which heifers to keep and knowing.

Three - a more powerful genomic selection tool, which means the co-operative can select better bulls at a younger age and put them in the teams you use and be more competitive.

The rate of genetic gain tells the story.

Through 2014 to 2016 we were averaging around 16 BW a year. From 2021 to 2025 that had lifted to around 24 BW per year. That is a 50% increase in the rate of genetic gain over the last decade through the use of genomics in bull selection.

And the value of it lands on farm. Across the national herd, the 50% increase is in the order of \$200 million per annum to the sector. Investing in the science is one half of it. Delivering it to you reliably is the other half.

This part of the investment story does not make headlines, but I suspect it is the part you care most about and I know is just what you expect of your coop. It is one thing to collect two million genotypes. It is another thing entirely to get the result back to a farmer quickly.

Back in 2021 we processed nearly 400,000 samples. The turnaround time was six weeks, and we were hitting our own turnaround target only 60 percent of the time. By 2025 we processed 640,000 samples. That is a 61 percent increase in volume.

Over the same period turnaround came down from six weeks to four. And our achievement against target went from 60 percent to 94 percent. That combination matters. We took on 61 percent more work, and we became faster and more reliable at the same time. That is a real credit to our operations team, and it also reflects the investment we made up front. And we did this because we know it matters on farm.

A genomic result that is late, or uncertain, makes culling and retention calls harder. If you want to sell your tail-end surplus heifers, you need that information before weaning. Two weeks off the turnaround is two weeks of decision-making returned to you, right in the busiest part of the year. And 94 percent reliability means you can plan around us. That is what we mean when we say operational excellence.

I'd just like to take a moment to reflect on where we've come from. This sits squarely against the commitments we made to you in our previous strategy work - operational excellence, faster genetic improvement, and software reliability and performance.

Operational excellence is the first of those for a reason. It is getting the basics right and delivering for you, on time, every time. These numbers are us being held accountable to that. So when you look at these slides together, that is the pattern of how your Board invests.

Some of it shows up in short-term profit, and Brent will talk you through that shortly. Some of it shows up as better value inside your farming business. That is only possible because your co-operative has a strong balance sheet and no term debt. That strength is what lets us invest through the cycle, and still pay a consistent dividend while we do it.

I now want to talk you through our investment in building a digital agri ecosystem. The investments I have just described in genomics and our breeding scheme are investments in what your co-operative does for you directly. This one is different, and worth pausing on, because it is one of the more consequential decisions your Board has made.

We have built out the MINDA® APIs. In plain language, we have opened MINDA so other companies' technology can talk to it, and data can flow both ways - out to them, and back into your herd records.

If you are like me and are running collars, or Gallagher's weighing systems, or drafting gates, you will already be living this. Liveweights can come off the scales and land in MINDA without you touching a keyboard. A collar alert can populate a MINDA group and draft the cow at the gate. Animal health treatments can flow through to your processor for compliance. Before we did this, farmers were drowning in administration trying to get a bit of information from one place to another.

That is time back. In the middle of mating, in the middle of calving, that is not a small thing. Three seasons ago, around four percent of our herds were sharing data through these sorts of connections. Today, around 70 percent of MINDA herds are sharing data, with more than 9,100 connections.

There are now around twenty businesses connected in - collar companies, weighing companies, automation companies, farm software providers, milk processors and sector organisations. Some of them are large international firms. Some are small New Zealand agritech businesses trying to get a start.

Every one of them exists to help a New Zealand dairy farmer run a better farm. If they succeed, our farmers do better. If our farmers do better, this co-operative does better. David will pick up the technology backbone in his outlook and explain what we are investing in next to keep it running and keep it secure.

I've chosen just to touch on three key examples of strategic investments which support our belief in being a generational cooperative. There are a number of others which I do not have time to profile today, but you can be assured, your Board and Leadership Team have this long-term ambition when we invest your precious capital. Sure, we want it to deliver immediate gains on farm, in the vat, but we also know the power of this cooperative's investments, are those that compound through time.

Now, it is my pleasure to now introduce Brent Mealings, our CFO, to help explain the last 12 months of financial performance.

Corrigan has taken you through what the co-operative has been investing in, and why the Board is comfortable doing it. My job is to show you what that looked like in the financial results for FY27 – identifying the highlights as well as the challenges.

The 2026 financial year represented another solid result for the co-operative. With the maintenance of LIC's strong balance sheet with no term debt, the Directors had confidence in declaring a dividend at 80% of underlying earnings alongside an intention to further invest capital into significant initiatives this financial year including LIC's customer facing systems, a new diagnostics Lab at the Newstead campus and further material investments into further securing our IT systems.

