

Silver Fern Farms Co-operative **Annual Report** 2024

About our Reporting Suite

The following information covers the results for Silver Fern Farms Co-operative Limited, and business updates for its investments, Silver Fern Farms Limited and Woolscour Holdings Limited (trading as WoolWorks).

Limited are the equal owners of Silver Fern Farms Limited. Silver Fern Farms Co-operative has a 50 percent share in Silver Fern Farms Limited, alongside its 50 percent partner investor Bright Meat Group.

Holdings Limited (trading as WoolWorks) in October 2024. WoolWorks is the largest woolscour by volume in the world and provides commissioned wool scour services to wool growers, manufacturers and exporters. It handles approximately 80 percent, or over 100 million kilograms, of the New Zealand wool clip.

Our Investments



ANNA NELSON

Chair's Review

Despite another challenging year for our sector, it is a real privilege to present the Annual Co-operative Chair's update. I also look forward to stepping in as Co-Chair of Silver Fern Farms Ltd following the Annual Meeting in May.



By way of brief introduction for those I haven't had the chance to meet yet, I'm originally from Cheviot in North Canterbury, and my family are still there farming sheep and beef.

I went to Massey University and completed a veterinary degree. I ended up in the Central North Island as a large animal vet before heading to Aria in the King Country where I farm a 1450-hectare effective breeding and finishing block with my husband Blair (Munta), and in-laws Jon and Kaye.

Farming has always been part of my life and is what keeps me grounded in this governance role. Our three young adult children are looking to follow our steps into the sector, and supporting the ongoing vibrancy of our farmers and New Zealand's rural communities is what gets me out of bed in the morning.



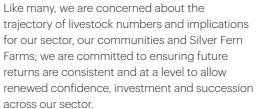
The Year in Review

2024 represented a mixed bag for the Co-operative with our suppliers enjoying improved farmgate pricing in the back half of 2024 but with our investment in Silver Fern Farms Ltd recording a loss.

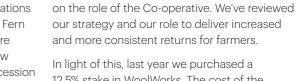
After a challenging two years for Silver Fern Farms and on farm, it is pleasing to see a return to stronger farmgate returns and a positive outlook going forward for our farmers.

While a loss for Silver Fern Farms Ltd is disappointing, the Board remain confident in the company's market-led strategy and that the business is in good shape. In particular, we are pleased with the company's efforts over 2024 to remove cost and focus on core operating efficiency. Despite another reduction in revenue and an increase in procurement tension, the company has been able to minimise the impact on the bottom line.

Although core operating efficiency will remain a continued focus for the company across 2025, we are seeing the benefits of these various strategic initiatives playing out favourably with increased market returns and livestock flows returning to more normality.



The Co-operative is delighted to see Silver Fern Farms' strategy coming into fruition. For example, for several years, we've been trying to get into high-end retailers like Whole Foods and off the back of our Nature Positive leadership and telling our farmers' stories, we're now a Whole Foods' grass-fed beef supplier. This programme has just started but is already creating meaningful returns over and above schedule prices back to those farmers who are supplying. Silver Fern Farms Ltd are working on expanding this programme and other initiatives like it in the year ahead.



In light of this, last year we purchased a 12.5% stake in WoolWorks. The cost of the investment was \$18.49 million and was funded by \$15.0 million cash with the balance by way of a 12-month vendor loan. The Co-operative engaged professional consultants to support due diligence which was the primary reason for the increase in expenses this year.

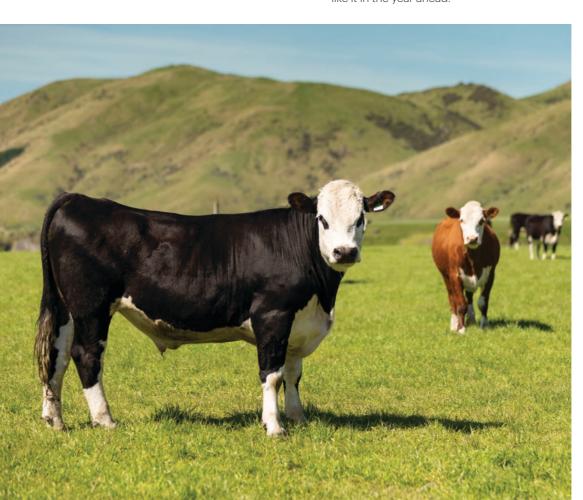
Over the last year, the Board has also reflected

Despite the recent difficult trading conditions over the last couple of years, the performance and returns from Silver Fern Farms Ltd over a number of years have given the Co-operative the ability to invest in new initiatives to increase resilience of on-farm returns for our shareholders.

Better wool returns are important to the overall viability of sheep farming, and our investment in WoolWorks will complement and create synergies with the Co-operative's investment in Silver Fern Farms Ltd.

While the investment in of itself will bring meaningful commercial returns to the Co-operative, we also know there's further potential through working with WoolWorks to capture more value for high-quality wool.

In February this year, WoolWorks introduced a new grower direct service for South Island sheep farmers. They are also developing "direct to customer" market opportunities around specific wool attributes and on-farm certifications such as NZFAP Plus. They will be introducing this service to the North Island mid-year 2025.





Looking Forward

2025 has started positively for both the company and our suppliers, with growing demand for our sustainable grass-fed red meat and co-products. The company's market-focused strategy is delivering meaningful value across a growing share of the business, and we expect to see this continue to grow across the year ahead.

We continue to keep a close eye on the geopolitical and trade risks which have the potential to impact the company's operating performance. That said, disruption and volatility are our new normal and I have confidence the business has the capability to adapt to changes to our global operating context and minimise any impacts on the business and on farmer returns.

We know that our relationships with suppliers are strong, but we can also take some confidence from our core key global customer relationships which will support us through any continued volatility ahead.

Wherever there is disruption and volatility there will always be opportunities. The more I've travelled around the world in this role, the more confidence I have in what we produce.

Our nature positive farming systems and our Silver Fern farmers are producing what discerning, affluent global customers are increasingly searching for. High quality, nutritious protein is in high demand with global supply under significant pressure.

I believe there's more we can do as 'NZ Inc' to work together and turn up across the globe to create the most value for our farmers, and I'm really looking forward to being part of that.



Acknowledgements

I want to acknowledge Rob Hewett who is retiring from his governance roles at Silver Fern Farms at our upcoming Annual Meeting. Rob has been somewhat of an institution for Silver Fern Farms during his time as both a Director and as Chair of the Co-operative and Silver Fern Farms Ltd.

Rob has helped to steer the company through some tough years, and he leaves the company with a clear direction and in a strong position. I appreciate the guidance and support that Rob has given me as a Director on Silver Fern Farms, and I know he will be keeping a close eye on the success of the company as a supplier.

I also want to acknowledge our shareholding partner Bright Meat Group, and in particular Mr Li and the other directors who serve on the Board of Silver Fern Farms Ltd. We are aligned in our vision to meet global consumers' demand for high-quality red meat and nourishment solutions, and I know Bright Meat Group appreciate and understand that the success of our farmers is critical to the success of the company.

Finally, I want to acknowledge and thank all our farming shareholders for their ongoing supply and loyalty. Our shareholders contribute around 70 percent of the company's overall livestock supply, and in times of uncertainty this is very important as it adds real strength and direction to Silver Fern Farms Ltd.

Anna Nelson

Chair

2024 Silver Fern Farms Co-operative **Annual Report**

OUR CO-OPERATIVE PURPOSE

Creating value for the farmers the world needs







Our People

Aspirational leadership driving a prosperous future

Show leadership within NZ primary sector.

Deliver best in class governance with clarity

- Collaborate with aligned organisations where appropriate
- Arrange external speakers/content on topical areas for each board meeting.

Deliver effective succession and governance extension for current and future directors

 Undertake regular Board evaluation and targeted training for all directors.

Support our wider Co-operative community

- Delivery of the 'To the Core' Programme
- Scholarship opportunities to support shareholder suppliers with attendance at personal governance programmes
- · Support of Growing Future Farmers (GFF).





Creating Value

Deliver a compelling shareholder value proposition

- Ensure shareholders are fairly and innovatively rewarded, including through dividends and patronage rewards where appropriate
- · Continual improvement in availability of premium, market-led programmes for all shareholders across the network
- · Collectively adding value through our

Partnering and investing for future

- · Invest in and develop revenue streams that complement and create value ensuring financial resilience and prosperity
- · Strengthen relationships with our farmer shareholders
- Build strong relationships with current and future JV partners, including our major JV partner Bright Meat Group.

