Fonterra Co-operative Group

2025 Annual Results

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Forward looking statements

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Content

Continued strong performance in FY25

- **$16.2b in payments generated in FY25**, up $3.8b on prior year
    - $15.3b in milk payments or $10.16 per kgMS
    - $916m in imputed dividends or 57 cents per share
    - equivalent to a total payout of $10.73 on average for supplying shareholders[1]
- **Operating profit $1.7b**, up $205m due to strong Ingredients' margins and favourable hedging in the Non-Reference portfolio
- **Profit after tax $1.0b**, down $49m reflecting change in tax treatment[2], and includes $106m of divestment and separation costs
    - excluding divestment costs, earnings per share of 71c, in line with prior year
- **Agreement to sell Mainland Group to Lactalis for $4.22b**
    - targeting capital return of $2.00 per share if sale progresses, equivalent to $3.2b
- **Return on capital of 10.9%**, from 11.3%. Adjusting for tax treatment change FY25 return on capital is 12.5%
- **Net debt and leverage metrics in line with prior year** reflecting strong cash earnings supporting increased dividends
- Maintained 2025/26 Farmgate Milk Price range of $9.00 – $11.00 per kgMS
- FY26 continuing operations earnings range of 45 – 65 cents per share

1. For a supplying shareholder who holds one share per kgMS supplied
2. Fonterra has exhausted its NZ tax losses and NZ tax expenses will generate imputation credits from FY25 onwards. As part of the change, dividends on supply backed shares are no longer treated as tax deductible by Fonterra

Results at a glance

Farmgate Milk Price

$10.16

↑ from $7.83

Dividend

57 cents imputed

↑ from 55c unimputed

Return on capital

10.9%

↑ from 9.9% tax adjusted
↓ from 11.3% unadjusted

Reported operating profit

$1,732m

↑ from 1,527m

Reported profit after tax

$1,079m

↓ from 1,128m

Reported earnings per share

65 cents

↓ from 67c

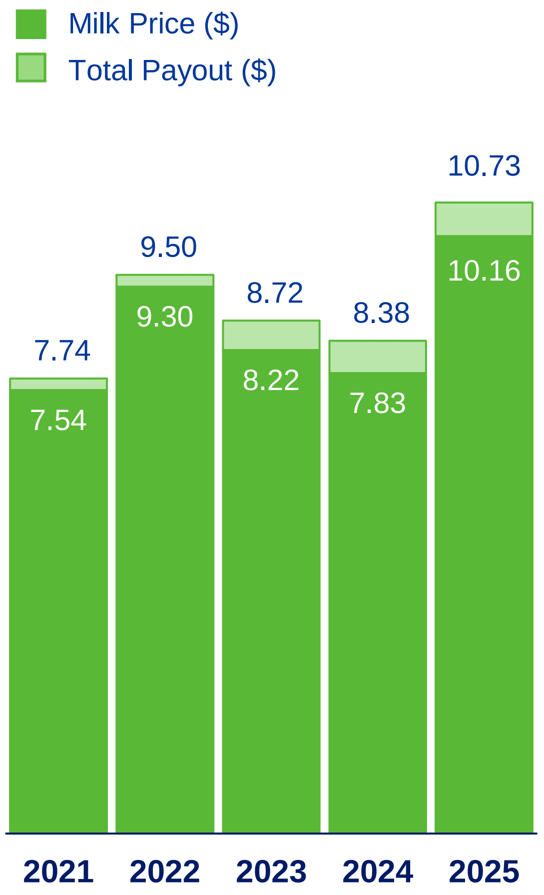
Normalised earnings per share

71 cents

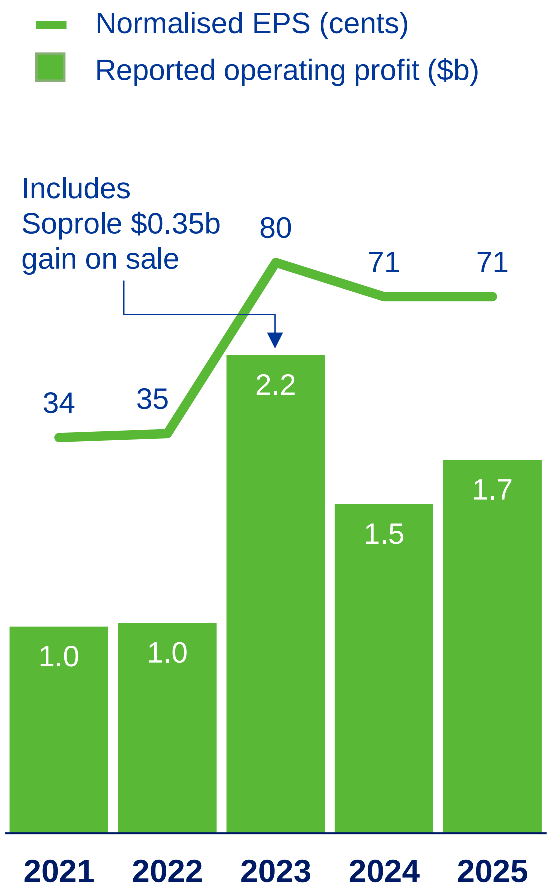
↑ from 58c tax adjusted
no change unadjusted

Momentum from uplift in performance continues

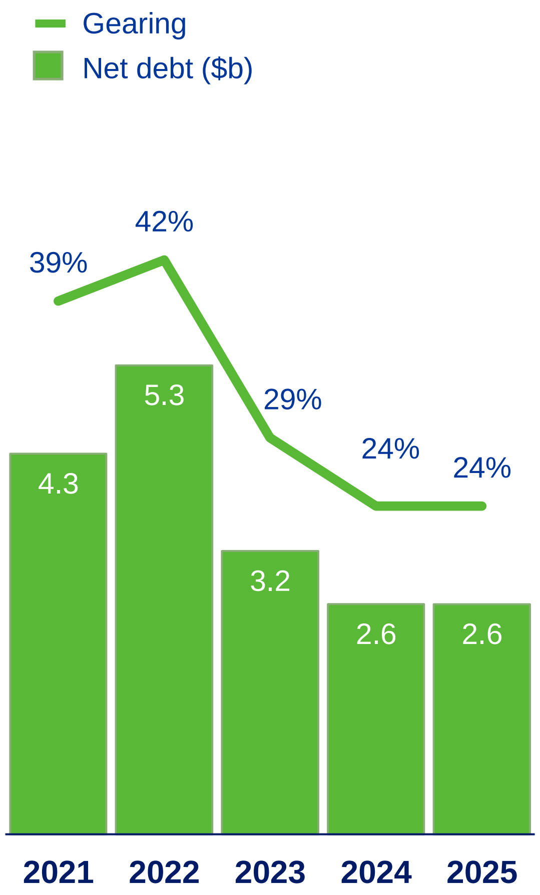
Total Payout



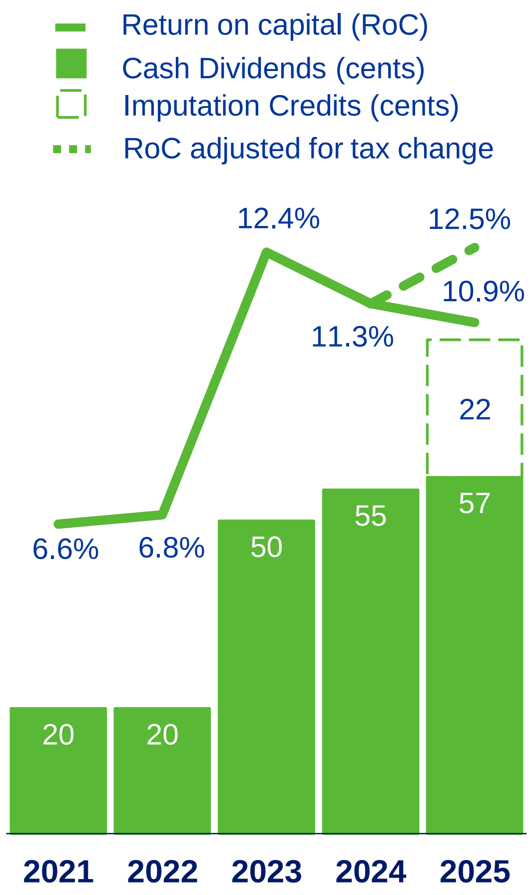
Operating profit Earnings per share



Net debt Gearing



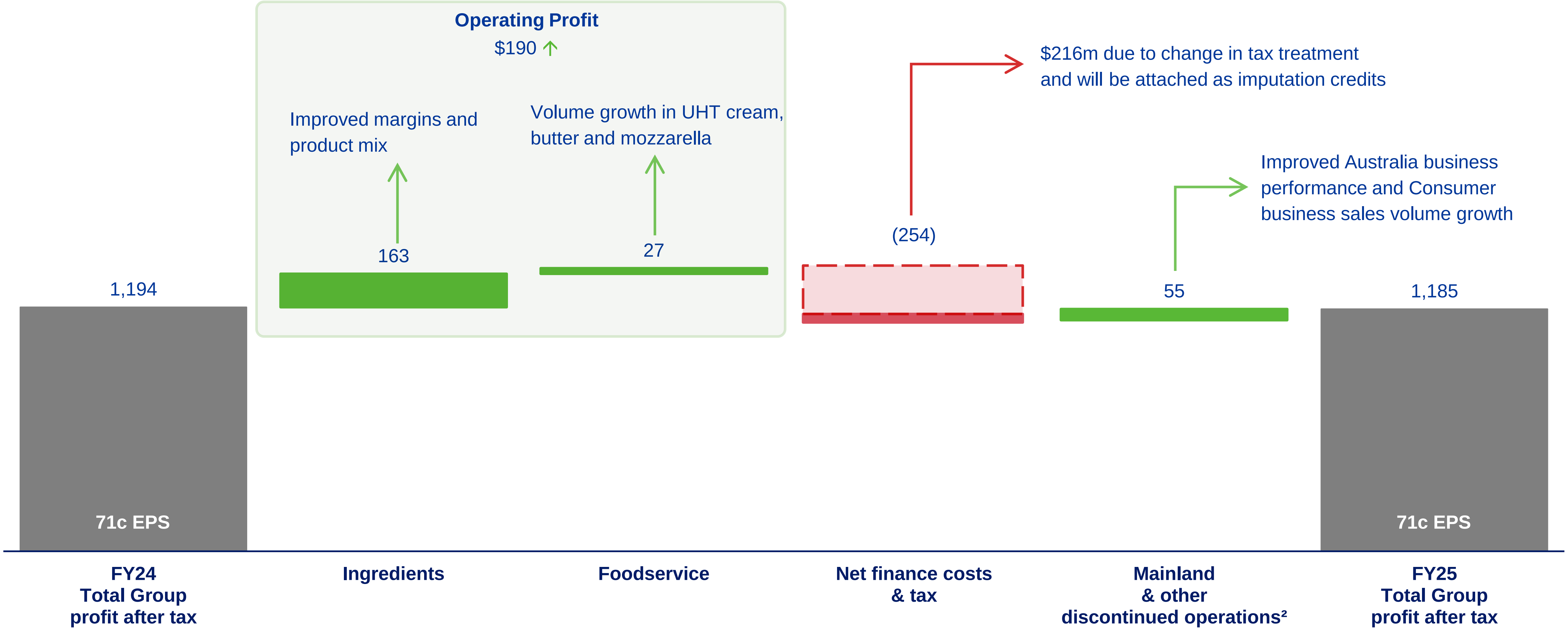
Return on capital Dividends



Higher operating profit offset by tax change

FY24 to FY25 normalised profit after tax[1]

($ million)

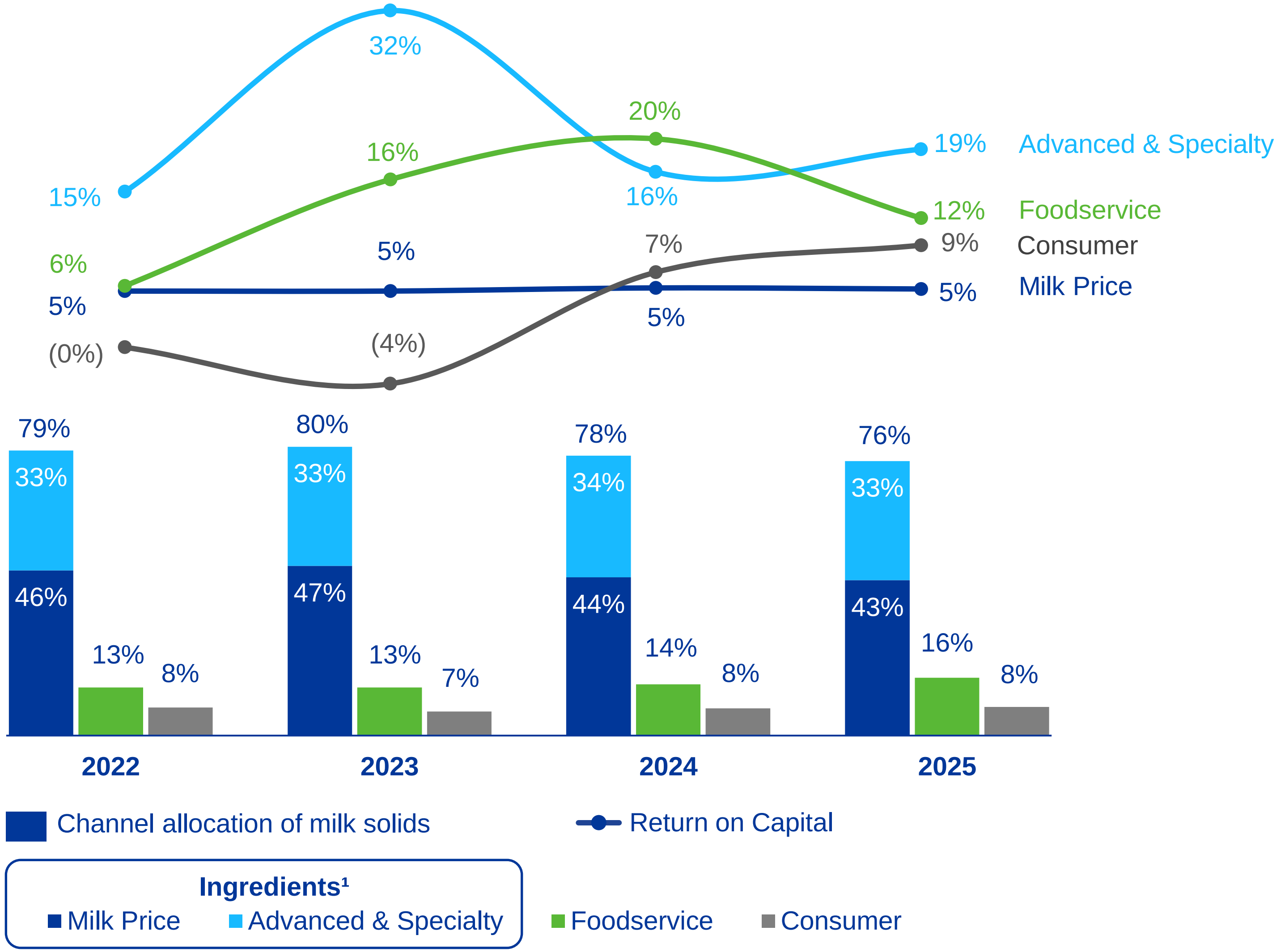


Note: For the year ended 31 July. Profit after tax presented in the graph includes profit attributable to non-controlling interests. EPS presented is for profit attributable to equity holders of the Co-operative

1. FY25 normalisations of $106m relating to Mainland Group divestment and separation costs (FY24 of $(66)m in relation to the sale of DPA Brazil)
2. Includes $8m post-tax profit in relation to Soprole

Why divest Mainland?