Net profit after tax was down by 30% compared to last year primarily due to our investment decision to replace our aging enterprise systems. The costs to replace our enterprise systems are expensed as incurred, rather than capitalised and amortised over future periods. The Net profit after tax reduction compared to last year was also due to a smaller relative increase in the bull valuation.

The increase in assets is driven by an increase in the bull team valuation, albeit smaller than last year and a continued investment in other productive assets, including farm software products.

LIC's underlying earnings were similar to last year at \$21.8m, being a 7.2% return on capital.

Although revenue increased by 6.7%, mostly driven by our NZ genetics and Testing businesses, our underlying earnings result was flat. This was primarily as a result of an increase in R&D spend covering our breeding scheme and genomics product assets that supported the uplift in genomics testing. Our underlying earnings compared to last year was further impacted by a conscious decision to focus resources on improving internal systems rather than further capital software development work.

The co-op will continue to focus on delivering consistent financial results to maintain resilience through different stages of the commodity cycle. The strength of underlying cash generation and balance sheet enables the re-investment into the business, technology enablement and R&D. Balance sheet strength and cash generation also provides the optionality to pay a consistent dividend to our farmer shareholders.

And finally before I hand over to David, due to the significant uncertainty of fuels costs as we work through the AB season and the potential impact of the El Niño weather pattern, LIC has not provided FY27 earnings guidance at this time.

We will continue to invest this financial year into replacing and enhancing our enterprise and customer facing systems. We are also committed to further investments to enhance our digital resilience.

We anticipate guidance to be provided alongside our half year results in late January.

Thanks Brent.

You've heard about how LIC has performed over the past year. I'm going to talk about where we're heading from here – the opportunities we see ahead, where we're investing, and how we're making sure LIC continues to deliver value for our farmer shareholders. And importantly, what that means on farm.

So, let's start with where we're focused. The purpose of the next couple of slides is to give you a flavour of where we are taking the co-op and what are the forces driving that. Technology adoption on farm is moving quickly. Farmers are using more systems, more sensors, and more data than ever before - and they expect those systems to talk to each other, and to us.

MINDA is used by more than 90 percent of New Zealand dairy farmers. It has phenotypic, genomic, pedigree and health data combined. And we are now leveraging

that for the benefit of the whole sector.

Corrigan has already taken you through the integration numbers what I want to add is what it means for where we invest next. An open platform only stays useful if the platform underneath it is modern, fast and secure. That is the work in front of us. There are a couple of things that are pulling us forward at once.

First, farmer expectations. The bar for digital experience is in Silicon Valley and by the most progressive technology companies globally – and they wait for no one.

Second – The need for ‘digital resilience has changed materially. Bad actors range from opportunistic people to well-resourced groups, and AI is making this cheaper and faster. For a co-operative that holds your herds data, that risk is very real.

So what are we investing in? We are modernising MINDA and our data and API platforms, so we can move faster and integrate more easily. New customer-facing and enterprise systems, including our online shop expected to be deployed this financial year. And we are looking to make significant investments in our technology backbone to make us more digitally resilient.

Corrigan mentioned our investment in genomics and now I want to give you a little more detail. Demand for testing is growing fast both in genomic testing and Animal Health testing and we have outgrown our current laboratory. On current projections we exceed its capacity by FY27, and there's no room to expand. To that end, we are building a new laboratory on our main campus which will be commissioned in time for Spring next year.

The new lab will have all our genomic testing and animal health testing under one roof. It gives us flexible spaces we can reconfigure as the testing portfolio changes. This new lab will give us room to grow our testing volumes well into the future which will benefit both farmers as well as the co-operative R&D and breeding programs.

Our approach to these investments is to be very clear about where we focus our resources: keeping critical systems running through peak season, reducing legacy risk, delivering capability farmers can see, and staying within sensible financial limits. And we will sequence these investments so you, our farmers, keep seeing value along the way.

Corrigan and Brent have both made the point that the balance sheet is what makes this possible.

This is the co-op investing early - so that MINDA stays the hub of New Zealand dairy data, your information stays secure and available when you need it, and the productivity gains land behind the farm gate.

All of our investments terminate on one clear mission – which is to provide you, our co-operative members with world-class herd improvement. Genetic gain is the engine, and the fastest lever is making sure the right straw goes into the right cow at the right time. We can do all the genomic testing and breed the best bulls we like, but all that work quickly gets unwound if we keep replacements from the bottom of our herd. Our Connected Mating initiative turns that principle into something a farmer can actually do on a Tuesday morning in October.