Manage risk across our investment portfolio

- · Invest to support infrastructure resilience and efficiency
- · As core investment, enable Silver Fern Farms Ltd processing efficiency and growth
- · Balance the need for short term dividend with long term intergenerational investment.



Leading with Nature

Enable enduring value from sustainable and ethical farming systems

- · Continue to promote the benefits of Integrated Farm Planning and NZFAP Plus programme, including biodiversity plans, biosecurity, animal welfare, to grow NZFAP Plus accredited
- Ensure Co-operative Shareholders provided preferential access to NZFAP Plus support from Silver Fern Farms Ltd
- · Highlight shareholder's outstanding Nature positive farming achievements.

Support Silver Fern Farms Limited to connect consumers, customers and producers through our Nature Positive story

- Ensure strong Co-operative presence and Shareholder attendance at annual Silver Fern Farms Ltd Roadshows
- Prospective and new shareholders are clear on Nature Positive value proposition and programme supply opportunities
- · Support promotion and delivery of Shareholdersupplier in-market tours.

Backing our farmers to continue their advancement of Nature Positive systems.

- Through our investments, deliver the tools and insights to support farmers adaptation to the changing environment and market demands
- · Creating prosperity for the farmers the world needs by promoting all nature positive pasturebased systems.





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Inside WoolWorks New Zealand

In October 2024 Silver Fern Farms Co-operative purchased a 12.5% stake in Wool Scour Holdings New Zealand Limited (trading as WoolWorks).

Who is WoolWorks?

WoolWorks is the largest woolscourer by volume in the world and provides commissioned wool scour services to wool growers, local wool manufacturers, and wool exporters. WoolWorks handles approximately 80 percent, or over 100 million greasy kilograms, of the New Zealand wool clip.



WoolWorks Grower Direct (WGD)

WoolWorks Grower Direct (WGD) was launched in December 2024 to provide a new, simplified, and far more efficient wool supply option for growers, to improve wool returns from day one by shortening the supply chain and lowering handling costs.

WGD is a direct link from the farm to scour storage. WoolWorks arranges the sale of the farmers product which will help save farmers up to \$0.50 cents a greasy kilogram vs current method of sale, or \$2.57 per sheep.







WGD TIMARU/WOOLSCOUR

is miland, woodsoon

New Opportunities from Wool Attributes

In parallel to building the WGD business, WoolWorks is developing market opportunities that recognise specific wool attributes and on-farm certifications such as NZFAP Plus and low carbon, with the ability to leverage this through their largely decarbonised woolscouring operations.

WoolWorks is working closely with Silver Fern Farms to look at how programmes like Net Carbon Zero can be expanded to create complementary added value opportunities for SFF Co-op members from the wool that is grown on their qualifying farms.

SPOTLIGHT:

Gensler low-carbon New Zealand wool supply. Gensler is the world's largest Architect and Design Firm, and as a major specifier of building materials and interior textiles is looking to utilise more natural and sustainable products in contrast to those made from man-made fibres. This will enable Gensler to achieve their 2030 vision – achieving a net

Other Workstreams

In 2023, WoolWorks set up a new division called "WoolWorks Ventures" to dedicate resource and to speed up the investigations of new opportunities, importantly turning these opportunities into new commercial initiatives.

WoolWorks Operations and WoolWorks Ventures have multiple workstreams underway including the following;

Woolworks scientists are working on new initiatives such as:

- Eco-packaging made from wool and other natural fibres;
- Rubber backing for carpet tiles made with Wool Wax
- Optimised woolgrease recovery to improve yield and reduce effluent
- Pet care is one of the fastest growing consumer sectors, and Woolworks are focusing on clothing and accessories all made from NZ strong wool
- USA based manufacturing opportunities.
 With a rapidly changing geo-political environment, WoolWorks has numerous workstreams underway, supported by in-market personnel, regarding US based manufacturing solutions that relate to the carpet, rug, insulation, and acoustic panel markets, all representing significant volumes of wool, and importantly requiring varying wool types
- WoolWorks has recently purchased a carbonising line, which effectively puts the wool through a super-clean process. This will be a first for New Zealand. The new line will be installed at WoolWorks Clive in the North Island.



Silver Fern Farms Co-operative Annual Report 2024

Co-operative Financial Results

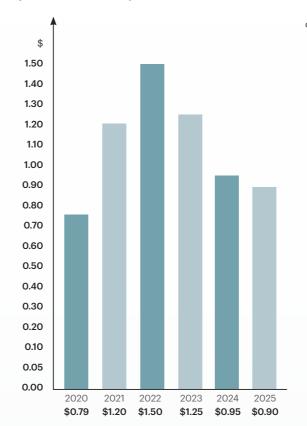
Your Co-operative has reported a net loss before tax of \$11.0m for the 12-month period from 1 January 2024 through to 31 December 2024.

The after-tax result for the period was a net loss of \$10.9m. At balance date, 31 December 2024, our Total Shareholder Equity decreased to \$391.5m (down from \$406.8m).

	2024	2023	Movement
Share of Earnings	(\$10.9m)	(\$12.2m)	\$1.3m
Net Profit/(Loss) Before Tax	(\$11.0m)	(\$10.8m)	(\$0.2m)
Net Profit/(Loss) After Tax	(\$10.9m)	(\$10.7m)	(\$0.2m)
Total Equity	\$391.5m	\$406.8m	(\$15.3m)

Share Value

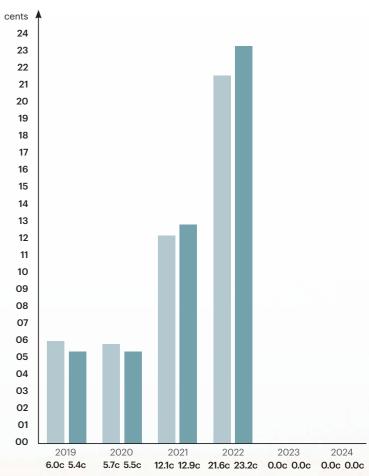
(Value at Year End)



*As at 28 March 2025

Patronage Reward and Dividend

Fully Imputed







Silver Fern Farms Co-operative **Annual Report** 2024

Your Co-operative **Board of Directors**



Anna Nelson Chair of the Co-operative Board, Shareholder Elected Farmer Director

Together with husband Blair (Munta) and family, Anna runs a 1450 ha sheep and beef breeding and finishing farm in Aria in the King Country.

Anna is originally from Cheviot and has a Veterinary degree from Massey University.

She is a Chartered Member of NZ Insitute of Directors. Anna completed the Kellogg Rural Leaders programme in 2016 and IMD OWP in 2024.

Anna was appointed as Chair of the Co-operative in May 2024.



Adrian Ball Shareholder Elected Farmer

Alongside his wife Pauline, Tirau farmer Adrian runs Dennley Farms, a 196 ha fully integrated dairy and dairy beef finishing farm. He is also the Chairman of Rahinga Dairies in Dacre, Southland. He is the SFF Observer appointed to WoolWorks, a Fonterra Sustainability advisory panel member, and Owl Farm Cambridge management committee member

Adrian and his wife were the recipients of the 2019 Gordon Stephenson Trophy which is part of the Ballance Farm Environment Awards. They were the 2019 National Ambassadors for sustainable farming and growing. He has also recently completed a strategy specialisation certificate at the Harvard Business School and an Advanced Directors course at

the Institute of Directors NZ.



William Beetham Shareholder Elected Farmer Director

William farms in Wainuioru, situated 15 minutes east of Masterton in the Wairarapa. He is the Managing Director of Beetham Pastural Ltd, operating two farms over 1,250 ha effective with semi-intensive sheep and beef finishing. He is a Director of the Food and Fibre Centre of Vocational Excellence and former Board Member of Federated Farmers and Chair of the Meat and Wool Section.



Rodney Booth Shareholder Elected Farmer

Rodney is joint owner and Managing Director of Dunfield Farming Limited, a 400ha finishing property at Hororata, Canterbury. He was responsible for the development and transformation of the property from dryland to fully irrigated several years ago. Dunfield is predominantly a beef finishing property. Rodney's farm business has recently become one of the earliest to gain a gold standard in the NZFAP Plus accreditation programme. Rodney graduated from Lincoln University with a Diploma in Farm Management. He has completed a range of governance programmes, including the IOD Company Directors programme, of which he is also a member



Cassandra Crowley Independent

Cassandra is a Chartered Accountant (Fellow), Barrister and Solicitor of the High Court of New Zealand and a member of the Institute of Directors.