Channel performance



- Fonterra's Ingredients business generates the Farmgate Milk Price and, alongside Foodservice, contributes the majority of the Co-op's earnings
- A divestment of Mainland would allow Fonterra to focus on what it does best – being a B2B provider of dairy to the world, from our home base in New Zealand
- Farmers' capital invested into the consumer business comes at the expense of options for our Ingredients and Foodservice businesses
- Lactalis identified significant potential in the Mainland Business and its brands and considers it has the experience and global scale required to take them to the next level

1. Ingredients' Advanced & Specialty Return on Capital is calculated from the total Ingredients channel Return on Capital, adjusting for the portion of volumes that earn the weighted average cost of capital (Regulated Return) as calculated in the Milk Price Manual, presented in the chart as 'Milk Price'

Divestment Proposal

Purchase Price

$4.22b

Proposed Tax-Free Capital Return

$2.00 per share

Shareholder Vote

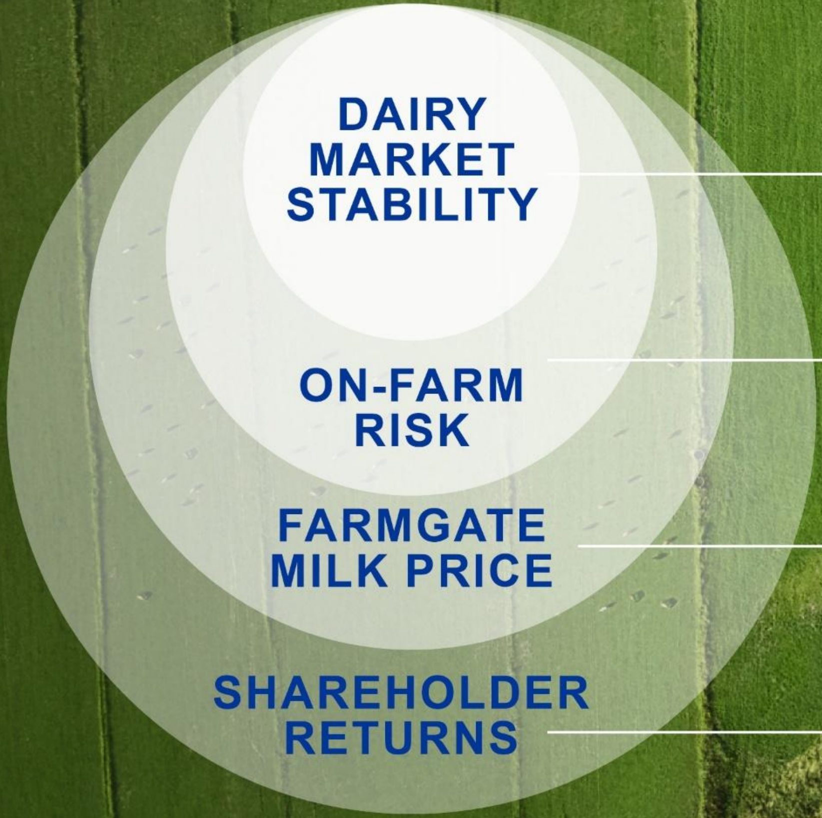
30 Oct

Key terms of sale agreement

- Lactalis to purchase:
  - Consumer business (excluding Greater China)
  - Integrated businesses in Oceania and Sri Lanka
  - Middle East & Africa Foodservice business

- Includes long term agreements for milk supply, ingredients and other products to the divested business
- Sale is subject to separation of the business from Fonterra and approval from:
  - Fonterra shareholders by ordinary resolution
  - OIO in New Zealand, FIRB in Australia and certain competition authorities

How we create end-to-end value for farmers



Providing stability to New Zealand dairy industry

De-risking farm assets and earnings

Enabling the maximum sustainable Farmgate Milk Price through efficient collection and processing of milk

Providing additional returns from earnings through dividends and capital distributions

Our Strategy

OUR PURPOSE

Our Co-operative, empowering people, to create goodness for generations. You, me, us together. Tātou, tātou.

OUR VISION

The source of the world's most valued dairy

OUR CHOICES

- Deliver strongest farmer offering
- Unleash our Ingredients engine
- Keep momentum in Foodservice
- Invest in operations for the future
- Build on our sustainability position
- Innovate to drive our advantage

OUTCOMES

- Strong Shareholder returns
- Stable balance sheet
- Enduring Co-op

B2B dairy expertise that leads the world

NZMP and Anchor Food Professionals are world leading product and solutions brands

Unleashing our Ingredients engine

100+
products

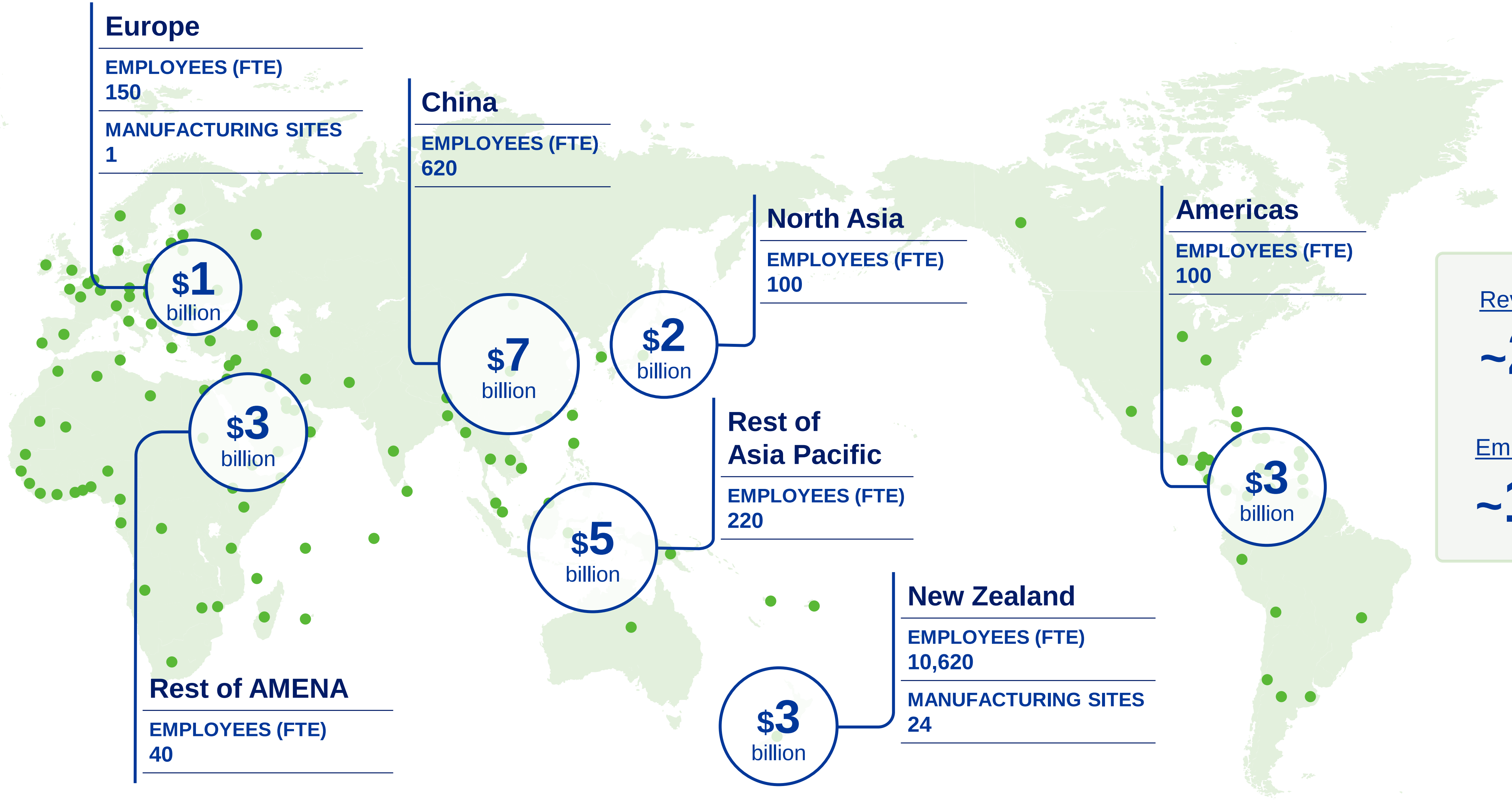
- One of the largest product ranges in the global dairy industry
- From core high-quality dairy ingredients informing the Farmgate Milk Price to sophisticated, functional components that achieve a return on capital greater than 15%
- Over 1,000 customers in more than 100 countries, with offices in 13 global locations and a strong partnership network
- Vital for formulas and recipes to some of the world's most important food and nutrition brands
- Expanding our advanced, high-value ingredients portfolio to deliver to the rising demand of high-quality nutrition in health-conscious and functional food markets

Keep momentum in Foodservice

50+
products

- High performing dairy products covering cream, cheese, butter and cream cheese
- Customers in over 50 countries
  - 500 cities across Greater China and 6 application centres
  - 50,000 food operators across Southeast Asia
- Accelerating growth in other markets such as Mexico, Japan, Korea and Taiwan
- Leading positions servicing many major global restaurant chains
- UHT products are one of the Co-op's most profitable, with a projected 6% compound annual growth rate over the next seven years

A significant and diverse B2B presence globally



Revenue (NZD)

~24b

Employees[1]

~11,850

Revenue Markets we export to

1. Permanent Full Time Equivalent employees (FTE)

Investing to support strategy

FY26 includes a strong pipeline of investments continuing to unlock capacity for higher margin products

2026 | **2027**

Early 2026

Studholme expansion COMPLETED

- $75m advanced protein hub investment, increasing capacity and caters to fast-growing high-protein market for medical and sports nutrition

May

Whareroa expansion

FIRST STAGE COMPLETED

- $150m investment into 8 new cool stores. Increasing storage capacity by 5,000 MT, enabling storage of up to 26,000 MT of cheese

August

Edendale expansion

COMPLETED

- $150m investment in new UHT cream plant. Unlocking up to 20m kgMS additional processing capacity in Foodservice portfolio and improving optionality

Milkfat processing expansion

BEGINS

- Adding value to milkfat through butter and cream cheese investments
- Pastry butter sheet capacity expansion to support Foodservice growth

October

Whareroa expansion

FINAL STAGE COMPLETED

Delivering on strategic targets

OUTCOMES	TARGETS & POLICY SETTINGS			FY19-24 AVERAGE
Strong Shareholder returns	Return on capital[1]	10-12%		8.2%
	Dividend policy	60-80%		62%
	Capital distributions	Guided by Resource Allocation Framework		
Stable balance sheet	Gearing ratio	30-40%		38%
	Debt to EBITDA	< 3x		2.7x
Enduring Co-op	Capital investment requirements	~$1+ billion per annum in Essential, Sustainability, Growth		$660m
	Emissions reduction by 2030[2]	Absolute Scope 1 & 2 Energy & Industrial GHG emissions	50.4%	
		Scope 1 and Sope 3 FLAG GHG emissions intensity from dairy[3]	30.0%	

For FY25

- 10.9% return on capital above 6-year average and within long-term target range
- 57c dividend is 80% distribution of earnings
- Debt to EBITDA amended from 2x-3x to < 3x, reflecting appetite to maintain a conservative balance sheet setting[4]
- No change in Gearing ratio policy
- 20.7% absolute reduction in Scope 1 & 2 emissions relative to our base year
  - a saving of 46,000tCO2e on the prior year
  - eliminated coal use in the North Island

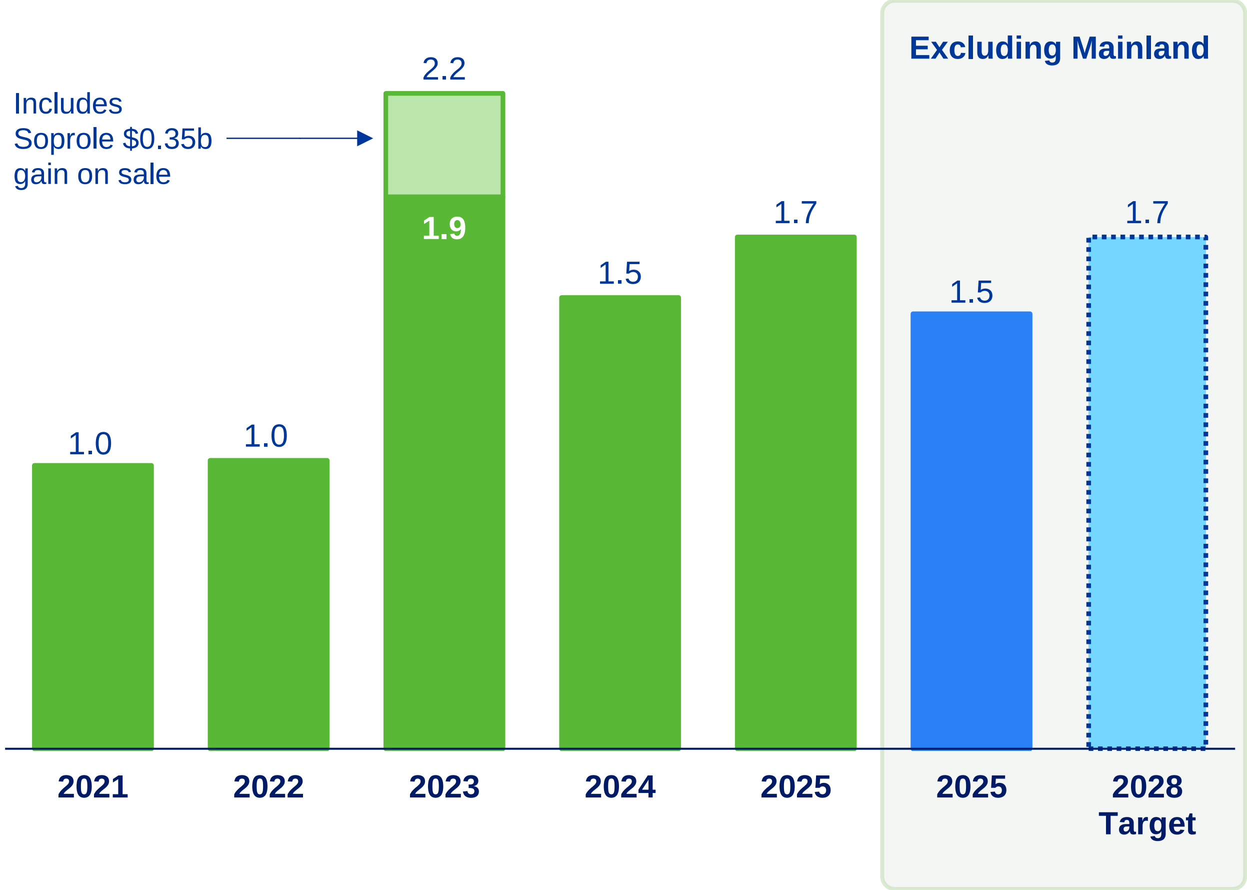
1. Average return on capital FY24-30
2. From an FY18 base year
3. Forest, Land and Agriculture emissions from dairy per tonne of fat-and-protein-corrected milk
4. Amendment applies from FY26

B2B performance drives earnings

Refer to FY24 & FY25 pro forma Fonterra and Mainland financials section for further detail on the financial impact of divesting Mainland Group

Operating Profit[1]

(NZD billion)

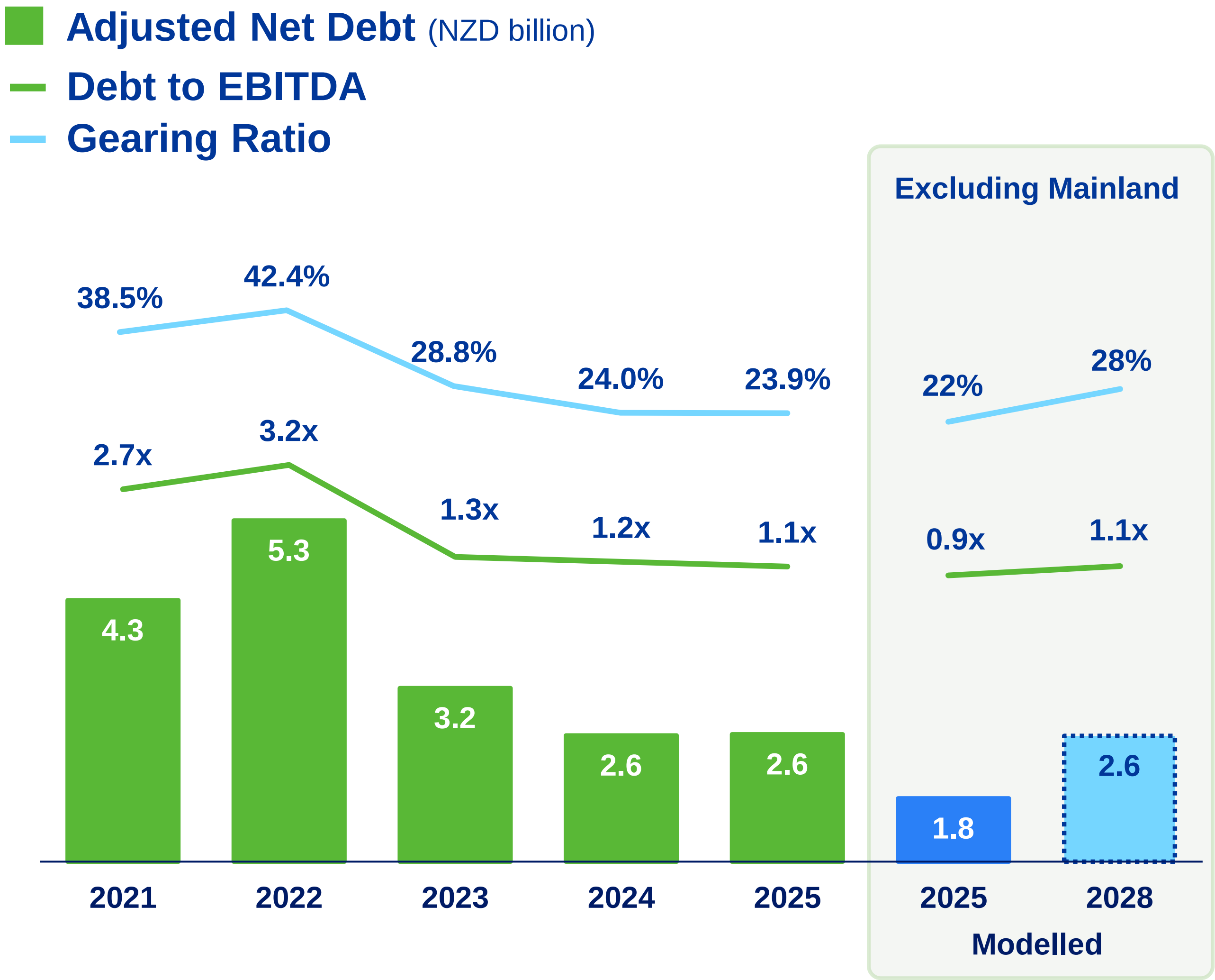


- Excluding Mainland, net of $106m in divestment costs, FY25 operating profit would reduce $252m, highlighting recent step-change in performance driven by B2B growth
- Targeting 3-years to return to FY25 earnings prior to proposed divestment through:
  - realignment of business, including cost out
  - product mix, driven by shifting to higher value Ingredients and Foodservice growth