The problem we're solving is that too many replacement heifers are being generated from low BW cows. That's the honest position, and we have the data. In 2024, 7.6% of heifer calves tagged with a Birth ID came from the bottom 10% of their herd and in 2025 that reduced slightly to 7.1%.

When we looked at sexed semen use across the national herd, 15 percent of sexed straws in 2020 went into cows in the bottom 30 percent of their herd on BW. By 2024 that had improved to around 10 percent. Better, but still too high.

Every one of those matings can produce a replacement heifer from a cow that should not be breeding a replacement. That slows genetic progress in that herd, and across the national herd.

The other side of the same coin is that those bottom-end cows should go to beef if mated in the first three weeks, or to short gestation genetics after that. That lifts the value of the surplus calf or adds days in milk. This is what Connected Mating does. Phase one of this project is live now.

Farmers can set what percentage of their low BW cows they want to put to beef semen. That plan then lands with the AB technician in DataMATE at the point of insemination. DataMATE flags which cows go to beef and which cows to keep replacements from. And the matings flow back into MINDA automatically, so the record is complete without anyone re-keying anything.

This simple act of putting the right straw into the right cow, and taking the hassle out of that decision during mating will unlock significant gains for each and every farmer. So now I want to finish somewhere different.

Brent took you through the financial statements earlier - profit, balance sheet, and dividend. That is one place the value of your co-operative shows up, and it matters.

But if that were the only place we measured ourselves, we would be missing a trick. Because there is a second-place value shows up, it shows up behind the farm gate in the cows you milk twice a day for the better part of each year. The trouble is, value behind the farm gate does not appear as a single line in your accounts marked “herd improvement”.

So I want to show you where it is. And because we are in Southland, I am going to show you with a Southland example. Let us start with what has happened in this region since 1998. Some of you were milking then. There were 467 herds in Southland then. Today there are 983. The average herd is now much larger. More farms, bigger farms, and a lot more milk. That is the story of dairying in Southland over a generation. You have lived it.

But I want to draw your attention to the milk solids percentage which has also grown from 8.35% to 9.29 %. Same litre of milk. Nearly a full percentage point more solids in it. That is not a bigger farm. That is not more cows. That is not more feed. You cannot buy it in a bag. That is the cow herself being fundamentally better at converting what she eats into the thing your processor actually pays you for.

Most of the other numbers on this slide are about scale - more hectares, more cows, more litres. Scale takes capital, debt, and work. There is one row is about quality. And it came from the mating decisions that farmers in this region have made, season after season, for twenty-five years. So what’s this actually worth?

Let us take milk volume out of it. Same farm, same three million litres in the vat, same tanker up the driveway. The only thing I am going to change is the cow. On one side, today's cow. On the other, the cow you would have been milking in 1998. Same litres. Different animal. Today's cow gives you 287,000 kilograms of milksolids.

The 1998 cow, filling the same vat with the same volume of milk, gives you 258,000. The difference is just under 29,000 kilograms of milksolids. Off one farm. In one season. Put it on a per cow basis and it is 47 kilograms of milksolids per cow, every year. At \$9.50, that is \$449 per cow. Every cow. Every year.

I want you to do that maths on your own herd on the drive home. Take your cow numbers and multiply by \$449. That is not a forecast or a projection. That money already went into your account last season. It has been going in for years. It just never appeared on a statement labelled “herd improvement”.

And across Southland as a whole, that is in the order of 28 million additional kilograms of milksolids a year for this region. For the same litres of milk. From the same tanker run. Now here is why I finish on this rather than on the financial statements.

Think about other things we spend money on to lift production: feed, fertiliser, nitrogen. They work, but they are gone by the end of the season. Then you buy them again next year.

Genetics is not like that. Genetics is permanent. It lasts for the life of the animal. And genetics is cumulative. It builds on itself. The 47 kilograms is not a ceiling, it is where a quarter century of compounding genetic gain has got us to, and every generation builds on this.

So when I say value behind the farm gate, this is what I mean. \$449 a cow a year, sitting in the vat, being picked up every morning by a truck you did not have to think about. That is what your investment in herd improvement has bought - and it happened because farmers in this region kept backing the breeding programme, season after season, long before anyone could show them a slide like this one.

The decisions we have talked about this afternoon - genomics, the new laboratory, connected mating, the technology backbone, are all the same kind of decision. The cost is now. The value shows up in cows that have not been born yet.

That is what it means to run a co-operative on a generational horizon. It is why we exist, and it is why I am absolutely confident about where we are heading.