In addition to her commercial advisory work, she holds non-executive directorship roles across several sectors of the New Zealand economy. These roles include chairing audit, finance and risk committees and overseeing digital transformation. She is a past president of Chartered Accountants Australia and New Zealand and has been recognised for her leadership and governance contributions with the Supreme Award for Excellence in Governance from Women on Boards



Tim Gibson Independent

Tim is Managing Director of Tühana Consulting Limited. He is a successful international executive with strenaths in strategy development and implementation, stakeholder management, and building high performing teams. He has been a Chief Executive in Government and held Managing Director and senior executive positions in co-operative, and public companies.

Tim's career spans roles in the New Zealand Dairy Industry, in New Zealand, Asia and Europe. It includes Managing Director, Anchor (UK) Limited; Managing Director, North Asia, New Zealand Dairy Board; and Group Director Global Strategy, New Zealand Dairy Board.

Tim is Chair of the Port Otago Ltd (port and property) and Skills Consulting Limited (workplace training). He is a director of Silver Fern Farms Ltd, LIC and Tūhana Business & Human Rights Limited (consultancy and advisory services)



Rob Hewett Board Appointed Farmer Director



Director

Gabrielle graduated from Massey University with a Veterinary degree in 2000. Gabrielle developed her own companion animal clinic in 2004, growing to five clinics around the lower South Island over a 10-year period before selling these clinics to a nationwide company.

Gabrielle and her family own and operate a 360 ha arable and store lamb farm at Dorie, Mid Canterbury. She is a Chartered Member of the Institute of Directors. She is a member of the Lincoln University Council.

Your Shareholder Relations Manager



Clark Taylor

Clark ensures all aspects of the Co-operative's business requirements are fulfilled. One of his critical functions is to work closely with the Board and the Silver Fern Farms Executive Team to ensure that our fully shared suppliers are receiving the level of access to our Shareholder Benefits Programme they deserve.

Clark joined the Co-operative in August 2017, following a 37-year career with Bank of New Zealand, in senior leadership roles including leading the agribusiness, commercial banking and private banking sectors across the Otago/Southland region.

Rob became Chairman of Silver Fern Farms Limited in December 2013. He was the previous Chair of Silver Fern Farms Co-operative Limited and was elected to the Board in 2008. Rob is retiring from Silver Fern Farms following the 2024 Annual Meeting. Rob farms 10,000 sheep and beef stock units on a breeding/ finishing unit of 1020 ha in Manuka Gorge, South Otago. He is the chairman of Farmlands Co-operative Society Limited, New Zealand Woolscours Limited (WoolWorks), Fern Energy Limited, Hilton Haulage Limited, Rewiring Aotearoa, Pioneer Energy Limited, AgrizeroNZ, and Bremworth Limited as well as a Director of T&G Global Limited and Pulse Energy Limited. Rob is a past Council member of Lincoln University and previous Chair of the Strong Wool Action Group (now Wool Impact). He is a Chartered Fellow of the Institute of Directors and a graduate of Lincoln University, holding an MCom (Hons) -(Marketing) and a BCom (Ag) (Fconomics)

Your Co-operative Governance

Silver Fern Farms Co-operative Ltd's governance policies are reviewed to ensure they are consistent with best practice.

Silver Fern Farms Co-operative Ltd is a limited liability company registered under the *New Zealand Companies Act* 1993 and the Co-operative Companies Act 1996. The company is a co-operative owned primarily by suppliers of livestock to the group.

The company has a class of shares called New Ordinary Shares which are traded under the code "SFF" on the Unlisted Securities Exchange (USX). USX is a cost efficient trading facility and is not a registered stock exchange under the Securities Markets Act 1988.

The constitution of Silver Fern Farms Co-operative Limited is available on the company's website or on request.

Role of Board of Directors

The Board of Directors is responsible for the company's corporate governance and strategic direction. The Board is committed to undertaking this role in accordance with best practice appropriate to the company's business. The Board is responsible for determining the company's policies and objectives, managing risk, developing major strategies, and monitoring the performance of management. The Board has delegated certain powers to committees of the Board and the day-to-day management of the company to the Shareholder Relations Manager.

Policies

Silver Fern Farms Co-operative Ltd's policies are designed to enhance overall performance and assist the company in reaching its objectives.

Director Independence

Silver Fern Farms Co-operative currently has two Independent Directors.

Board Composition

The Co-operative's Constitution determines that:

- Silver Fern Farms Co-operative Ltd will have a Board of between six and nine directors;
- b. no more than five directors nor less than four directors are to be elected by shareholders who are suppliers of livestock to the Company. Shareholder-elected Directors must also be an eligible person (supplying shareholder);

 no more than four directors nor less than two directors may be appointed by the Board ('Independent Directors').
 If there are more than three Independent Directors, one must be an eligible person (supplying shareholder).

To qualify for election or appointment, a director must not be an employee of Silver Fern Farms Co-operative, Silver Fern Farms Ltd or any of their subsidiaries.

The Board at 31 December 2024 comprised, five supplierelected Directors, two Board-appointed Independent Directors and one Board-appointed Farmer Director as follows:

Adrian Ball	Shareholder elected
William Beetham	Shareholder elected
Rodney Booth	Shareholder elected
Cassandra Crowley	Independent
Tim Gibson	Independent
Rob Hewett	Board appointed Farmer director
Anna Nelson	Chair, Shareholder elected
Gabrielle Thompson	Shareholder elected

Biographies of current Directors are set out in the Board of Directors section of this report.

Director Nominee Process

Director nominees must be nominated by two current shareholder suppliers. The Director nominee process involves an independent evaluation of those nominated, against a range of skill set requirements for the business, with the independent Candidate Assessment Panel advising shareholders of each candidate's fit against that framework.

The Board establishes the framework and appoints the Candidate Assessment Panel which is chaired by an independent director. No other members of the Board are involved in this process. The Directors believe in encouraging the creation of a pool of director capability relevant to the business, particularly among the shareholder-elected constituents. The Co-operative is the founder of "To the Core" and has also developed an Emerging Development Group for Aspiring Directors ("EDG"). In addition the Co-operative works with organisations such as Co-operative Business New Zealand, the Institute of Directors and Fonterra to encourage director training.

Committees

The Board has appointed two committees, established to work on behalf of the board on specific issues, reporting back to the Board. The Audit, Finance, Risk and Investment Committee assists the Board in matters relating to auditing, investment, finance, reporting and risk. It provides the Board with oversight regarding the credibility of financial reporting and oversight regarding the discharge of its responsibilities related to financial reporting and regulatory compliance.

The Remuneration and Appointments Committee reviews the performance of the Shareholder Relations Manager and recommends remuneration of Directors to the Board. In addition, the Committee oversees the Elected Director process and the process for appointment of Independent Directors.

Operation of the Board

The Silver Fern Farms Co-operative Board meets formally four times each year, and as otherwise required. The Board's Audit, Finance Risk and Investment Committee is scheduled to meet two to three times a year or as otherwise required. The Remuneration and Appointments Committee meets two times a year.

The Chair and Shareholder Relations Manager establish the agenda for each Board meeting. The Shareholder Relations Manager prepares a quarterly management report that includes a summary of the company's activities together with financial and other reports. The Board also receives regular briefings on key strategic issues from management.

New Directors receive induction training which includes written and oral presentations by the Chair, Shareholder Relations Manager, Silver Fern Farms Ltd's Chief Executive and senior management team on the key strategic and operational business issues facing Silver Fern Farms. External training providers are also utilised.

The Board has established a Board Capability Matrix that outlines the ideal competencies and skills required by Directors to operate effectively on the Silver Fern Farms Co-operative Board. This matrix is used to assess performance of the Board collectively and the performance of Directors individually.

An independent consultant has been used to establish the Competency Matrix and complete the Board and Director Effectiveness reviews. Reviews are generally completed every two years.

Auditor Independence

The company requires its Auditor to maintain independence in accordance with best practice. The Audit, Finance Risk and Investment Committee reviews the independence and objectivity of the Auditor.