1. Reported Operating Profit

Financial strength, supporting growth and sustainable returns

Refer to FY24 & FY25 pro forma Fonterra and Mainland financials section for further detail on the financial impact of divesting Mainland Group



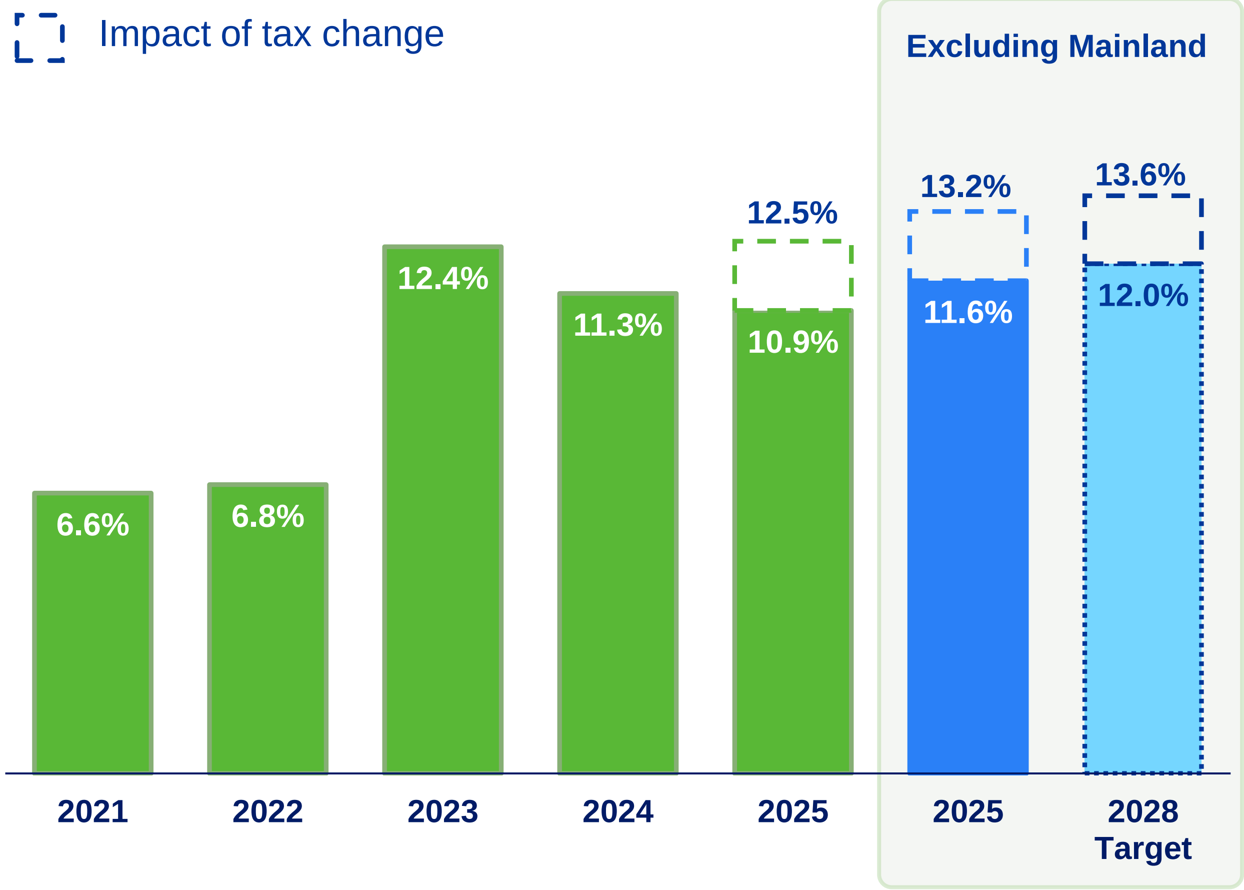
- Co-op's financial strength provides flexibility to:
  - manage volatility
  - fund growth via disciplined capital allocation
  - deliver sustainable returns
- Proposed allocation of Mainland sale proceeds of $4.2b:
  - $3.2b tax-free capital return to shareholders[1]
  - $0.3b in sale and separation costs
  - $0.7b retained to support resilience and growth
- Modelled Net Debt and leverage metrics assumes retained sales proceeds are allocated to debt
  - $0.1b in sale and separation costs incurred in 2025, pre-transaction

1. Subject to final Board decision once sale is unconditional, proceeds received in New Zealand, and other factors at the time

A more efficient use of capital

Refer to FY24 & FY25 pro forma Fonterra and Mainland financials section for further detail on the financial impact of divesting Mainland Group

Return on Capital



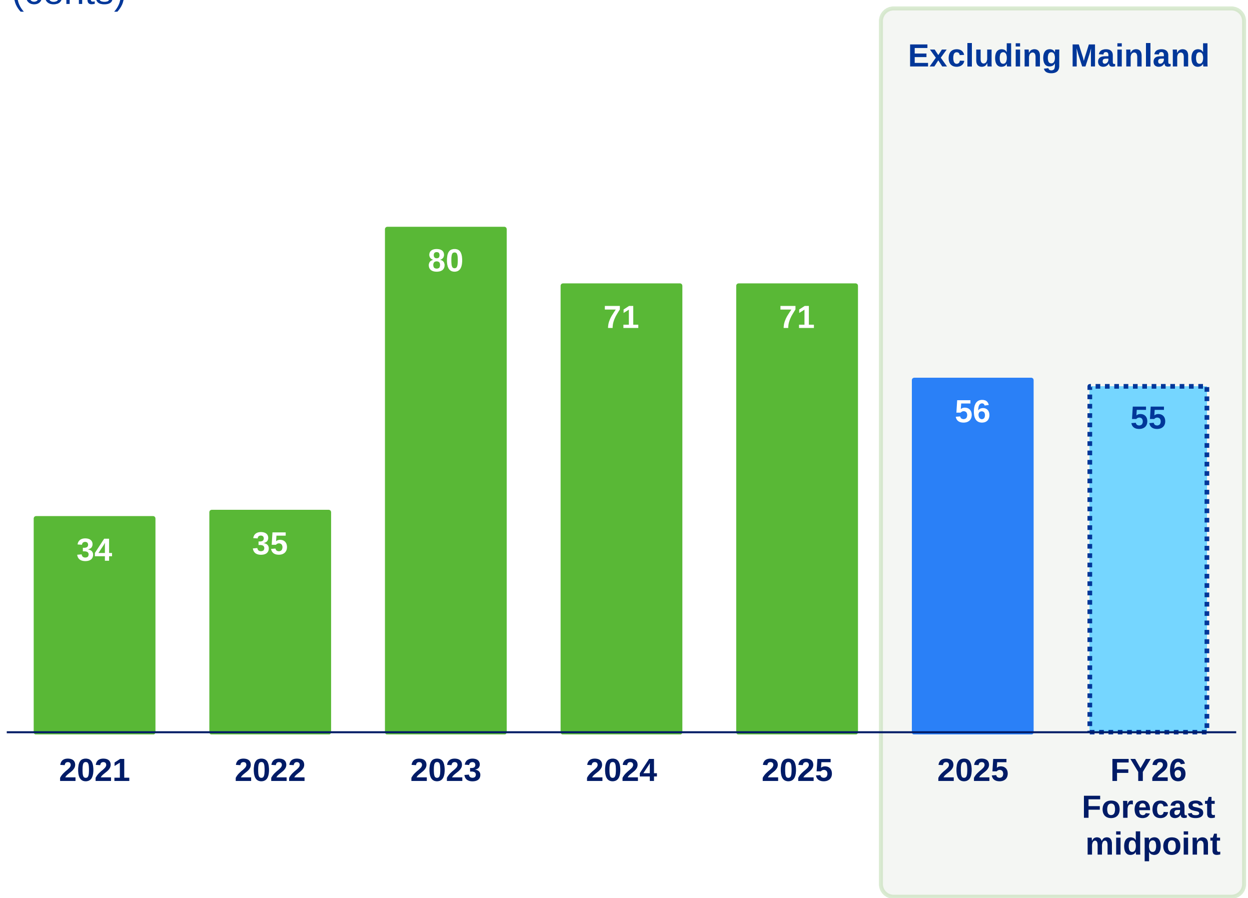
- FY25 return on capital of 10.9%, above the 5-year average and within long-term target range
- Tax change impact was 1.6 percentage points in FY25
- Targeting upper end of 10-12% strategic target range by FY28

A more focused, returns-driven Co-op

Refer to FY24 & FY25 pro forma Fonterra and Mainland financials section for further detail on the financial impact of divesting Mainland Group

Normalised earnings per share

(cents)



- FY25's 57c dividend is an 80% distribution of 71c earnings per share
  - 45c dividend if same percentage applied to earnings excluding Mainland of 56c

FY26 Outlook & Priorities

Forecast Farmgate Milk Price

$9.00-$11.00

per kgMS

FY26 forecast earnings[1]

45-65

cents per share

FY26 Outlook

- Global supply increasing, with stronger milk flows in New Zealand, and North and South America
- Southeast Asia and Latin America demand remains robust
- Near term demand mixed in China, remains strong for high-fat products but softer for milk powders
- Longer term, China domestic product mix evolving away from WMP
- Heightened commodity price and exchange rate risk from ongoing geopolitical dynamics

FY26 Priorities

- Proposed divestment, shareholder vote and capital return following completion of sale
- New manufacturing capacity
  - Edendale UHT cream and Studholme proteins completed
  - New butter and cream cheese investments
- Go-live of the new ERP system at first site in November 2025

1. Earnings forecast is for continuing operations

Your Co-op, Your Vote.

Get ready to have your say
on the consumer divestment proposal.

Early Oct	Tues 7 Oct	Thurs 30 Oct
Notice of Meeting issued	Voting Opens	Special Meeting held - Results announced

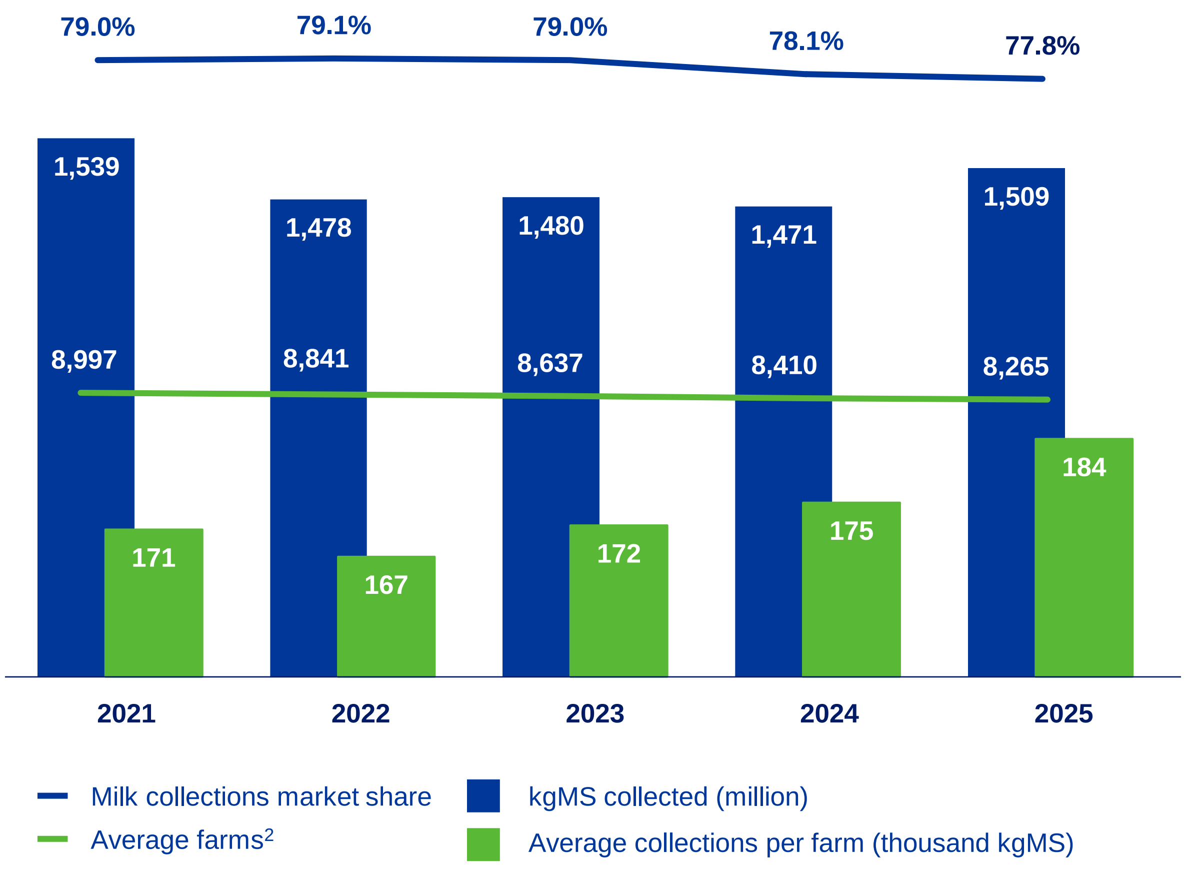
To learn more **scan the QR code**
or visit **nzfarmsource.co.nz/haveyoursay**

Key financial drivers of strategy

Deliver strongest farmer offering

Fonterra supplier base and milk collections[1]

Full season figures



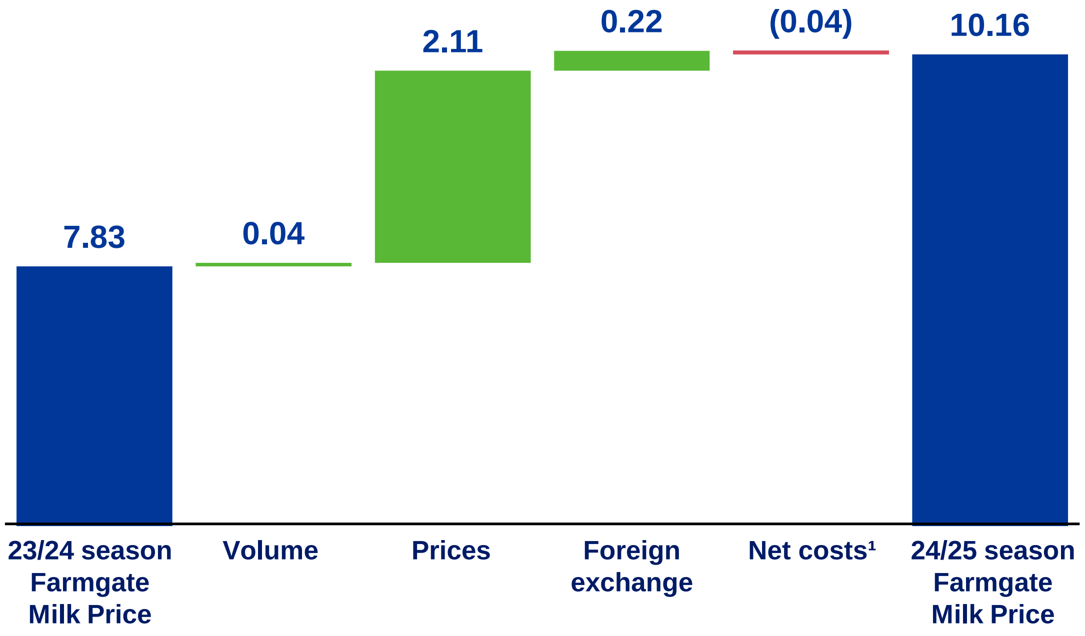
- 2024/25 season total payout of $10.73 per kgMS on average for a supplying shareholder holding one share for one milk solid supplied
  - Farmgate Milk Price of $10.16 per kgMS
  - Fully imputed dividend of 57 cents per share
- The Co-op is committed to providing a competitive offering and industry leading support
  - expanded price risk management services that enable farmers to secure certainty for a portion of their revenue
  - designing new solutions to save time for farmers through better data connections, reduced task duplication and simplified administrative tasks
  - maintaining the opening advance rate of 75% enabled through the strength of our balance sheet
- Farms collected from and market share (by kgMS) in the 2024/25 season declined, mainly due to increased competition in the North Island heading into the start of the season
- Going into the 2025/26 season, Fonterra gained more milk from competitors than it lost, however still faced a net decline due to land use changes
- Milk collections for 2024/25 season were 1,509m kgMS, up 2.6% on prior season mainly due to
  - favourable early-season weather conditions across most regions supported strong peak milk flows
  - farmers producing more solids per cow reflecting ongoing breeding improvements and high animal welfare standards

