

MARKET STATEMENT

18 July 2025

LIC reports positive full year results with increased dividend for shareholders

Livestock Improvement Corporation (NZX: LIC) today announced a positive year-end financial result as it continues to invest in innovations for its farmer shareholders. The co-operative is ending the 2024/25 financial year with a solid profit and an increased dividend of 12.22 cents per share.

Summary of financials*:

- Total Revenue: \$295.1 million, up 10.4% from \$267.3 million last year
- Net Profit After Tax (NPAT): \$30.6 million, up significantly from \$7.7 million last year
- Underlying Earnings: \$21.7 million, up 56.9% from \$13.9 million last year
- Dividend: \$17.4 million – 12.22 cents per share, representing 80% of Underlying Earnings
- Total assets: \$392.0 million, up 9.3% from \$358.6 million last year
- Strong balance sheet with no debt at year-end

LIC Board Chair Corrigan Sowman says the co-operative is pleased to deliver such a positive result for farmer owners, especially one which reflects the hard work that has been put in to deliver value behind the farm gate.

“In the past 12 months we have seen Non-Return Rates (NRR) of our fresh sexed semen lift to within 1% of conventional semen, we have had close to 1.5 million animals genotyped through our GeneMark™ Genomics programme and we have continued to work with our industry partners to increase the number of integrations available through our MINDA herd improvement platform.”

“Whether it’s allowing farmers to generate more replacement heifers from their top performing cows, increased certainty around parentage or reducing time spent on paperwork our co-operative is focused on putting farmers and their herds at the heart of everything we do.”

Revenue has increased by 10.4% as farmer owners invested further into their herds and the co-operative achieved a 14.8% improvement in underlying earnings, excluding the one-off negative impacts of the semen quality issue and the tax deductibility on commercial buildings change included in last year’s financial result.

Recent years’ investments in digital capability have resulted in a \$4.0m increase in depreciation and amortisation compared to last year and operating cashflows increased by \$16.3m year on year on the back of improved underlying earnings and prudent capital management.

The co-operative continued to invest into Research and Development, representing a 6.3% increase on last year at \$22.5m.

With robust underlying earnings of 15 cents per share and a strong cash position, the Directors have declared a dividend of 12.22 cents per share, which equates to a fully imputed cash distribution of \$17.4m.

OUTLOOK

The co-operative expects underlying earnings for 2025/26 to be in the range of \$18-22 million, assuming no significant events, including climate events, or milk price change takes place between now and then.

From the 2025/26 year, LIC is planning a multi-year investment into customer facing systems and process improvements. This is an important initiative to replace aging systems and improve customer experience, making the co-operative easier to work with. This investment is predominantly into Software as a Service (SaaS) tools, the costs of which are generally expensed as incurred, rather than amortised over future financial periods. For the purpose of determining the underlying earnings of LIC, this expenditure will be excluded. Reported Net Profit After Tax (NPAT) will be negatively impacted by the implementation costs incurred within a given year.

The co-operative will also continue to invest in R&D with the next stage of its methane research due to get underway in the last quarter of 2025.

ENDS

This statement has been authorised for release by the Board of Directors.

Contact

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***Notes to Financial Information**

These full-year financial results include the annual non-cash revaluations of LIC's major biological asset, the bull team, and the outstanding Nil Paid Ordinary Shares receivable, which are both required to reflect "fair value" under accounting standards. Figures have been audited. These numbers should all be read in conjunction with the financial statements.

Underlying Earnings: This is LIC's NPAT excluding bull valuation, nil paid share valuation movements and is considered useful to investors as it is the basis on which LIC has historically reported and determined 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.

Nil Paid Ordinary Shares: These were issued to shareholders in 2018 as part of the share simplification process which brought together LIC's two previous classes of shares into one Ordinary Share. For each co-operative share held, one Fully Paid Ordinary Share and three Nil Paid Ordinary Shares were issued. Nil Paid Ordinary Shares carry the same rights to dividends and voting as Ordinary Shares but cannot be traded on the NZX until they are fully paid up. Dividends paid on remaining Nil Paid Shares are automatically retained by LIC to pay down the remaining unpaid shares. LIC records an estimate of the fair value of the outstanding Nil Paid Ordinary Shares receivable at balance date.

Bull team valuation: The annual non-cash revaluation of the co-operative's largest biological asset was \$101.2 million. This is up from \$88.9 million the previous year, mainly due to improved forecast activity levels in a higher milk price environment. The valuation is based on an independent model that looks at future revenue streams and costs associated with the current bulls owned, discounted back to current value.

Dividend: The fully imputed dividend declared represents 80% of underlying earnings.

About LIC

www.lic.co.nz