Directors' Fees

The current total Directors' fee pool is \$1,050,000 per annum.

Public release of material information

Silver Fern Farms Co-operative Limited has developed processes for release of material information to Unlisted and for the public release of information and the publication of information on the company's website.

Attendance at meetings

During the year ended 31 December 2024, the Board met six times as follows:

Director	Board	Annual	Committee*
Adrian Ball	6	1	2
William Beetham	6	1	2
Rodney Booth	5	1	2
Cassandra Crowley	6	1	2
Tim Gibson	6	1	2
Rob Hewett	5	1	2
Anna Nelson	6	1	3
Gabrielle Thompson	6	1	2

Board committee meetings include Audit, Risk Assessment & Mitigation and Remuneration & Appointments

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Your Co-operative Statutory Information

Directors

The Directors of Silver Fern Farms Co-operative Ltd as at 31 December 2024 are:

- Anna Gioia Nelson (Chair)
- · Adrian Charles Ball
- Ralph William Trevor Beetham
- Rodney Paul Booth
- · Cassandra Rose Crowley
- Timothy Dunlop Gibson
- · Robert James Hewett
- Gabrielle Jane Thompson.

Directors' Interest in Transactions

Shareholder-elected Farmer Directors transact livestock with SFFL. Rob Hewett, a director of the Co-operative, is currently a director of Woolscour Holdings Limited (WSHL). He held this role prior to the investment but as an independent Director. Post-investment he now holds this role as a shareholder representative for the Co-operative. Rob Hewett stood aside from the investment decision making process in WSHL due to him being a director of WSHL.

Co-operative Status

The following resolution was unanimously passed by the Board on 11 February 2025:

"In the opinion of the Board, Silver Fern Farms Co-operative Ltd has throughout the period ended 31 December 2024 been a "co-operative company" as defined in the Co-operative Companies Act 1996 ("Act") for the following reasons:

- a. More than 60 percent of the shareholders of the Company entitled to vote are transacting business with the Company and are transacting shareholders as set out in Section 4 of the said Act;
- b. The Company carries on a co-operative activity as set out in Section 3 of the Act."

Information Disclosure

For the period ended 31 December 2024, no Director requested to use Company information received by them in their capacity as Directors.

Remuneration and Appointments Committee

The Committee comprises Tim Gibson - Chair, Gabrielle Thomson and Adrian Ball.

Audit, Finance Risk and Investment Committee

The Committee comprises Cassandra Crowley – Chair, Rodney Booth, William Beetham and Rob Hewett.

Directors' Insurance

Directors' and officers' liability insurance is taken out and paid for by Silver Fern Farms Limited, the Operating Company. In the event of a claim, the Directors may benefit under the terms of these policies. Directors' and officers' liability insurance is taken out and paid for by Silver Fern Farms Ltd in respect to duties for both SFFL and the Co-operative. In the event of a claim, the Directors may benefit under the terms of these policies.

Donations

During the period ended 31 December 2024, Silver Fern Farms Co-operative made no donations (2023: \$nil).

Auditor

KPMG were appointed as auditors of both the Co-operative and Silver Fern Farms Ltd, the Operating Company. Audit fees for the period are disclosed in the notes to the financial statements.

Directors' Interests in Silver Fern Farms Shares

The shares held in Silver Fern Farms Co-operative Ltd by each director as at 31 December 2024 are set out in the following table:

Director	Holding as at 31 December 2024
Adrian Ball	40,000
Rodney Booth	80,045
William Beetham	63,327
Tim Gibson	-
Rob Hewett	70,000
Anna Nelson	85,314
Cassandra Crowley	-
Gabrielle Thompson	125,031

Tim Gibson and Cassandra Crowley do not have any share ownership – directly or via another entity.

Directors' Fee

Consistent with the terms of the Shareholders' Agreement between the Co-operative, Bright Meat Group and the operating company, the Co-operative Board appoints five directors to the Board of the operating company, including a Co-chair.

The Co-operative is responsible for all remuneration of directors in connection with their appointments to the Board of the Co-operative, the Board of the operating company and to the Committees of those Boards. The Co-operative also appoints a director to the Board of Woolscour Holdings Limited whose fee is payable by that company. The Co-operative also appoints a Board Observer to the Board of Woolscour Holdings Limited with the Co-operative paying director fees to the appointee. No Director of the Company has, since the end of the previous period, received or become entitled to receive a benefit other than Directors' fees and insurances. The total pool for directors' fees was \$1,050,000.

		Co-operative	Operating Company	Total
Director	Positions	Year ended 31 December 2024	Year ended 31 December 2024	Year ended 31 December 2024
Adrian Ball	Director of the Co-operative	39,054	-	39,054
William Beetham	Director of the Co-operative	37,150	102,500	139,650
Rodney Booth	Director of the Co-operative	37,150	-	37,150
Cassandra Crowley	Director of the Co-operative and operating company, Chair of Audit, Risk Assessment and Mitigation Committee of the Co-operative, Chair of the Risk & Sustainability Committee of the Operating Company	44,300	112,500	156,800
Tim Gibson	Director of the Co-operative and Operating Company, Chair of the Remuneration and Appointments Committee of the Co-operative and the Operating Company	39,300	117,500	156,800
Rob Hewett	Director of the Co-operative, Co-chair of the Operating Company	48,861	237,500	286,362
Anna Nelson	Chair of the Co-operative and Director of the Operating Company	58,255	102,500	160,755
Gabrielle Thompson	Director of the Co-operative	40,246	-	40,246
Total Directors' fees		344,317	672,501	1,016,818

Remuneration of Employees

One employee of Silver Fern Farms Co-operative Ltd received remuneration and other benefits in excess of \$100,000 in the year ended 31 December 2024 (\$160,000 - \$170,000).

Directors' Statement

This Annual Report is dated 28 March 2025 and is signed on behalf of the Board by:

Anna Nelson

Chair 28 March 2025 Chair – Audit, Finance Risk and Investment Committee 28 March 2025

Cassandra Crowley

Your Co-operative Financial Statements

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2024

NZD IN THOUSANDS (\$000)	Notes	Year ended 31 December 2024	Year ended 31 December 2023
Share of earnings of SFFL	2(b)	(10,904)	(12,185)
Share of earnings of WSHL	3	250	-
Forfeiture of supplier investment share redemptions	9	-	601
Interest income		1,924	1,988
Total income/(loss)		(8,730)	(9,596)
Operating expenditure	4	(2,244)	(1,209)
Total expenses		(2,244)	(1,209)
Profit/(loss) before tax		(10,974)	(10,805)
Tax benefit/(expense)	5	90	58
Profit/(loss) after tax		(10,884)	(10,747)
Other comprehensive income Items that may be subsequently reclassified to profit or loss:			
Share of equity accounted investments' other comprehensive income	2(b)	(4,540)	490
Total comprehensive income/(loss)		(15,424)	(10,257)
Earnings per share attributable to shareholders of the parent		Cents	Cents
Basic earnings per share	6	(10.84)	(10.81)
Diluted earnings per share	6	(10.84)	(10.81)

The Consolidated Statement of Comprehensive Income above should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

For the year ended 31 December 2024

NZD IN THOUSANDS (\$000)	Notes	2024	2023
ASSETS			
Current assets			
Cash and cash equivalents		266	272
Short term deposits	7	22,795	35,295
Trade and other receivables	8	65,850	61,450
Equity receivable	11(b)	-	19
Total current assets		88,911	97,036
Non-current assets			
Equity-accounted investment	2(a)	367,696	383,140
Other investments	3	18,485	_
Deferred tax assets	5	148	58
Total non-current assets		386,329	383,198
TOTAL ASSETS		475,240	480,234
LIABILITIES			
Current liabilities			
Trade and other payables	9	70,060	63,040
Interest bearing liabilities	10	3,485	_
Total current liabilities		73,545	63,040
Non-current liabilities			
Members' rebate shares	11(a)	10,161	10,354
Total non-current liabilities		10,161	10,354
TOTAL LIABILITIES		83,706	73,394
NET ASSETS		391,534	406,840
EQUITY			
Ordinary share capital	11(b)	136,495	136,495
Foreign currency translation reserve		3,763	1,932
Cash flow hedge reserve		(3,572)	2,799
Retained earnings		254,848	265,614
TOTAL EQUITY		391,534	406,840

The Consolidated Statement of Financial Position above should be read in conjunction with the accompanying notes. For and on behalf of the Board.