1. New Zealand milk collections
2. Average number of farms supplying milk for the season

Farmgate Milk Price

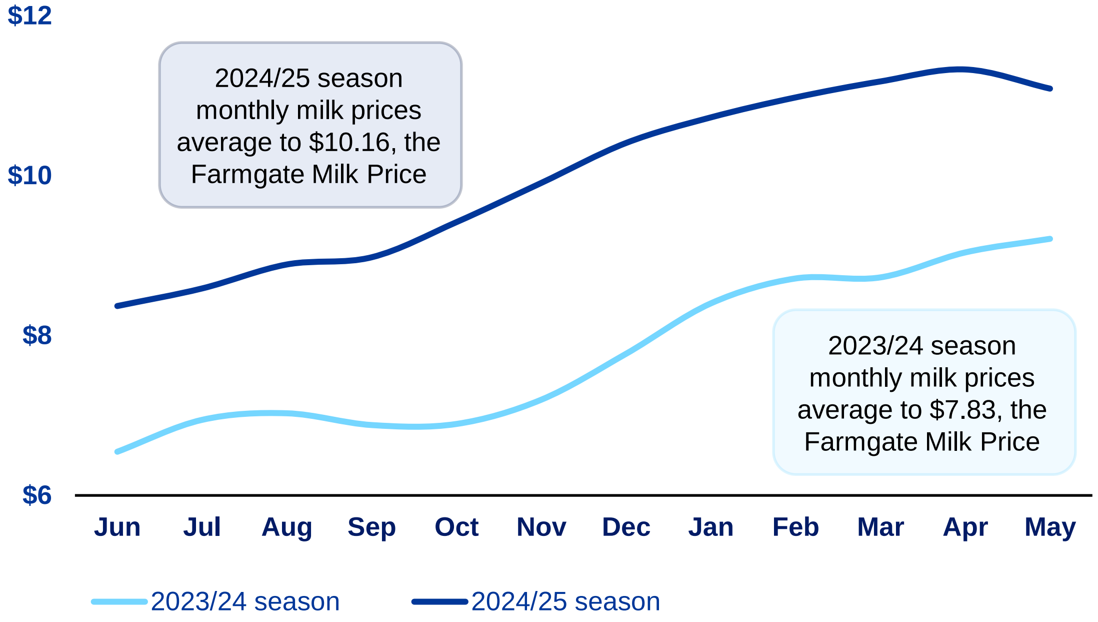
Drivers of the Farmgate Milk Price

($ per kgMS)



Monthly Milk Prices

($ per kgMS)



- Volume impact was due to higher milk collections in the 2024/25 season, increasing 38m kgMS to 1,509m kgMS
- Reference Product prices that informed the 2024/25 season were on average 20.7% higher than the prior season
- The average hedge rate decreased from NZD/USD 0.6120 to NZD/USD 0.5988
- Increase in net costs mainly due to increases in milk collection, energy, staff, packaging and ERP costs

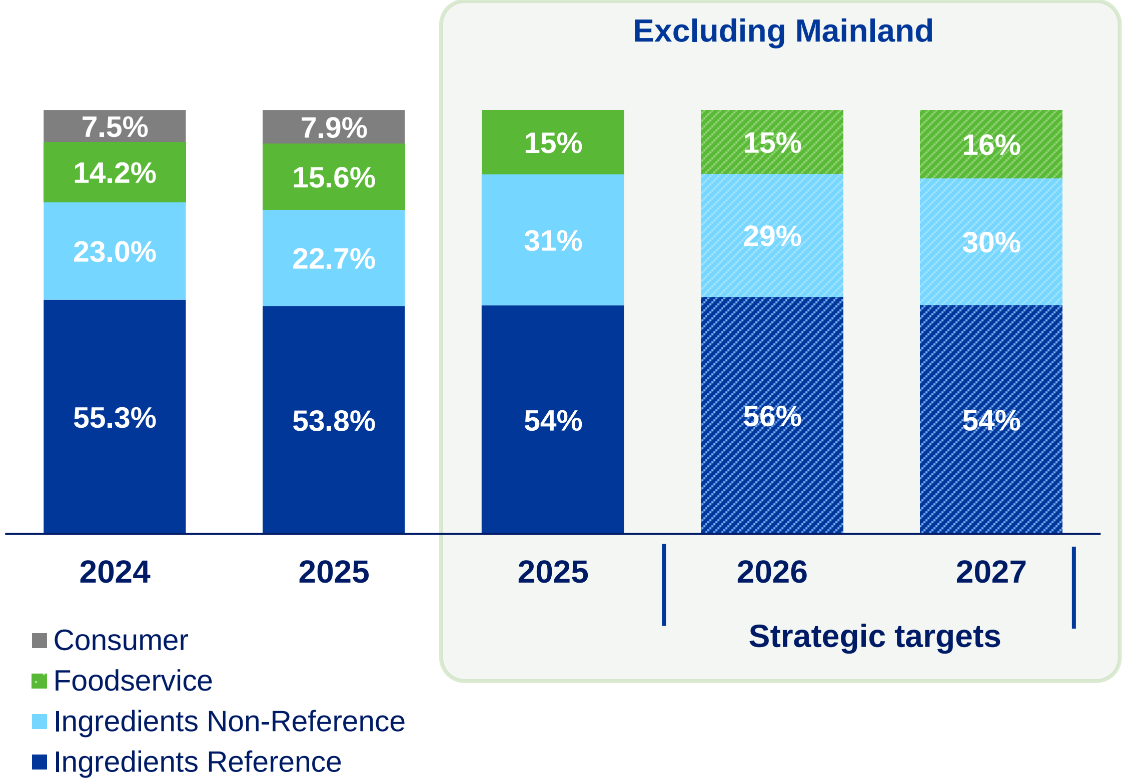
1. Net costs consists of cash costs and capital costs, refer to the Farmgate Milk Price Statement 31 May 2025 for further detail

Shifting solids into higher value products

- 53.8% of milk solids were allocated to the Ingredients Reference Product portfolio, compared to 55.3% in the prior year, supporting our strategic objective to shift solids into higher margin products
- The Ingredients Non-Reference portfolio product mix shifted to maximise value based on the highest returning products. Different products vary in their solids content which led to a lower percentage allocation of solids to the Ingredients Non-Reference portfolio
- The Co-op remains focused on shifting solids into higher value Non-Reference products with demand continuing to strengthen for functional proteins in higher value markets, particularly Europe and the US
- Foodservice solids increased from 14.2% to 15.6% as demand continued to grow for UHT cream, butter and IQF mozzarella
- Adjusting for the divestment of Mainland and treating Mainland as a customer, Foodservice allocation shifts down slightly while Ingredients Non-Reference increases due to:
    - ~1% of total solids from Greater China Consumer shifting to Foodservice
    - ~2% of total solids from the Foodservice channel as part of the Mainland Group divestment shift to Ingredients Non-Reference
    - ~7% of Consumer solids, excluding Greater China, shift to Ingredients Non-Reference

Solids allocation[1]

Full financial year figures



1. Percentages as shown in graph may not align to the calculation based on actual solids due to rounding

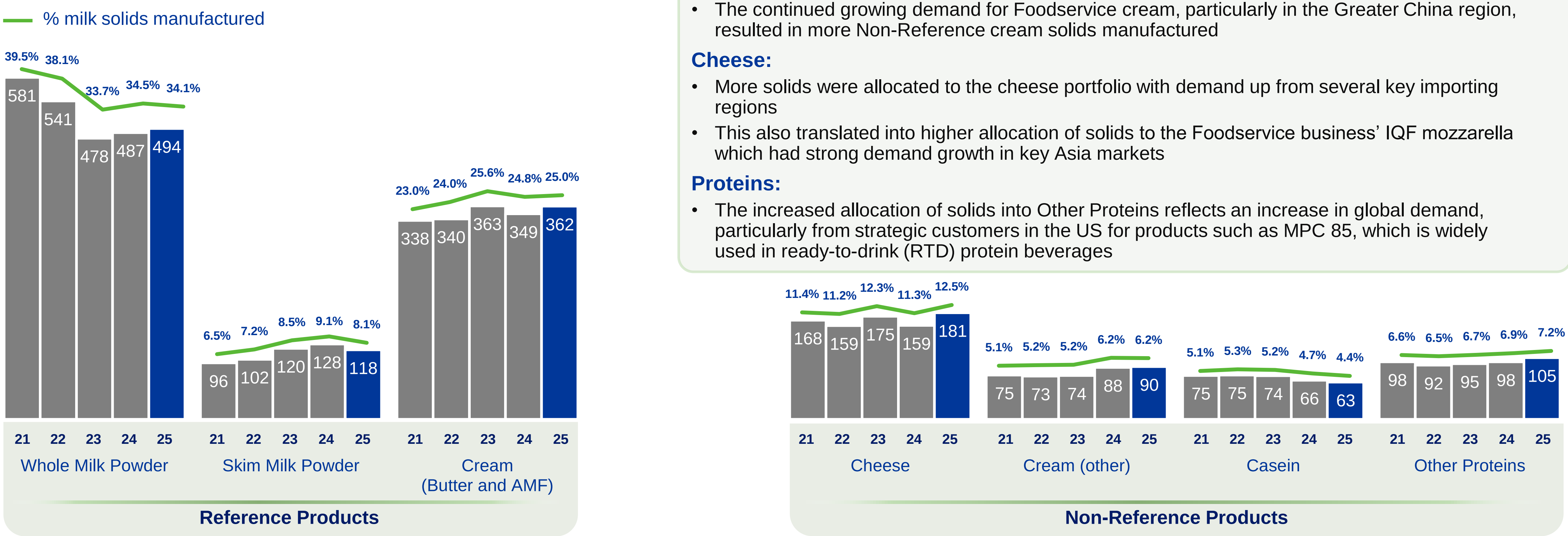
Milk solids allocated to higher value products

NZ milk solids manufactured (kgMS millions)

For year ended 31 July

Change in kgMS millions[1]

Total	Reference	Non-Reference
↑ 38	↑ 9	↑ 29



Whole Milk Powder:

- Similar volume of WMP was manufactured in FY25 despite higher collections, resulting in a comparative decrease in the percentage of milk solids allocated, aligning to Fonterra's strategy of continued growth in higher value products (such as cheese, proteins and cream)

Cream:

- Favourable returns for butter and AMF meant increased allocation of solids to Reference cream products
- The continued growing demand for Foodservice cream, particularly in the Greater China region, resulted in more Non-Reference cream solids manufactured

Cheese:

- More solids were allocated to the cheese portfolio with demand up from several key importing regions
- This also translated into higher allocation of solids to the Foodservice business' IQF mozzarella which had strong demand growth in key Asia markets

Proteins:

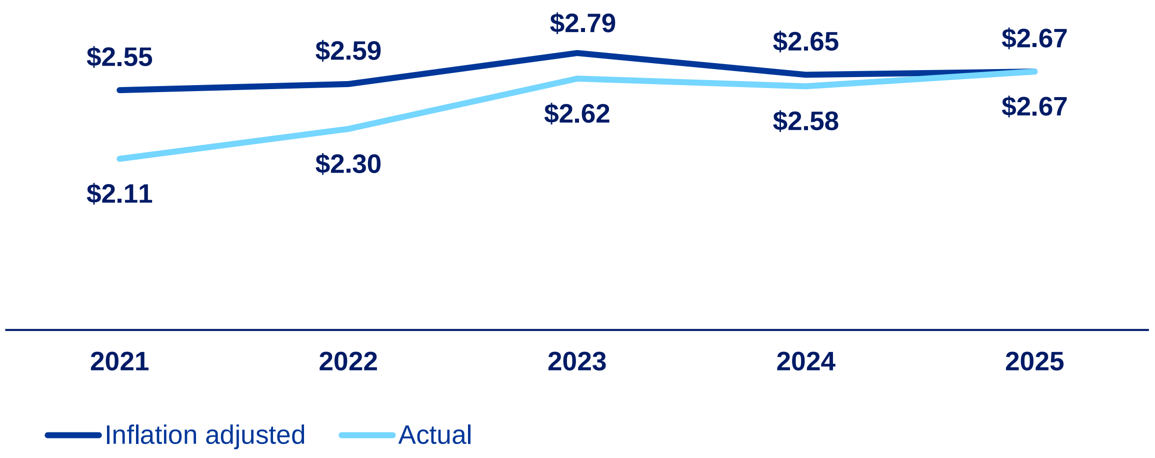
- The increased allocation of solids into Other Proteins reflects an increase in global demand, particularly from strategic customers in the US for products such as MPC 85, which is widely used in ready-to-drink (RTD) protein beverages

1. Changes in table present total NZ manufactured milk solids and does not align to charts which exclude Butter Milk Powder, and other smaller Non-Reference commodity groups

Core Operations manufacturing cash costs per kgMS

Core Operations manufacturing cash costs

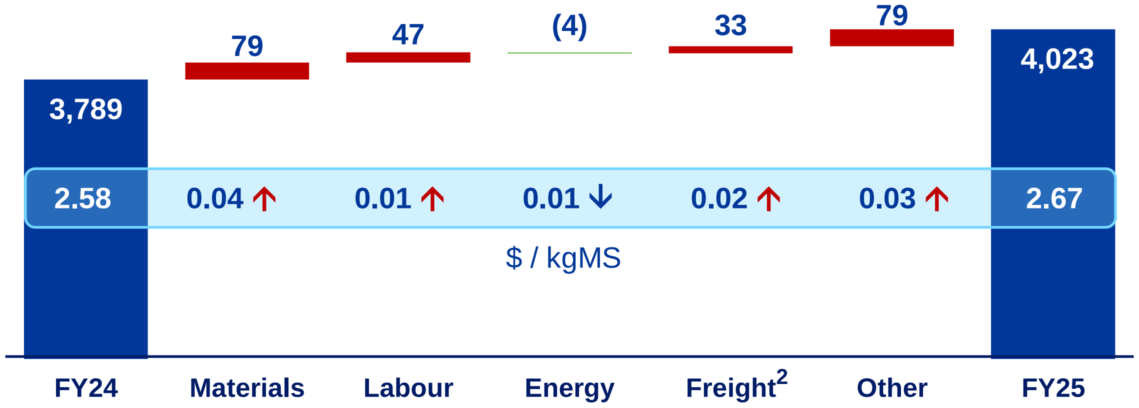
($/kgMS)



Core manufacturing costs	2021	2022	2023	2024	2025
Actual ($ million)	3,243	3,397	3,883	3,789	4,023
Cumulative inflation[1]	21.0%	12.7%	6.4%	3.1%	
Inflation adjusted ($ million)	3,924	3,829	4,130	3,907	4,023
Collections (kgMS million)					
New Zealand	1,539	1,478	1,480	1,471	1,509

Movements in Core Operations manufacturing cash costs

($ million)

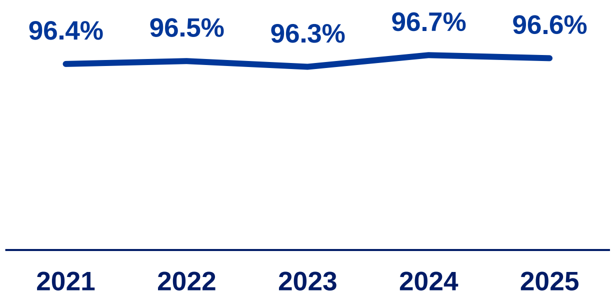


- Core Operations manufacturing costs per kgMS is the efficiency component of the Gross Profit from Core Operations metric
  - In FY25, manufacturing costs increased, primarily due to higher material and labour costs driven by inflation changes in product mix, and increase in milk collections
  - These increases were partially offset by ongoing efficiency gains, cost management initiatives, and optimisation of energy, ingredient, and packaging usage
- **Note: Movements in cost per kgMS may not directly align with changes in total costs, as per-unit costs are impacted by milk volumes and product mix**