Anna Nelson

28 March 2025

Cassandra Crowley

Chair - Audit, Risk Assessment and Mitigation Committee

28 March 2025

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

NZD IN THOUSANDS (\$000)	Notes	Share capital	Cash flow hedge reserve	Foreign currency translation reserve	Retained earnings	Total equity
Balance as at 1 January 2023		136,495	2,824	1,417	297,655	438,391
Profit for the year		_	-	-	(10,747)	(10,747)
Other comprehensive income						
Share of equity accounted investments' other comprehensive income	2(b)	-	(25)	515	-	490
Total comprehensive profit		_	(25)	515	(10,747)	(10,257)
Transactions with owners in their capacity as owners:						
Dividends paid	11(c)	-	_	_	(22,216)	(22,216)
Dividends forfeited	9	-	-	-	922	922
Balance as at 31 December 2023		136,495	2,799	1,932	265,614	406,840

NZD IN THOUSANDS (\$000)	Notes	Share capital	Cash flow hedge reserve	Foreign currency translation reserve	Retained earnings	Total equity
Balance as at 1 January 2024		136,495	2,799	1,932	265,614	406,840
Profit for the year		-	-	-	(10,884)	(10,884)
Other comprehensive income						
Share of equity accounted investments' other comprehensive income	2(b)	-	(6,371)	1,831	-	(4,540)
Total comprehensive profit		_	(6,371)	1,831	(10,884)	(15,424)
Transactions with owners in their capacity as owners:						
Dividends paid	11(c)	_	-	-	-	-
Dividends forfeited	9	-	-	_	118	118
Balance as at 31 December 2024		136,495	(3,572)	3,763	254,848	391,534

The Consolidated Statement of Changes in Equity above should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

NZD IN THOUSANDS (\$000)	Notes	2024	2023
Cash flows from/(used in) operating activities			
Payments to suppliers and directors		(1,205)	(1,202)
Dividends received from equity accounted investments	2	-	22,500
Dividends received from other investments	3	250	-
Interest received		2,123	1,823
Net cash flows from operating activities	12	1,168	23,121
Cash flows from/(used in) investing activities			
Withdrawal/(investment) in short term deposits		12,500	(925)
Investment in equity accounted investment		(15,000)	_
Net cash flows used in investing activities		(2,500)	(925)
Cash flows from/(used in) financing activities			
Dividends paid	11(c)	-	(22,216)
Deferred proceeds from issue of ordinary shares	11(b)	19	308
Cash returned from unclaimed dividends and share redemptions	9	1,500	_
Members' rebate shares redeemed	11	(193)	(227)
Net cash flows used in financing activities		1,326	(22,135)
Net increase/(decrease) in cash and cash equivalents		(6)	61
Cash and cash equivalents at the beginning of the financial year		272	211
Cash and cash equivalents at end of year		266	272

In addition to cash and cash equivalents, the Co-operative held short term deposits of \$22,795,000 at balance date (2023: \$35,295,000).

The Consolidated Statement of Cash Flows above should be read in conjunction with the accompanying notes.

Your Co-operative Notes to the Financial Statements

GENERAL INFORMATION AND SUMMARY OF ACCOUNTING POLICIES

1. General information and summary of accounting policies

The consolidated financial statements of Silver Fern Farms Co-operative Ltd (the 'Co-operative'), for the year ended 31 December 2024, comprise the Co-operative, its subsidiary and its equity accounted investment in Silver Fern Farms Ltd ('SFFL'). The Co-operative is registered under the Companies Act 1993 and the Co-operative Companies Act 1996. The Co-operative is a reporting entity under the Financial Markets Conduct Act 2013 (FMC Act). Under the FMC Act, parent company numbers are not required to be presented in the consolidated financial statements.

The Co-operative is domiciled in New Zealand and SFFL's principal place of operations is New Zealand. The Co-operative's primary activity is the management of its investment in SFFL and other investments. SFFL is involved in the processing, marketing and distribution of beef, sheep meat, venison and related products.

At 31 December 2024, the Co-operative had one dormant New Zealand subsidiary, SFFC Sub Limited.

The ordinary shares of the Co-operative are traded on the Unlisted Securities Exchange (USX).

The consolidated financial statements were authorised for issue by the directors on 28 March 2025.

a. Basis of preparation

These consolidated financial statements of the Co-operative have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ('NZ GAAP'). The financial statements comply with New Zealand equivalents to International Financial Reporting Standards and other applicable Financial Reporting Standards, as appropriate for tier 1 for profit entities. These financial statements also comply with International Financial Reporting Standards ('IFRS').

These consolidated financial statements are presented in New Zealand Dollars (\$), which is the Co-operative's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

All mandatory amendments and interpretations have been adopted in the current year. None had a material impact on these financial statements.

During the financial year the International Accounting Standard Board issued IFRS 18 Presentation and Disclosure in the Financial statements, which is effective for accounting periods beginning on or after 1 January 2027. The impact of this standard is being assessed by the Co-operative, however it is expected the standard will affect the presentation of the financial statements.

Going Concern

In preparing these financial statements, the directors have assessed various events, conditions and uncertainties facing the Co-operative and its ability to continue as a going concern. These conditions do not give rise to any significant doubt upon the Co-operative's ability to continue as a going concern. Accordingly, the financial statements have been prepared on a going concern basis.

b. Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with NZ IFRS requires directors to exercise their judgement in the process of applying the Co-operative's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed below.

Consideration of impairment of associate investment

The Co-operative considers whether its equity accounted investments might be impaired at each reporting date, firstly, by understanding if there are indicators of impairment under NZ IAS 28. If indicators of impairment exist, an evaluation of the current recoverable amount of the investment is required. Indicators of impairment were identified at 31 December 2024. An assessment of the recoverable amount of the associate investment was carried out accordingly under NZ IAS 28 (refer to note 2).

Consideration of fair value of other investments

When the fair values of other investments recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using the comparable market valuation technique. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair value. Refer to note 3.

Climate risk

For the purposes of the financial statements the effects of climate change are a continuing source of uncertainty where the risk primarily lies with SFFL who have put controls in place to respond to the risk and opportunities that climate change creates. Outside of the financial statements, there is a climate risk to the farmer shareholders of the Co-operative due the industry in which they operate.

FINANCIAL PERFORMANCE

2. Equity accounted investments

Investments in associates are measured using the equity method. The equity method has been used for associate entities over which the Co-operative has significant influence but not control.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Co-operative's share of the post acquisition profits or losses and movements of the investee's other comprehensive income in the Consolidated statement of comprehensive income.

Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment. If the Co-operative's share of losses in an equity accounted investment equals or exceeds its interest in the entity, including any other unsecured long term receivables, the Co-operative does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.



Accounting policy

Significant influence

With effect from 6 December 2016, the Co-operative has equity accounted for its investment in SFFL as an associate. The Co-operative owns 50% of the shares in SFFL; the other 50% is owned by Shanghai Bright Meat Group Limited ("BMG"), formerly Shanghai Maling Aquarius Co. Limited. The directors have concluded that the Co-operative has significant influence over SFFL, due to its appointment of five of its ten directors, including a co-chairperson, and other terms of the Shareholders' Agreement. However, it does not control SFFL, as defined by NZ IFRS 10 Consolidated Financial Statements, due to the casting vote rights of the BMG appointed co-chairperson on certain specific matters.

Consideration of impairment

The directors consider whether any objective indicators of potential impairment exist in relation to its investment in SFFL, by reference to NZ IAS 28 Investments in Associates and Joint Ventures, at each reporting date. Per NZ IAS 28, indicators of impairment might include significant financial difficulty, a need for financial reorganisation, the disappearance of an active market or significant adverse effects from changes to the technological, market, economic or legal environment in which the associates operate. When indicators of impairment exist, an assessment of the recoverable amount of the associate investment is required. An impairment loss in respect of an equity accounted investee is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognised in profit or loss and is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. Goodwill was recognised by the Co-operative upon initial recognition of its associate investments.

a. Carrying amount of investment in Silver Fern Farms Ltd

The Co-operative equity accounts for its 50% investment in SFFL as an associate. The Co-operative holds no other investments in associates.