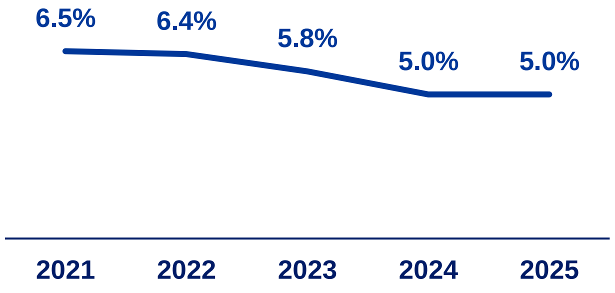
1. Real costs have been calculated using CPI and inflation in manufacturing components
2. Excludes ocean freight

Shifting to complex value chain impacting operations in near term

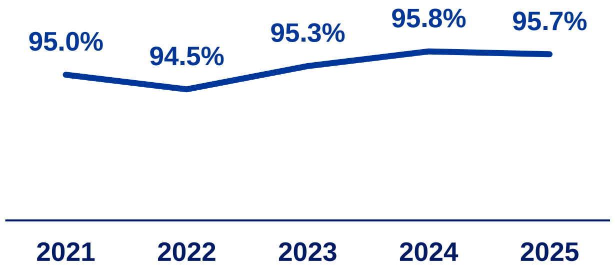
Milk utilisation



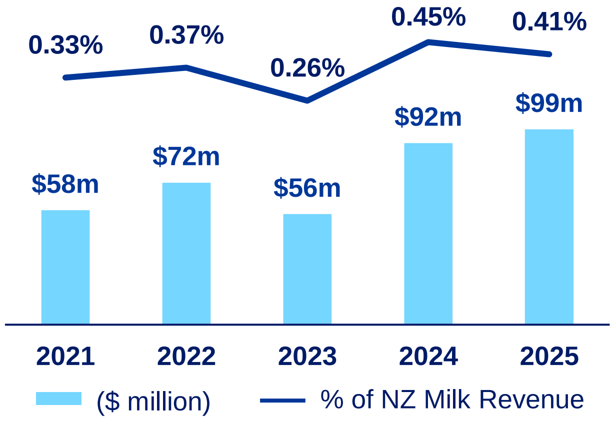
Unplanned downtime



Product made right first time



Cost of quality



Milk Utilisation remains consistently high reflecting:

- Continued focus on solids recovery and product mix optimisation
- Improvements in yield and processing efficiencies

Unplanned downtime continues to trend favourably, reflecting:

- Preventative maintenance and reliability uplift across the network
- Operational efficiencies delivered through the Run to Target programme to standardise activity and improve performance
- Ongoing investment in asset stability and reliability

Right first-time performance remains strong reflecting:

- Continued focus on process control and grading consistency across manufacturing sites
- Seasonal and product mix challenges that impacted grading outcomes and applying learnings to strengthen quality assurance
- Ongoing refinement of operational practices to support consistent product quality and customer satisfaction

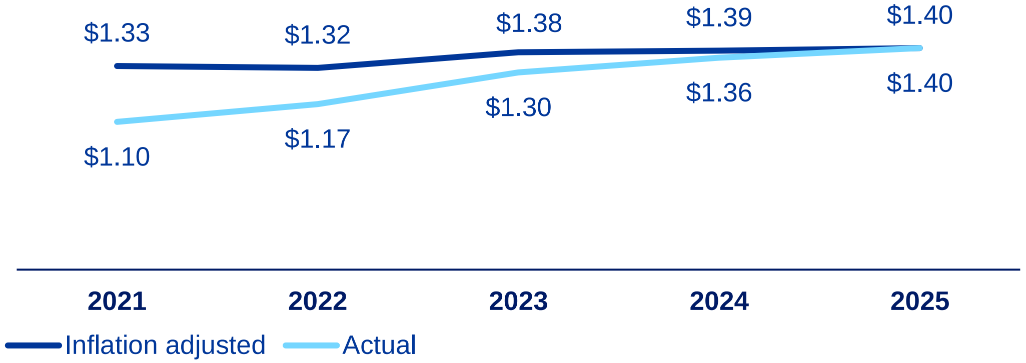
Cost of quality increased compared to the prior year, driven by elevated milk prices, higher production volumes, and greater operational complexity. The result reflects a slight deterioration in performance which necessitates targeted improvement:

- Continued investment in quality systems and asset reliability to support consistent product outcomes

Cash operating expense per kgMS

Cash operating expenses

($/kgMS)



Cash operating expenses ($ million)	2021	2022	2023	2024	2025
Operational expenses	1,810	1,858	2,068	2,103	2,142
ERP investment	-	-	-	39	123
Total	1,810	1,858	2,068	2,142	2,265
Compound CPI	20.7%	12.5%	6.1%	2.7%	
Inflation adjusted	2,184	2,090	2,194	2,200	2,265

Collections (kgMS million)					
New Zealand	1,539	1,478	1,480	1,471	1,509
Australia	106	106	106	107	108
Total	1,645	1,584	1,586	1,578	1,617

Channel	Allocation of collections (m kgMS)	Actual cash operating expenses	Cash operating expenses
Ingredients	1,187kgMS 9 kgMS ↑	$1,052m $81m ↑	$0.89/kgMS $0.06 /kgMS ↑
Foodservice	322kgMS 29 kgMS ↑	$605m $21m ↑	$1.88/kgMS $0.12 /kgMS ↓
Discontinued operations[1,2]	108kgMS 1 kgMS ↑	$608m $21m ↑	$5.63/kgMS $0.14 /kgMS ↑

- Cash operating expenses per kgMS were impacted by:
  - 6 cents increase in ERP investment from prior year
  - 3 cents increase from inflationary impacts
- partially offset by:
  - 3 cents benefit from higher collections this year
  - 2 cents benefit mainly due to reduced professional fees associated with one off projects in the prior year
- Ingredients cash opex per kgMS increased 6 cents driven by the ERP investment
- Foodservice cash opex per kgMS improved 12 cents driven by the higher milk solids allocation partially offset by the ERP investment

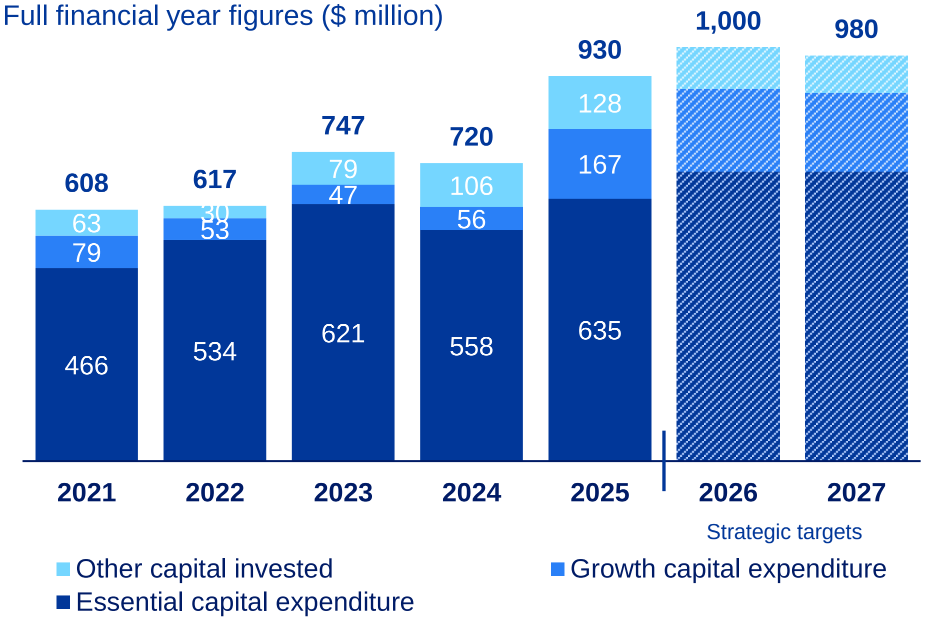
Note: Comparative information has been represented for consistency with the current period

1. 2024 comparative figures exclude operating expenses related to DPA Brazil
2. Discontinued operations allocation of solids has been adjusted to only include Australia collections

Capital investments to support resilience and growth

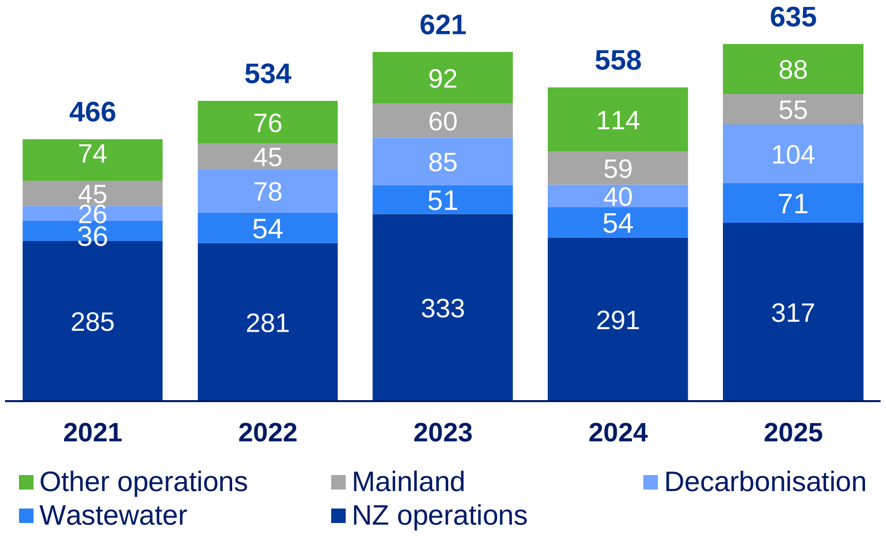
Capital invested

Full financial year figures ($ million)



Breakdown of essential capital expenditure[1]

Full financial year figures ($ million)

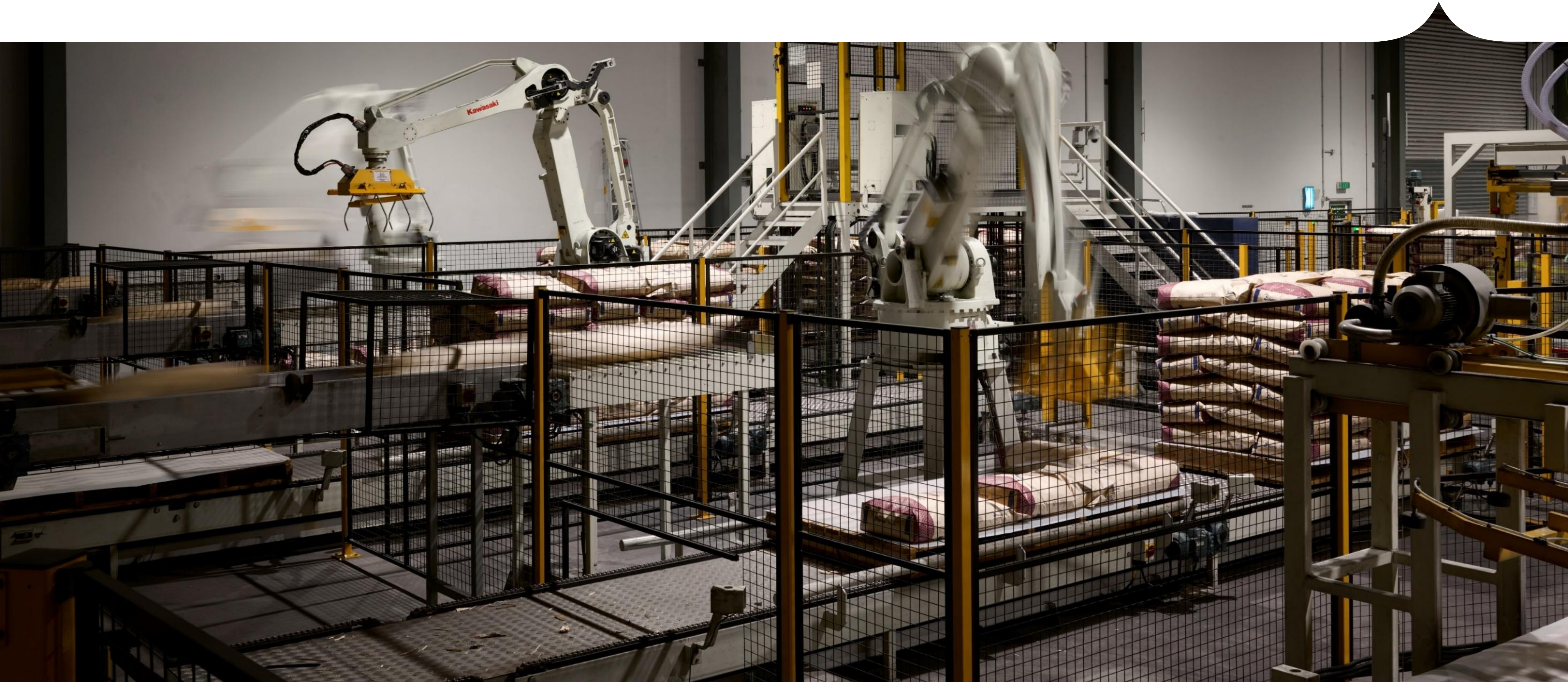


- FY25 total capital invested was $930m, consisting of Essential $635m, Growth $167 and Other $128m
- Essential capital expenditure comprised $104m invested on decarbonisation and energy security projects as a part of our roadmap to meet sustainability commitments, $71m on wastewater assets to improve our environmental footprint and enables our license to operate, and $317m on maintaining and improving our asset network in New Zealand and globally, $55m on Mainland Group and $88m other essential capital expenditure
- The increase in growth capital expenditure to $167m supports the growth of our Foodservice and Ingredients businesses, including capacity expansion for high value products such as advanced proteins and UHT cream
- Other capital invested includes Right of Use asset additions, other equity investments and $20m in the Ki Tua Investment Fund

1. Comparative information has been represented for consistency with the current period

Additional performance information

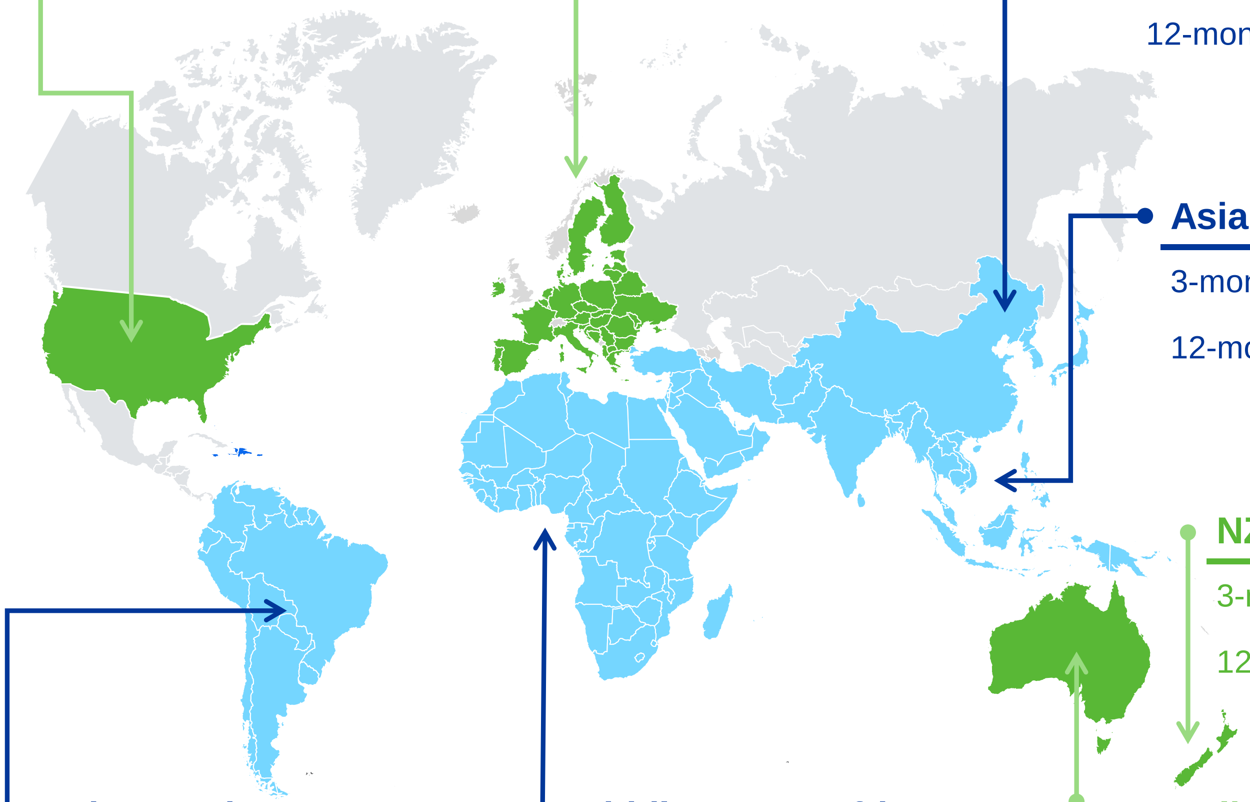
Fonterra
Dairy for life



Improving supply, and strong demand from key importing regions

- Dairy market conditions remain broadly favourable:
  - Demand remains strong across key import regions, particularly Southeast Asia and Middle East, with Africa demand returning
  - Southeast Asia WMP demand remains robust despite prices being above historical averages
  - Near term demand in China is mixed, with softened powders demand offset by strong cheese and butter demand. The outlook is evolving as local milk supply shifts product mix to value-add products
  - US milk production is accelerating, supported by herd expansion, strong margins and increased cheese processing capacity
  - EU milk production is recovering, with growth constrained by heatwave conditions and animal health risks, despite strong milk prices
  - New Zealand production is favourable, with record early-season volumes and strong price signals

Production | Imports



US

3-month	3.2% ↑
12-month	0.9% ↑

EU

3-month	0.0% –
12-month	0.4% ↓

China

3-month	2.4% ↑
12-month	3.2% ↑

Asia (ex China)

3-month	6.6% ↑
12-month	4.4% ↑

NZ

3-month	7.3% ↑
12-month	2.6% ↑

Latin America

3-month	5.4% ↑
12-month	5.3% ↑

Middle East & Africa

3-month	3.4% ↓
12-month	3.6% ↓

Australia

3-month	4.4% ↓
12-month	1.1% ↓

Note: Imports are total global imports, and production is total for each country
Refer to appendix for source data and date ranges

Total Group performance

For year ended 31 July	Total Group			Continuing operations			Discontinued operations		
NZD million	2024	2025	Δ%[1]	2024	2025	Δ%[1]	2024	2025	Δ%[1]
Sales volume ('000 MT)	3,529	3,488	(1)%	3,034	3,074	1%	495	414	(16)%
Sales volume (million kgMS)	1,613	1,620	- %	1,500	1,516	1%	113	104	(8)%
Revenue	22,994	26,450	15%	20,423	24,111	18%	2,571	2,339	(9)%
Cost of goods sold	(19,106)	(22,259)	(17)%	(17,428)	(20,826)	(19)%	(1,678)	(1,433)	15%
Gross profit	3,888	4,191	8%	2,995	3,285	10%	893	906	1%
Gross margin (%)	16.9%	15.8%		14.7%	13.6%		34.7%	38.7%	
Operating expenses	(2,468)	(2,594)	(5)%	(1,746)	(1,838)	(5)%	(722)	(756)	(5)%
Other[2]	107	135	26%	93	113	22%	14	22	57%
Operating profit	**1,527**	**1,732**	**13%**	**1,342**	**1,560**	**16%**	**185**	**172**	**(7)%**
Net finance costs	(164)	(186)	(13)%	(156)	(184)	(18)%	(8)	(2)	75%
Tax expense	(235)	(467)	(99)%	(139)	(372)	(168)%	(96)	(95)	1%
Profit after tax[3]	**1,128**	**1,079**	**(4)%**	**1,047**	**1,004**	**(4)%**	**81**	**75**	**(7)%**
Earnings per share (cents)	67	65	(3)%	63	60	(5)%	4	5	25%
Pre-tax normalisations[4]	66	106	-	(91)	(119)	-	157	225	-
Normalised operating profit	**1,593**	**1,838**	**15%**	**1,251**	**1,441**	**15%**	**342**	**397**	**16%**
Normalised profit after tax[3]	**1,194**	**1,185**	**(1)%**	**975**	**910**	**(7)%**	**219**	**275**	**26%**
Normalised EPS (cents)	71	71	- %	58	54	(7)%	13	17	31%

Note: Comparative information has been re-presented for consistency with the current period

1. Percentages as shown in table may not align to the calculation based on numbers in the table due to rounding
2. Comprises of other operating income, net foreign exchange gains and share of profit or loss of equity accounted investees
3. Includes amounts attributable to non-controlling interests
4. Total Group Normalisations of $(106)m in relation to the divestment of Mainland Group (2024: $(66)m in relation to the sale of DPA Brazil). Inter-Group normalisations of $119m (2024: $91m) between Continuing and Discontinued operations reflecting trade terms for sales and purchases between the Group and Mainland Group that will change following the divestment. The pricing elements relating to trade terms that are not expected to continue following the divestment have been normalised, and excluded from segment results, refer to Note 1a in the 2025 Annual Financial Statements

Normalised continuing operations channel performance

For year ended 31 July	Total continuing operations			Ingredients		Foodservice	
NZD million	2024	2025	Δ%[1]	2024	2025	2024	2025
Sales volume ('000 MT)	3,034	3,074	1%	2,199	2,197	835	877
Sales volume (million kgMS)	1,500	1,516	1%	1,201	1,193	299	323
Revenue	20,303	23,937	18%	14,793	17,541	5,510	6,396
Cost of goods sold	(17,399)	(20,771)	(19)%	(12,843)	(15,344)	(4,556)	(5,427)
Gross profit	2,904	3,166	9%	1,950	2,197	954	969
Operating expenses	(1,746)	(1,838)	(5)%	(1,074)	(1,170)	(672)	(668)
Other[2]	93	113	22%	62	74	31	39
Normalised operating profit[3,4]	**1,251**	**1,441**	**15%**	**938**	**1,101**	**313**	**340**
Gross margin	14.3%	13.2%		13.2%	12.5%	17.3%	15.2%
Operating profit margin	6.2%	6.0%		6.3%	6.3%	5.7%	5.3%

Note: Comparative information has been re-presented for consistency with the current period

1. Percentages as shown in table may not align to the calculation based on numbers in the table due to rounding
2. Consists of other operating income, net foreign exchange gains/(losses) and share of profit or loss of equity accounted investees
3. Includes corporate costs for Total, Ingredients and Foodservice of $648m, $432m and $216m ($357m, $252m and $105m for the comparative period), respectively
4. Pricing elements relating to trade terms that are not expected to continue following the proposed divestment of Mainland Group are normalised and excluded from operating profit. For 2025 this is $119m ($91m for the prior comparable period). Refer to note 1a in the 2025 Annual Financial Statements

Normalised discontinued operations channel performance

For year ended 31 July	Total discontinued operations		
NZD million	2024	2025	Δ%[2]
Sales volume ('000 MT)	495	414	(16)%
Sales volume (million kgMS)	113	104	(8)%
Revenue	2,571	2,339	(9)%
Cost of goods sold	(1,678)	(1,433)	15%
Gross profit	893	906	1%
Operating expenses	(722)	(756)	(5)%
Other[3]	14	22	57%
Operating profit[4]	**185**	**172**	**(7)%**
Normalisations[5]	157	225	-
Normalised operating profit	**342**	**397**	**16%**
Gross margin	34.7%	38.7%	
Operating profit margin	7.2%	7.4%	

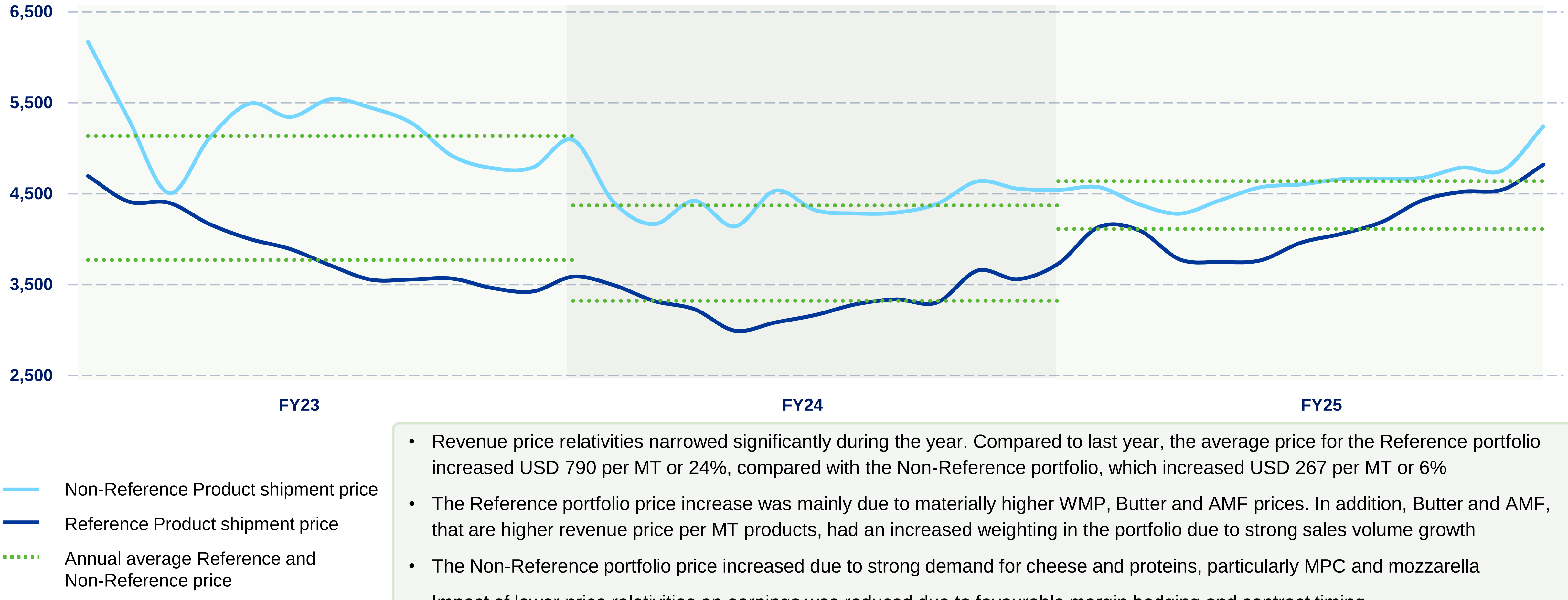
- Normalised discontinued operations operating profit of $397m is up $55m due to:
  - Consumer having higher volumes and better pricing
  - Australian business having a stable milk price against higher global commodity prices

Note: Comparative information has been re-presented for consistency with the current period
1. Includes intra-group eliminations and adjustments between continuing and discontinued operations
2. Percentages as shown in table may not align to the calculation based on numbers in the table due to rounding
3. Consists of other operating income, net foreign exchange gains/(losses) and share of profit or loss of equity accounted investees
4. Includes corporate costs for 2025 of $75m and 2024 of $75m
5. Normalisations of $(106)m in relation to the divestment of Mainland Group (2024: $(66)m in relation to the sale of DPA Brazil). Inter-Group normalisations of $119m (2024: $91m) reflecting trade terms for sales and purchases between the Group and Mainland Group

New Zealand-sourced Ingredients' product mix

Fonterra Revenue Reference and Non-Reference Price Relativities

(USD/MT)



- Revenue price relativities narrowed significantly during the year. Compared to last year, the average price for the Reference portfolio increased USD 790 per MT or 24%, compared with the Non-Reference portfolio, which increased USD 267 per MT or 6%
- The Reference portfolio price increase was mainly due to materially higher WMP, Butter and AMF prices. In addition, Butter and AMF, that are higher revenue price per MT products, had an increased weighting in the portfolio due to strong sales volume growth
- The Non-Reference portfolio price increased due to strong demand for cheese and proteins, particularly MPC and mozzarella
- Impact of lower price relativities on earnings was reduced due to favourable margin hedging and contract timing

Note: Refer to additional information for source data and date ranges

New Zealand-sourced Ingredients’ product mix

	2024	2025	∆%
Sales Volume (‘000 MT)			
Reference Products	1,744	1,698	(3)%
Non-Reference Products	891	941	6%
Revenue (NZD)			
Reference Products ($ billion)	10.1	12.3	23%
Non-Reference products ($ billion)	6.4	7.3	15%
Reference Products ($ per MT)	5,764	7,264	26%
Non-Reference products ($ per MT)	7,145	7,754	9%
Cost of Milk (NZD)			
Reference Products ($ billion)	(7.5)	(9.9)	(31)%
Non-Reference Products ($ billion)	(3.3)	(4.1)	(24)%
Reference Products ($ per MT)	(4,313)	(5,810)	(35)%
Non-Reference Products ($ per MT)	(3,693)	(4,344)	(18)%

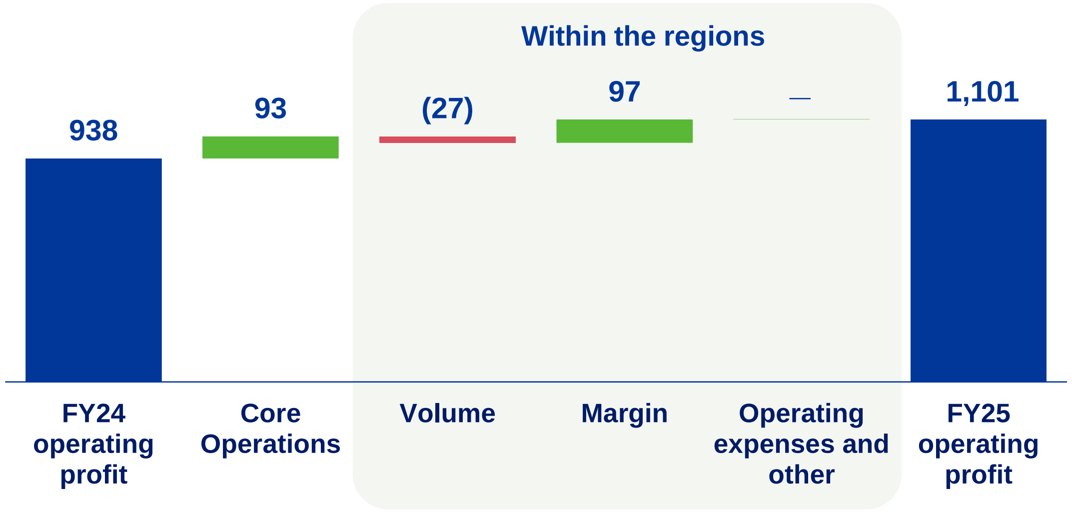
- Favourable product mix shift between Reference and Non-Reference portfolio, with 50,000 MT more into higher value Non-Reference products and 46,000 MT less Reference products
- Total revenue per MT has increased 19%. Reference portfolio revenue per MT increased 26%, materially more than the Non-Reference portfolio which increased 9%
- Strength of the Reference portfolio increase was due to higher weighting of butter and AMF coupled with stronger prices, and reduced volumes of WMP offset by higher WMP prices
- Total milk cost per MT has increased 29%. The Reference portfolio cost of milk per MT increased significantly more than the Non-Reference portfolio, 35% compared to 18%. This is due to the strong rise in the value of fat and the Reference portfolio having a higher fat component

Note: Percentages as shown in the table may not align with the calculation of percentages based on numbers in the table due to rounding of figures. Table includes Ingredients’ products that are on-sold to the Foodservice and Consumer channels and excludes bulk liquid milk. Bulk liquid milk for 2025 was 74,000 MT of kgMS equivalent (for the comparative period it was 71,000 MT of kgMS equivalent). Milk solids used in the Reference Products sold were 958 million kgMS and 467 million kgMS in the Non-Reference Products (for the comparative period 962 million kgMS in Reference Products and 458 million kgMS in Non-Reference Products)

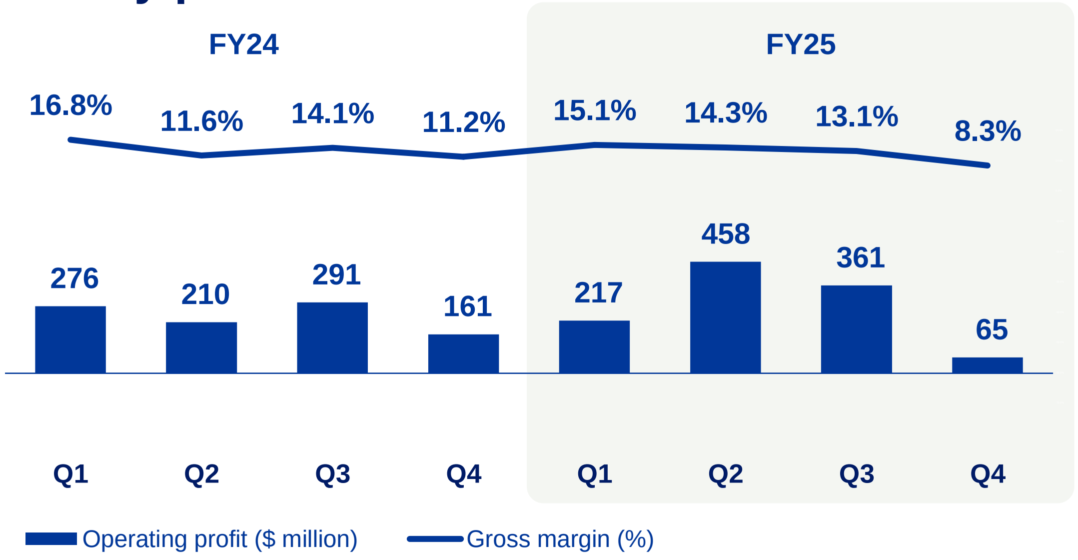
Ingredients performance

Key performance drivers

Operating profit ($ million)