Equity accounted investments

NZD IN THOUSANDS (\$000)	Notes	2024	2023
Opening Balance 2024		383,140	417,336
Share of profit/(loss) after tax	2(b)	(10,904)	(12,185)
Share of other comprehensive income	2(b)	(4,540)	490
Dividends received		_	(22,500)
Closing balance		367,696	383,140

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Dividends

Total dividends declared and paid from equity accounted investments for the year ended 31 December 2024: \$nil (2023: \$22,500,000).

Impairment

The directors have assessed that there were indicators of potential impairment as at 31 December 2024, due to a continued market downturn over 2023 and 2024.

2. Equity accounted investments

An assessment on the fair value of the investment in SFFL was conducted using a discounted cash flow model based on the 5-year plan provided by management. The cashflows are based on the FY2025 Board approved budget and Board approved long-term key assumptions. The cashflows were discounted by the board approved pre-tax weighted average cost of capital (WACC) of 7.87%.

The cashflow forecast included specific estimates for 5-years and a terminal growth rate of 1.5% thereafter.

Cashflows are based on:

- Improvement in market prices;
- Livestock prices remaining relatively stable as a percentage of sales revenue;
- SFFL Management's view on market trends, pricing and yields; and
- Optimisation of working capital.

Sensitivity analysis on terminal growth and WACC rate was conducted with rates between 1-3% and 6-9% respectively with no change to the impairment testing conclusion. Assuming all other assumptions remain constant, incorporating a 9.7% reduction in the expected level of terminal EBITDA in the forecast cashflows would result in the elimination of the excess of the recoverable amount of the carrying amount. Based on the calculations and assumptions outlined above, no impairment has been identified

b. Co-operative's share of total comprehensive income of equity accounted investment

Summary financial information is not adjusted for the percentage ownership held by the Co-operative

NZD IN THOUSANDS (\$000)	2024	2023
REVENUE	2,636,905	2,780,851
(Loss)/Profit after tax	(21,809)	(24,370)
Other comprehensive income for the year, net of tax	(9,081)	980
Total comprehensive (loss)/income for the year attributable to shareholders of the parent	(30,890)	(23,390)
CO-OPERATIVE'S SHARE		
	(10,904)	(12,185)
CO-OPERATIVE'S SHARE	(10,904) (4,540)	(12,185) 490

c. Co-operative's share of total total comprehensive income of net assets

Summary financial information is not adjusted for the percentage ownership held by the Co-operative

NZD IN THOUSANDS (\$000)	2024	2023
Current assets	673,570	605,271
Non current assets	584,703	553,185
Total assets	1,258,273	1,158,456
Current liabilities	531,035	400,865
Non current liabilities	22,688	22,151
Total liabilities	553,723	423,016
Net Assets	704,550	735,440
Co-operative's share of net assets	352,275	367,719
Goodwill on initial recognition	15,421	15,421
Equity accounted investment in SFFL	367,696	383,140

The summary information provided for SFFL is based off the most recent annual financial statements which have a balance date of 31 December 2024.

A copy of the financial statements of SFFL can be obtained from the Companies Register in New Zealand at https://companies register.companiesoffice.govt.nz/

3. Other investment



Accounting policy

i. Recognition and Initial measurement

Other investments represent investments in equity instruments, for which the Co-operative has neither significant influence or control.

Other investment and financial liabilities are initially recognised when Co-op becomes a party to the contractual provisions of the instrument.

Other investments are classified as Fair value through profit and loss as the Co-operative has not made the irrevocable election to classify as Fair value through Other Comprehensive Income.

ii. Subsequent measurement and gains and losses

Other investments subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

iii. Measurement of fair values

Other investments subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

When measuring the fair value of an other investment, the Co-operative uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an equity instrument fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Co-operative recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change occurred.

Financial assets measured at fair value

NZD IN THOUSANDS (\$000)	2024	2023
Investment in WSHL	18,485	-
Total	18,485	_

Reconciliation of level 3 fair values: Equity Securities

NZD IN THOUSANDS (\$000)	2024	2023
Balance at 1 January 2024	-	
Purchases	18,485	
Net change in fair value	-	
Closing balance	18,485	

Woolscour Holdings Limited ("WSHL")

On 18 October 2024, the Co-operative acquired a 12.5% share in Woolscour Holdings Limited ('WSHL'), for total consideration of \$18,485,000 and is accounted for as a financial asset at fair value through profit or loss ("FVTPL"). \$15,000,000 has been paid in cash, with the remainder payable to the vendor in November 2025 (refer note 10).

The Co-operative has determined the fair value of WSHL using level 3 inputs due to limited observable market data. At the time of purchase, a third party determined a fair value as at the transaction date using the methodology outlined in the above policy. Due to the proximity of the transaction date to the year-end reporting date, it has been determined that no material changes have occurred to the inputs.

A dividend of \$250,000 declared and paid in the year ended 31 December 2024 and has been recognised in the statement of comprehensive income.

The below table summarises the valuation techniques used when measuring level 3 fair values, as well as the significant unobservable inputs used.

Туре	Valuation Technique	Significant unobservable input	Inter-relationship between significant unobservable inputs and fair value measurement
Equity securities	Market comparison technique: the valuation model is based on market multiples derived from quoted prices of companies comparable to the investee, adjusted for the effect of the equity securities, and the revenue and EBITDA of the investee. The estimate is adjusted for the net debt of the investee.	Adjusted market multiple (8-10)	The estimated fair value would increase (decrease) if the adjusted market multiple were higher (lower).

4. Operating expenditure

NZD IN THOUSANDS (\$000)	2024	2023
Directors fees	1,017	1,026
Additional operating costs	1,227	183
Total operating expenditure	2,244	1,209

5. Income tax



Accounting policy

The income tax expense or credit for the period comprises current and deferred tax. Income tax is recognised in the income statement except when it relates to items recognised directly in other comprehensive income (in which case income tax is recognised in other comprehensive income). Income tax is based on tax rates and regulations enacted in the jurisdictions in which the entities operate.

The Co-operative's main source of income is its share of income from Equity accounted investments and dividends and fair value movements from other investments. The share of associate income is not directly taxable in the Co-operative and an adjustment is made in the note below. Dividends received from Equity accounted investments and other investments are taxable and are recognised as taxable income, as indicated in the note below.

NZD IN THOUSANDS (\$000)	2024	2023
INCOME TAX EXPENSE		
Current tax		
Current tax on profits/(losses) for the year	-	-
Deferred tax		
Deferred tax in respect of the current year	(90)	(58)
Income tax (benefit)/expense)	(90)	(58)
Numerical reconciliation of prima facie tax payable to tax expense		
Profit from continuing operations before income tax expense	(10,974)	(10,805)
Income tax @ 28%	(3,073)	(3,025)
Tax effects of:		
Non-assessable earnings from SFFL	3,053	3,411
• Other Non Taxable income	-	(169)
• Dividends from equity accounted investments	-	8,750
Other adjustments:		
• Imputation credits attached to dividends received	(70)	(8,750)
• Recognised tax losses in respect of prior years	-	(275)
Tax (benefit)/expense recognised in profit or loss	(90)	(58)

Imputation credit balance

The Co-operative has an imputation credit balance as at 31 December 2024 of \$8,450,000 (2023: \$8,353,000).

Tax losses

The Co-operative had \$148,000 of unused tax losses for which a deferred tax asset has been recognised (2023: \$58,000) of unused tax losses for which a deferred tax asset has been recognised).

6. Earnings per share

a. Earnings used in calculating earnings per share

NZD IN THOUSANDS (\$000)	2024	2023
Profit attributable to the ordinary equity holders of the Co-operative used in calculating basic and diluted earnings per share	(10,884)	(10,747)

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b. Weighted average number of shares

NUMBER OF SHARES IN THOUSANDS (000)	2024	2023
Weighted average number of ordinary shares for basic earnings per share	100,379	99,450
Effect of dilution – partly paid ordinary shares	-	929
Weighted average number of ordinary shares for diluted earnings per share	100,379	100,379

There have been no transactions involving ordinary shares that would significantly change the number of ordinary shares outstanding between the reporting date and the date these financial statements have been signed.

OPERATING ASSETS AND LIABILITIES

7. Current assets – short term deposits



Accounting policy

Short term deposits are measured at amortised cost using the effective interest method.

NZD IN THOUSANDS (\$000)	2024	2023
Short term deposits	22,795	35,295
Total short term deposits	22,795	35,295

The Co-operative holds short term deposits in a mixture of on call and fixed term deposits. Maturity dates on term deposits range from one to three months and have interest rates of between 4.25% and 5.85%.