Quarterly performance



- Ingredients operating profit is up $163m, due to favourable in-market margins driven by strong protein prices and favourable Core Operations reflecting:
  - favourable margins due to timing of contracting and hedging of the Non-Reference portfolio, more than offsetting narrowing price relativities
  - higher allowance from Milk Price due to higher lactose input costs and working capital
  - offset by higher ERP costs, with $106m of the $123m allocated to Ingredients Core Operations, with spend expected to peak over this year and the next

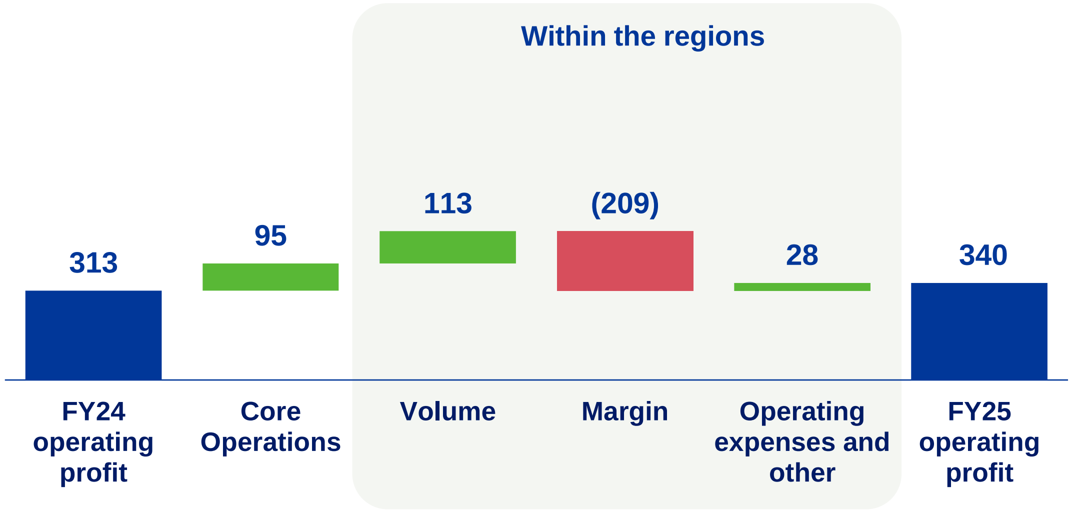
- FY24 reported operating profit re-presented from $898m to $938m, reflecting a favourable $40m shift in allocating the Australia business to discontinued operations as part of the Mainland Group divestment
- FY25 Q2 and Q3 experienced higher sales volumes and stronger pricing in the butter, cheese and milk protein concentrate portfolios compared to last year
- Q4 impacted by lower sales and milk volumes, continued narrowing of price relativities
- Early season contracting for FY26 is more in line with average FY25 price relativity levels

Note: Comparative information has been re-presented for consistency with the current period. Prepared on a continuing operations basis

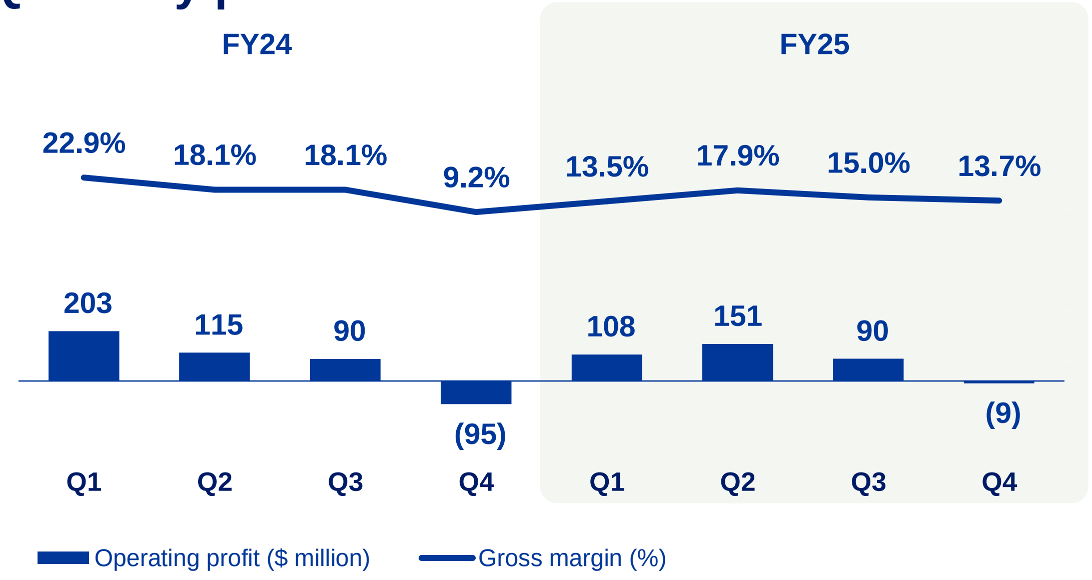
Foodservice performance

Key performance drivers

Operating profit ($ million)



Quarterly performance



- Foodservice operating profit is up $27m, due to:
  - higher attribution from Core Operations reflecting strong Cream returns
  - sales volume growth mainly due to increased demand from Greater China for UHT cream, butter and IQF mozzarella
  - in-market margins down year-on-year, with 7% price lift offset by increase in cost of milk, particularly within Greater China UHT cream portfolio
  - operating expenses favourable reflecting business growth and share of ERP costs in Core Operations

- FY24 reported operating profit re-presented from $463m to $313m, reflecting $67m allocated to discontinued operations and an adverse $83m allocation reflecting inclusion of Greater China consumer business and overheads retained from Mainland Group separation
- FY24 Q4 was impacted by Greater China Consumer's reduced margins, higher operating expenses and $26m relating to a brand impairment
- FY25 H2 earnings impacted by seasonal nature of Greater China operating expenses and $80m relating to the realignment of the remaining Consumer business and discontinuation of a product line

Note: Comparative information has been re-presented for consistency with the current period. Prepared on a continuing operations basis

Operating expenses

NZD million	2024	2025	%Δ[1]
Staff expenses[2]	776	826	6%
Storage and distribution	130	127	(2)%
Advertising and promotion	109	98	(10)%
Information technology	185	177	(4)%
IT & Digital transformation	39	123	215%
Technical and professional	207	185	(11)%
Depreciation & amortisation	155	166	7%
Other	145	136	(6)%
Continuing operations operating expenses	1,746	1,838	5%
Discontinued operations operating expenses	722	756	5%
Total Group operating expenses	**2,468**	**2,594**	5%

Research and development costs	2024	2025	%Δ[1]
Total Group research and development costs ($m)	99	103	4%

- Operating expenses from continuing operations increased $92m, or 5%, mainly due to increased investment in strategic initiatives to enable future efficiencies
- Investment in IT and Digital transformation to upgrade ERP systems increased $84m, to $123m, with spend expected to peak over this year and the next in Core Operations
- Total spend on the ERP upgrade is expected to be $450-500m over a 6-year period and will support resilience of the enterprise systems
- Staff expenses increased $50m as the business refocuses its structure to support strategic initiatives
- Adjusting for $106m in costs associated with the divestment of Mainland Group and $99m of DPA Brazil expenses last year, operating expenses from discontinued operations are unfavourable $27m, or 4%

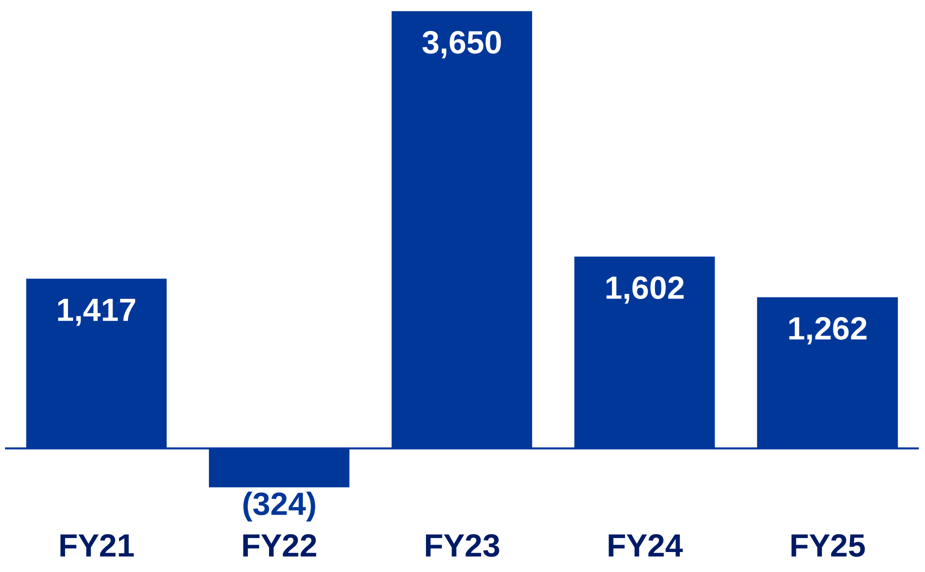
Note: Comparative information has been re-presented for consistency with the current period. For operating expenses by function, refer to note 3a of the 2025 Annual Financial Statements

1. Percentages as shown in table may not align to the calculation of percentages based on numbers in the table due to rounding of figures
2. Staff expenses displayed do not align to reported staff expenses in Financial Statements due to additional breakdown of IT & Digital transformation displayed in the table

Returning cash to farmers faster reflected in free cash flow

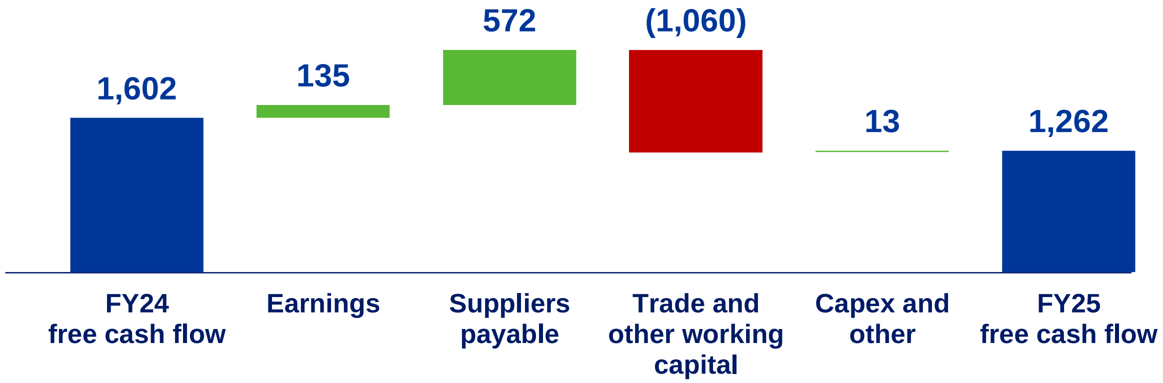
Five-year trend

($ million)



Movements in free cash flow[1]

($ million)



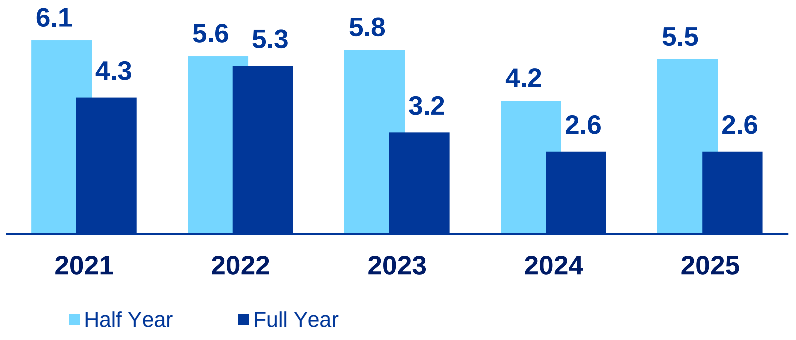
Free cash flow is lower than last year, reflecting higher working capital through the higher milk price, increased inventory levels and the accelerated advance rate

- Advance rate payments rose to 89% in FY25 (up from 87% in FY24) and reflected the higher milk price and increased milk solids collected
- Cashflows from movements in inventory were $0.7 billion higher driven by the increased cost of milk and higher New Zealand Ingredients inventory volumes

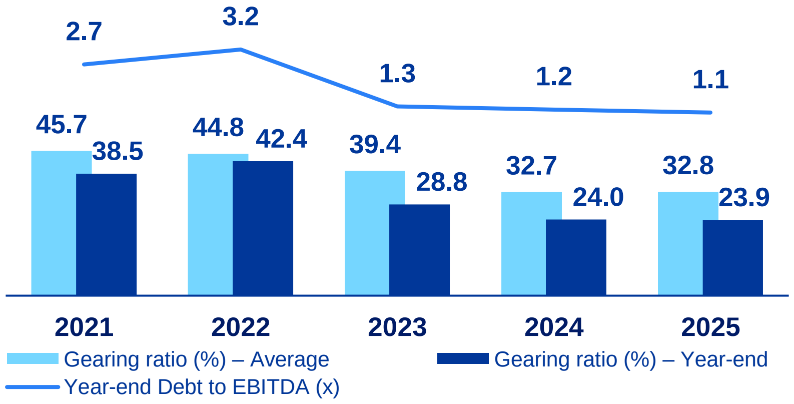
1. Movement in free cash flow includes cash flows relating to entities classified as held for sale

Strong balance sheet reflected in key metrics and ‘A band’ credit rating

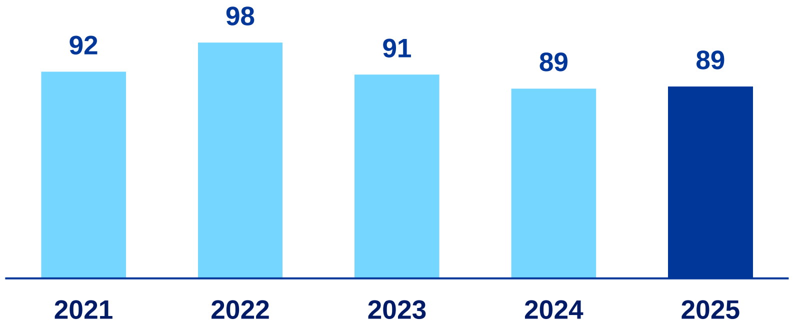
Net debt ($ billion)



Leverage



Working capital days



Credit rating

S&P Global Ratings	A-	Stable outlook
Fitch Ratings	A	Stable outlook

- Net debt and leverage metrics are consistent with prior year reflecting cash earnings that supported
  - dividend payments
  - higher working capital, including owing to suppliers
  - ongoing capital expenditure
- The strong balance sheet provided flexibility to accommodate the accelerated advance rate to farmers in the final two months of the financial year

Return on capital

For the year ended 31 July NZD million	2024	2025
Total Group normalised operating profit	1,593	1,838
Finance income on long-term advances	14	8
Notional tax charge	(259)	(498)
Total Group net normalised operating profit after tax	1,348	1,348
Capital employed at 31 July	10,912	10,980
Impact of seasonal capital employed	992	1,368
Average capital employed	11,904	12,348
Return on capital	**11.3%**	**10.9%**

- Return on capital of 10.9%, above the 5-year average and the FY25 target range of 8 – 10%
- The change relative to previous period reflects:
  - $245m higher normalised operating profit, partially offset by
  - a change in notional tax rate from 16.1% to 27.0%, which increased the tax charge $201m with an adverse 1.6 percentage point impact
- Average capital employed increased $0.4b to $12.3b, due to higher inventory volume and price per metric tonne

Global Markets end-to-end performance

For year ended 31 July	Total Global Markets[1]			Ingredients		Foodservice	
NZD million	**2024**	**2025**	**Δ%[2]**	**2024**	**2025**	**2024**	**2025**
Sales volume ('000 MT)	2,090	2,042	(2)%	1,620	1,568	470	474
Sales volume (million kgMS)	1,051	1,027	(2)%	903	872	147	155
Revenue	14,146	16,287	15%	11,334	13,174	2,812	3,113
Cost of goods sold	(12,377)	(14,290)	(15)%	(9,867)	(11,475)	(2,510)	(2,815)
Gross profit	1,769	1,997	13%	1,467	1,699	302	298
Operating expenses	(1,118)	(1,158)	(4)%	(831)	(890)	(287)	(268)
Other[3]	75	95	27%	51	61	24	34
Operating profit[4]	726	934	29%	687	870	39	64
Gross margin	12.5%	12.3%		12.9%	12.9%	10.7%	9.6%
Operating profit margin	5.1%	5.7%		6.1%	6.6%	1.4%	2.1%