8. Trade and other receivables



Accounting policy

Trade and other receivables are amounts due from other entities in the ordinary course of business.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. A provision for impairment on trade receivables is considered by taking into account the expected future credit losses.

No expected future credit losses have been recognised as the only customer is SFFL. There have been no historical credit losses.

NZD IN THOUSANDS (\$000)	Notes	2024	2023
Livestock receivables from SFFL	15	65,476	59,907
Other receivables from SFFL	15	13	18
Other receivables		361	1,525
Total trade and other receivables		65,850	61,450

The largest component of receivables relates to amounts owed by SFFL for livestock supplied by Co-operative shareholders in the last 14 days of the financial year. Note 15 includes further details of the transactions between the Co-operative and SFFL during the year.

9. Trade and other payables



Accounting policy

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or in the normal operating cycle of the business if longer. If not, they are presented as non current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

NZD IN THOUSANDS (\$000)	Notes	2024	2023
Livestock payables to shareholder suppliers	15	65,476	59,907
Other payables		3,358	2,950
Payables to SFFL	15	1,226	183
Total trade and other payables		70,060	63,040

The payables balance mostly relates to amounts due to Co-operative shareholders for livestock supplied to SFFL in the last 14 days of the financial year. Note 15 includes further details of the transactions between the Co-operative and its shareholders during the year.

As at 31 December 2024, other payables include amounts owed to shareholders of \$3,324,000 (2023: \$2,915,000). This represents \$1,877,000 (2023: \$1,466,000) of unclaimed dividends, \$1,447,000 (2023: \$1,449,000) of rebate shares. Some of the unclaimed amounts arose in connection with the payment of a special dividend and the redemption of supplier investment shares in 2017. Unclaimed funds were held in trust until 2019, when, following legal advice, \$1,970,000 was returned to the Co-operative. There has since been a further \$1,425,000 and \$1,500,000 returned to the Co-operative. These funds are held on deposit by the Co-operative and interest earned will be used for the benefit of shareholders. The share registrar holds \$139,000 in trust, which is included within other receivables, disclosed in note 8.

The directors resolved to forfeit shares and distributions unclaimed for greater than 5 years. These amount to \$nil (2023: \$601,000) of supplier investment share redemptions and \$118,000 (2023: \$922,000) of unclaimed dividends.

FUNDING

10. Interest bearing liabilities



Accounting policy

Borrowings are initially recognised at fair value net of attributable transaction costs and are subsequently measured at amortised cost using the effective interest rate method.

NZD IN THOUSANDS (\$000)	2024	2023
Loan payable	3,485	-
Total	3,485	-
NZD IN THOUSANDS (\$000)	2024	2023
Current borrowings	3,485	-
Non current borrowings	-	_
Total	3,485	-

The Co-operative has a loan with Ferrier Woolscours Limited (refer note 3). The loan is repayable in November 2025. Interest is charged at 5% per annum payable upon repayment

11. Members' rebate shares and ordinary shares



Accounting policy

Ordinary share capital is classified as equity.

Members' rebate shares are hybrid financial instruments as they have characteristics of both equity and financial liabilities. The equity component has a nominal value of \$nil. Since members' rebate shares are redeemable, a financial liability component is recognised, measured at fair value; fair value is the redemption amount of \$1 per share. Accordingly, a financial liability component of \$10,161,000 (2023: \$10,354,000) is recognised.

Since the payment of dividends on members' rebate shares is discretionary and there is no contractual obligation, dividends on members' rebate shares are accounted for as a deduction from equity.

Patronage rewards are a component of the overall dividend paid to qualifying shareholders. Whilst the calculation of patronage rewards is connected to the volume of livestock supplied within the qualifying period, payment of patronage rewards is discretionary. Accordingly, patronage rewards paid to holders of both ordinary and members' rebate shares are accounted for as deductions from equity.

NZD IN THOUSANDS (\$000)	Members' Rebate Shares	Ordinary Shares
At 31 December 2022	10,581	136,495
Shares redeemed	(227)	_
At 31 December 2023	10,354	136,495
Shares redeemed	(193)	_
At 31 December 2024	10,161	136,495

a. Members' rebate shares

All members' rebate shares have a nominal value of one dollar per share. Under the Co-operative Companies Act 1996, the Co-operative has a right to defer redemption but not to withhold payment.

Members' rebate shares carry full voting rights subject to the shareholder being a current supplier (as defined in the constitution of the Co-operative) at the time of voting. Members' rebate shares participate equally on winding up.

The maximum shareholding for members' rebate shares is 17,500 (2023:17,500).

During 2021 Directors approved the redemption of all shareholder rebate shares where shareholding was less than a \$1,000 to reduce ongoing share registry costs.

The number of shares redeemed for year ended 31 December 2024 where the shareholding was less than \$1,000 was nil (2023: 42 shares).

b. Ordinary share capital

i. Partly paid shares

As part of a change in capital structure in 2009, shareholders could elect to exchange rebate shares and supplier investment shares for ordinary shares on a one for one basis; no cash was payable on exchange. In addition to the exchange of shares, shareholders could elect to participate in a two for one rights issue. Under the terms of the rights issue, shareholders were entitled to subscribe in cash for two ordinary shares for every one ordinary share issued to them under the exchange offer.

The rights issue price per ordinary share of \$1.00 was payable either in full on application or under a deferred payment option, over a period of approximately three years by way of deduction from proceeds of the sale of livestock. Shares are now fully paid and the balance receivable is nil (2023: \$19,000). During the year, \$19,000 was received in respect of partly paid shares (2023: \$308,000).

c. Dividends

Total dividends received by the Co-operative for the year ended 31 December 2024 \$250,000 (2023: \$22,500,000). All dividends were declared and paid during the year (2023: All dividends were declared and paid during the year).

During the year ended 31 December 2024, no ordinary dividend was paid to shareholders (2023: 13.1 cents per share). This year, no shareholder suppliers were rewarded with a patronage (2023: 21.6 cents per share) (Total distributed 2023: \$22,216,000).

12. Reconciliation of profit after tax to net cash flow from operating activities

NZD IN THOUSANDS (\$000)	2024	2023
Profit/(loss) for the period	(10,884)	(10,747)
Share of earnings of equity accounted investments	10,905	12,185
Forfeiture of supplier investment share redemptions	-	(601)
Deferred tax recognised	(90)	(58)
Dividends received from equity accounted investments	-	22,500
Movement in working capital		
(Increase)/decrease in receivables	195	(103)
Increase in tax payable	-	_
Increase/(decrease) in payables	1,042	(55)
Net cash inflow from operating activities	1,168	23,121

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13. Risk management

The Co-operative is exposed to financial risks, which are outlined in summary below, together with the Co-operative's approach to managing these risks, to protect its financial position and financial performance.

Credit risk

As detailed in note 8, the Co-operative is exposed to credit risk in respect of trade and other receivables and equity receivable.

The Co-operative is able to manage risk in respect of trade and other receivables by maintaining visibility over the solvency of SFFL and WSHL through reports received as a shareholder and the directors appointed to the respective boards.

Cash, cash equivalents and short term deposits

The Group held cash, cash equivalents and short term deposits of \$23,061,000 as at 31 December 2024 (2023: \$35,567,000). The cash, cash equivalents and short term deposits are held with banks which are rated AA to AA+ based on Standard & Poor's agency ratings.

Impairment on cash, cash equivalents and short term deposits have been measured on a 12 month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash, cash equivalents and short term deposits have low credit risk based on the external credit ratings of the counterparties.

The Group uses a similar approach for assessment of expected credit losses for cash, cash equivalents and short-term deposits to those used for debt securities.

Interest rate risk

The Co-operative is currently exposed to interest rate risk as it has funds invested in bank deposits at major New Zealand banks with approval from the Co-operative board. The Co-operative has outsourced its day to day treasury management to the Operating Company treasury function. The Co-operative has treasury policies and procedures in place to optimise the interest returned on these deposits and has not identified any significant interest rate risk on current bank deposits. Treasury policies include investing no more than \$15,000,000 with any one bank. Loans payable at fixed rates expose the Co-operative to fair value interest rate risk, refer note 10.

Foreign currency risk

The Co-operative is not directly exposed to foreign currency risk. The Co-operative is only exposed to foreign currency risk through its investment in associates. SFFL exports most of its goods which exposes it to foreign currency risk. SFFL has treasury policies and procedures, including the use of hedging instruments, to mitigate foreign currency risk.

Liauidity risk

The Co-operative is exposed to liquidity risk from the redemption of member's shares outstanding. These shares are subject to redemption at \$1 per share which could result in a significant portion of cash reserves being drawn down. The Co-operative mitigates this risk by retaining the right to defer redemption under the Co-operative Companies Act 1996 and shareholder constitution, and by retaining cash and term deposits in excess of the maximum liability. The Co-operative is not permitted to accept the redemption of any shares unless it is able to satisfy the solvency test immediately after doing so.

Market risk

The Co-operative is exposed to risk of fair value or future cash flows fluctuations due to change in market prices related to its Other investments. The risk is mitigated by active monitoring of investments' performance.

14. Events occurring after the reporting period

No subsequent events outside the normal course of business have been identified.

15. Related party disclosures

SFFI

• During the year \$1,138,182,000 (2023: \$1,113,264,000) was invoiced to SFFL in respect of livestock. \$1,138,182,000 (2023: \$1,113,264,000) was invoiced from shareholder suppliers in connection with livestock supplied for the year.

- At 31 December 2024 \$65,476,000 (2023: \$59,507,000) was receivable from SFFL and \$65,476,000 (2023: \$59,507,000) was payable to shareholder suppliers in connection with livestock supplied.
- Other receivables from SFFL amounted to \$13,000 as at 31 December 2024 (2023: \$18,000) payable from the Operating Company. Other payables to SFFL amounted to \$1,226,000 as at 31 December 2024 (2023: \$183,000).

In accordance with the Shareholders' Agreement between the Co-operative, BMG and SFFL, administrative services are provided to the Co-operative by SFFL. Administrative services include the maintenance of records, the preparation and audit of financial statements, taxation returns, the maintenance of bank accounts, share registry services, the conduct of shareholder meetings and director elections and the payment of dividends. SFFL undertakes to pay all reasonable costs of the Co-operative that relate to its governance and administration, excluding directors' fees, and all reasonable costs of engagement with its shareholders, up to a maximum of \$500,000 in any accounting period.

Governance and administration costs paid by SFFL totalled \$500,000 in the year ended 31 December 2024 (2023: \$500,000).

WSHL

Rob Hewett, director of the Co-operative, is currently a director of WSHL. He has held this role prior to the investment but as an independent director, after the investment he now holds this role as a shareholder representative for the Co-operative. Rob Hewett stood aside from the investment decision making process due to him being a director of WSHL.

Directors and their trading entities

The Co-operative purchased livestock and made other livestock related payments to the farming businesses of the Co-operative and SFFL directors on the same terms and conditions as other suppliers.

- During the year purchases totalled \$10,799,000 (2023: \$11,629,000).
- At 31 December 2024, \$313,000 was payable to directors and their trading entities (2023: \$626,000).

Key management personnel

Key management personnel of the Co-operative, as defined by NZ IAS 24, comprise the board of directors only. The Co-operative is responsible for paying fees to directors of the Co-operative and paying fees to directors of SFFL who have been appointed by the Co-operative. Fees for the year amounted to \$1,017,000 (2023: \$1,026,000).

16. Auditor's remuneration

NZD IN THOUSANDS (\$000)	2024	2023
Audit fees	71	56

In accordance with the Shareholders' Agreement described in note 15, audit fees in respect of the Co-operative are paid by the Operating Company.



Independent Auditor's Report

To the shareholders of Silver Fern Farms Co-operative Limited (Group)

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 December 2024;
- the consolidated statements of comprehensive income, changes in equity 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 Silver Fern Farms Cooperative Limited (the **Company**) and its subsidiary and equity accounted investment (the **Group**) on pages 20 to 36 present fairly in all material respects the Group's financial position as at 31 December 2024 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.



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 Silver Fern Farms Co-operative 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)(Revised) are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

Other than in our capacity as auditor we have no relationship with, or interests in, the Group.

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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 \$4.7m determined with reference to a benchmark of the Group's total assets. We chose the benchmark because, in our view, this is a key measure of the Group's performance.



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

1. Equity accounted investment in Silver Fern Farms Limited

The group holds an equity accounted investment for its 50% share in Silver Fern Farms Limited (SFFL). The investment is carried at \$367.7m having accounted for the cooperative share of losses during the year of \$10.9m.

This is a key audit matter because:

- The investment is significant to the group's position and performance (representing 77% of total assets); and
- Management is required to assess whether there are any indicators of impairment relating to the investment in Silver Fern Farms Limited. The investee operates in a highly competitive market which is subject to fluctuations in livestock procurement, operating efficiency and selling prices. The financial performance can fluctuate in any given year. Consequently, the performance is considered over a longer horizon when considering whether any indicators of impairment exist.
- Management assessed a range of factors and determined that indicators of impairment of the investment in SFFL exist.

Our audit procedures included:

- Reconciling the movement in the investment in associate to the audited accounts of Silver Fern Farms Limited;
- Challenging management's assessment of the impairment indicators. This
 included an independent assessment of the indicators which are noted in the
 relevant accounting standards:
- Evaluation of the future cash flow assumptions by considering the historical financial performance of the investment and obtaining an understanding of future plans and outlook;
- Checking the mathematical accuracy of the valuation model;
- Challenging management's assumptions and judgements by performing sensitivity analyses; and
- Engaging our valuation specialists to assess the key assumptions of WACC ('Weighted average cost of capital') and TGR ('Terminal growth rate') used in the valuation model.

We did not identify any material misstatements in relation to the equity accounted investment in Silver Fern Farms Limited.



2. Acquisition of shares of Woolscour Holdings Limited

In October 2024, the group acquired a 12.5% share in Woolscour Holdings Limited (WSHL) for a cost of \$18.5m.

This is a key audit matter because:

- The purchase represents a significant unusual transaction given this is the group's first investment outside of SFFL and noting the value of the investment.
- Judgement is required to assess the appropriate accounting treatment and establish whether significant influence can be exercised.
- The disclosure of the transaction is likely to be of high interest to shareholders and other users of the financial statements.

Our audit procedures included

- Reading minutes of the board to understand rationale for the transaction.

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- Obtaining an understanding of the terms of the investment by reading the underlying transaction agreements.
- Assessing the appropriateness of the group's initial recognition and subsequent accounting of the investment using our understanding of the transaction and the requirements of the relevant accounting standards.
- Evaluating the adequacy of the disclosures in the financial statements against the requirements of the accounting standards, both in regard to the specifics of the transaction and the relationships between the Group and WSHI

We did not identify any material misstatements in relation to the investment in Woolscour Holdings Limited.

$i\equiv$ Other information

The directors, on behalf of the Group, are responsible for the other information. The other information comprises the information included in the Annual report but does not include the consolidated financial statements and our auditor's report thereon. The Annual report is expected to be made available to us after the date of this auditor's report.

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

When we read the Annual report if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors.

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.

*Landitor'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 Laura Youdan.

For and on behalf of:



KPMG Auckland 28 March 2025

Your Co-operative Directory

Board of Directors

Adrian Ball

William Beetham

Rodney Booth

Cassandra Crowley

Tim Gibson

Rob Hewett

Anna Nelson

Gabrielle Thompson

Management

Clark Taylor - Shareholder Relations Manager

Office

Silver Fern Farms Co-operative Limited

283 Princes Street PO Box 941 Dunedin 9054 New Zealand

T: +64 3 477 3980

F: +64 3 474 1087

E: info@silverfernfarms.coop

www.silverfernfarms.coop

Shareholder Enquiries

For enquiries regarding Silver Fern Farms Co-operative Limited's Ordinary Shares and Rebate Shares, contact:

Silver Fern Farms Co-operative Limited PO Box 941, Dunedin 9054 New Zealand

T: 0800 362 362 F: +64 3 474 1087

Listed Securities

Unlisted PO Box 5422 Lambton Quay Wellington 6145

T: 0508 UNLISTED (0508 865478)

Share Registrar

Link Market Services PO Box 91976 Auckland 1142

T: +64 9 375 5993

F: +64 9 375 5990

Bankers

- · Kiwibank Limited
- Westpac New Zealand Limited
- BNZ
- ANZ

Auditor

KPMG

Tax Advisors

PwC

Legal Advisors

Harmos Horton Lusk