- FY24 reported operating profit re-presented from $1,035m to $726m, reflecting $309m allocated to discontinued operations as part of the Mainland Group divestment, including:
    - Ingredients, $40m loss relating to the Australian business ($33m profit in FY25)
    - Foodservice, $67m mainly relating to the Australian business and FBNZ ($33m in FY25)
    - Consumer, $282m mainly related to FBNZ, Australia, Middle East, Sri Lanka and Southeast Asia brands ($217m in FY25)
- The Middle East Foodservice and Consumer business, which is part of the Mainland Group divestment, has a proportion of earnings in Global Markets continuing operations as at 31 July 2025 of $38m ($22m for FY24)

1. Global Markets performance is prepared on a continuing operations basis on the parameters of the Mainland divestment as at 31 July and includes sales to other segments. Comparative information has been re-presented for consistency with the current period.
2. Percentages as shown in table may not align to the calculation of percentages based on numbers in the table due to rounding of figures
3. Consists of other operating income, net foreign exchange gains/(losses) and share of profit or loss of equity accounted investees
4. Includes corporate costs for Total, Ingredients and Foodservice of $422m, $305m and $117m ($236m, $174m and $62m for the comparative period), respectively

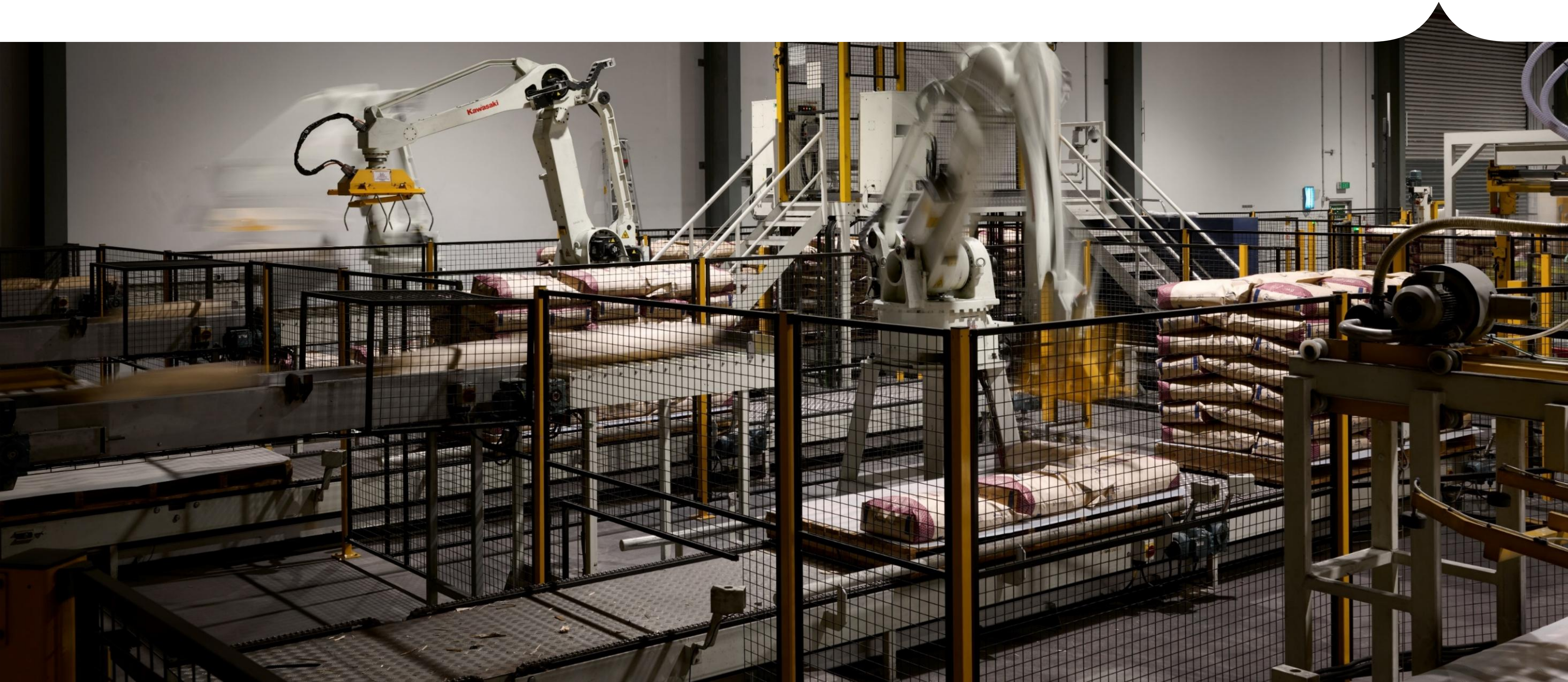
Greater China end-to-end performance

For year ended 31 July	Total Greater China[1]			Ingredients		Foodservice	
NZD million	2024	2025	Δ%[2]	2024	2025	2024	2025
Sales volume ('000 MT)	944	1,032	9%	579	629	365	403
Sales volume (million kgMS)	449	489	9%	298	321	151	168
Revenue	6,157	7,650	24%	3,459	4,367	2,698	3,283
Cost of goods sold	(5,022)	(6,481)	(29)%	(2,976)	(3,869)	(2,046)	(2,612)
Gross profit	1,135	1,169	3%	483	498	652	671
Operating expenses	(628)	(680)	(8)%	(243)	(280)	(385)	(400)
Other[3]	18	18	-	11	13	7	5
Operating profit[4]	525	507	(3)%	251	231	274	276
Gross margin	18.4%	15.3%		14.0%	11.4%	24.2%	20.4%
Operating profit margin	8.5%	6.6%		7.3%	5.3%	10.2%	8.4%

- Greater China Consumer is not included in the proposed Mainland Group divestment, and the business has shifted into the Foodservice channel
- Foodservice operating profit has been adversely impacted $47m and $30m in 2024 and 2025, respectively from the inclusion of the Consumer business

1. Greater China performance is prepared on a continuing operations basis and includes sales to other segments
2. Percentages as shown in table may not align to the calculation of percentages based on numbers in the table due to rounding of figures
3. Consists of other operating income, net foreign exchange gains/(losses) and share of profit or loss of equity accounted investees
4. Includes corporate costs for Total, Ingredients and Foodservice of $226m, $127m and $99m ($121m, $78m and $43m for the comparative period), respectively

FY24 & FY25 historical pro forma Fonterra and Mainland financials



Explanation of historical pro forma financials

This section shows historical pro forma financial information for Fonterra and Mainland Group, as if the transaction had already happened. The purpose is to help understand the estimated financial impact of the transaction on Fonterra's past financial performance and position, as if the transaction had already happened. It is not intended to represent the actual or future financial performance or position of either Fonterra or Mainland Group.

The Fonterra reported historical financial information has been extracted from Fonterra Group's audited financial statements for the years ended 31 July 2025 and 31 July 2024.

Key assumptions supporting pro forma adjustments

1. Proceeds from the transaction
    - The proceeds from the transaction are not included in the historical pro forma financial information, and as a result not included in the pro forma historical financial ratios presented. A supplementary table has been provided to illustrate the likely impact of the proceeds from the transaction on the historical pro forma ratios as at 31 July 2025.
2. Raw Milk Supply Agreement, Global Supply Agreement and Distribution Agreement (See next slide, Agreements, for further detail)
    - Pro forma adjustments reflect the estimated impact of these agreements. Pro forma adjustments do not include changes to trading terms. Actual results may differ from these estimates
3. Transitional Services Agreement
    - A Transitional Services Agreement has been signed for a defined period. The costs of delivering these services have been included in Discontinued operations in Fonterra's financial statements
4. Standalone Corporate Costs
    - Standalone corporate cost pro forma adjustments have not been made in the Mainland Group's historical pro forma Statement of Profit or Loss, as Lactalis will set up its own corporate structure and cost base
5. Divestment costs
    - A normalisation adjustment of $106 million of divestment transaction costs has been made to the 31 July 2025 Fonterra reported results and the Mainland Group historical pro forma results
6. Intercompany Borrowings
    - Intercompany borrowings between Fonterra and Mainland Group are fully eliminated in Fonterra's consolidated financial statements. As a result, repayment or restructuring is not reflected in the historical pro forma financial information. The transaction is assumed to settle on a debt-free basis
7. Dividend Policy
    - The transaction is not expected to change Fonterra's current dividend policy of distributing 60–80% of reported net profit after tax (excluding abnormal gains)

Agreements

Raw Milk Supply Agreement

Governs raw milk supply from Fonterra to Mainland Group in New Zealand and Fonterra's right to purchase any excess cream and raw milk back from the Mainland Group.

- The initial term is ten years. It automatically renews until it is terminated. Either party can terminate on 36 months' written notice after the first seven years of the term.
- Agreement is non-exclusive. Fonterra may supply raw milk to other parties, and Mainland Group may source raw milk from other providers.
- Contains an agreed pricing framework that applies for the life of the contract, unless renegotiated. The base price payable the Farmgate Milk Price, plus a premium. A collection and delivery charge is also payable. A further premium is payable for winter milk.
- Mainland Group will likely purchase a similar volume of raw milk as is currently supplied or made available to the Mainland business. However, the Mainland Group can only purchase up to 350 million litres of raw milk per 12-month season (plus an additional 200 million litres per 12-month season, at a higher premium).

Global Supply Agreement

Governs the manufacturing and supply of both ingredients and finished products by Fonterra for Mainland Group (and vice versa).

- The initial term is three years, after which the Agreement automatically renews until it is terminated. Either party can terminate on 36 months' written notice after the first three years of the term, unless otherwise specified on a product-by-product basis.
- Agreement is non-exclusive, and either party may source ingredients or finished products from other providers.
- It is expected that Mainland Group will likely purchase a similar volume of ingredients or finished products as is currently supplied or made available to the Mainland business by Fonterra.
- The Agreement contains an agreed pricing methodology for each product type, which will remain fixed for the first three years of the term. Thereafter, the pricing methodology may be reviewed and reset every three years.

Distribution Agreement

The Distribution Agreement provides for Mainland Group and Fonterra to have continued access to the territories in which it currently sells its products, but where it does not otherwise have its own sales function or distribution network.

- The initial term is three years, after which the Agreement automatically renews unless it is terminated by either party on 36 months' written notice after the first three years of the term. The Agreement will automatically terminate if the Global Supply Agreement is terminated.
- The Agreement is non-exclusive, except as otherwise agreed in any particular territory on a case-by-case basis.
- The products to be distributed under the Distribution Agreement in a particular territory, are to be purchased and supplied under the terms of the Global Supply Agreement.

Other Agreements

Fonterra and Lactalis have agreed to finalise some of the details in the following agreements prior to completion of the sale:

- A Separation Agreement, which governs the practical steps to achieve overall separation of the Mainland Group from the Fonterra Group.
- A Transitional Services Agreement, which sets out the terms on which certain IT and "back-office" services are provided by the Fonterra Group to Mainland Group (and vice versa) for a defined period following Completion
- Intellectual Property licenses to provide for each party to transition away from the use of the other party's brands and trademarks within 36 months after completion, for the licence of certain other technical and brand related intellectual property, and for the co-existence of the use of the "Anchor" and "Anchor Food Professionals" brands going forward.

Total Group historical pro forma Statement of P&L

Compiled by combining the extracted results of:

- continuing operations from Fonterra Group's Statement of Profit or Loss and Other Comprehensive Income (Continuing operations); and
- discontinued operations from note 2(b) of the Fonterra Group financial statements (Discontinued operations).

For the year ended 31 July 2024, the Fonterra reported historical financial information excludes a $40 million post-tax loss on sale (equivalent to a $33 million pre-tax operating loss) relating to DPA Brazil. As a result, these amounts will not reconcile directly to discontinued operations

	For year ended 31 July 2024				For year ended 31 July 2025			
NZD million	**Fonterra reported**	Fonterra historical Pro Forma	Pro Forma Group Eliminations	Mainland Group historical Pro Forma	**Fonterra reported**	Fonterra historical Pro Forma	Pro Forma Group Eliminations	Mainland Group historical Pro Forma
Revenue from sale of goods	22,822	20,154	(2,394)	5,062	26,450	23,758	(2,909)	5,601
Cost of goods sold (excluding depreciation and amortisation)	(18,560)	(16,854)	2,394	(4,100)	(21,818)	(20,203)	2,909	(4,524)
Gross profit	**4,262**	**3,300**	**-**	**962**	**4,632**	**3,555**	**-**	**1,077**
Operating expenses (excluding depreciation and amortisation)	(2,182)	(1,585)	-	(597)	(2,392)	(1,656)	-	(736)
Other	107	93	-	14	127	113	-	14
EBITDA	**2,187**	**1,808**	**-**	**379**	**2,367**	**2,012**	**-**	**355**
Depreciation and amortisation[1]	(627)	(521)	-	(106)	(635)	(532)	-	(103)
Operating profit (EBIT)	**1,560**	**1,287**	**-**	**273**	**1,732**	**1,480**	**-**	**252**
Net finance costs	(157)	(156)	-	(1)	(186)	(184)	-	(2)
Profit before tax	**1,403**	**1,131**	**-**	**272**	**1,546**	**1,296**	**-**	**250**
Tax expense[2]	(235)	(135)	-	(100)	(467)	(360)	-	(107)
Profit after tax	**1,168**	**996**	**-**	**172**	**1,079**	**936**	**-**	**143**
Normalisation adjustments[3]	-	-	-	-	106	-	-	106
Normalised operating profit (EBIT)	**1,560**	**1,287**	**-**	**273**	**1,838**	**1,480**	**-**	**358**
Normalised profit after tax	**1,168**	**996**	**-**	**172**	**1,185**	**936**	**-**	**249**

1. Depreciation and amortisation presented above have been extracted from Cost of goods sold and Operating expenses line items within Fonterra Reported Statement of Profit or Loss
2. Tax treatment change effective from FY25, Fonterra has exhausted its NZ tax losses and NZ tax expenses will generate imputation credits from FY25 onwards. As part of the change, dividends on supply backed shares are no longer treated as a business expense by Fonterra
3. The Mainland Group historical pro forma statement of profit or loss for the year ended 31 July 2025 includes $106 million of Mainland Group divestment related costs

Continuing operations historical pro forma Statement of P&L

Compiled by extracting the results of Continuing operations. Pro forma adjustments have been made to:

- remove the effects of Fonterra’s existing transfer pricing arrangements related to Mainland Group that will cease post divestment;
- recognise the impact of the Raw Milk Supply, Global Supply, and Distribution Agreements; and
- reflect changes to the transaction perimeter not presented in Discontinued operations.

	For year ended 31 July 2024			For year ended 31 July 2025		
NZD million	**Fonterra reported continuing operations**	Pro Forma Adjustments	Fonterra historical Pro Forma	**Fonterra reported continuing operations**	Pro Forma Adjustments	Fonterra historical Pro Forma
Revenue from sale of goods	20,423	(269)	20,154	24,111	(353)	23,758
Cost of goods sold (excluding depreciation and amortisation)	(17,062)	208	(16,854	(20,460)	257	(20,203)
Gross profit	**3,361**	**(61)**	**3,300**	**3,651**	**(96)**	**3,555**
Operating expenses (excluding depreciation and amortisation)	(1,591)	6	(1,585)	(1,672)	16	(1,656)
Other	93	-	93	113	-	113
EBITDA	**1,863**	**(55)**	**1,808**	**2,092**	**(80)**	**2,012**
Depreciation and amortisation[1]	(521)	-	(521)	532	-	(532)
Operating profit (EBIT)	**1,342**	**(55)**	**1,287**	**1,560**	**(80)**	**1,480**
Net finance costs	(156)	-	(156)	(184)	-	(184)
Profit before tax	**1,186**	**(55)**	**1,131**	**1,376**	**(80)**	**1,296**
Tax expense[2]	(139)	4	(135)	(372)	12	(360)
Profit after tax	**1,047**	**(51)**	**996**	**1,004**	**(68)**	**936**

1. Depreciation and amortisation presented above have been extracted from Cost of goods sold and Operating expenses line items within Fonterra Reported Statement of Profit or Loss
2. Tax treatment change effective from FY25, Fonterra has exhausted its NZ tax losses and NZ tax expenses will generate imputation credits from FY25 onwards. As part of the change, dividends on supply backed shares are no longer treated as a business expense by Fonterra

Mainland Group historical pro forma Statement of P&L

Compiled by extracting the results of Discontinued operations. Pro forma adjustments and pro forma eliminations were made to:

- remove $8m post-tax profit in relation to Soprole (FY24: $40m post-tax loss in relation to DPA Brazil (equivalent to a $33m pre-tax operating loss));
- reverse historical intercompany eliminations;
- remove the effects of Fonterra's existing transfer pricing arrangements related to Mainland Group which will cease post divestment;
- recognise the impact of the supply agreements between Fonterra and Mainland Group; and
- reflect changes to the Transaction perimeter not presented in Discontinued operations.

Following these pro forma adjustments, the Mainland Group historical pro forma (pre eliminations) Statements of Profit or Loss were derived.

Discontinued operations results include $106 million of divestment transaction costs that have not been normalised in the Mainland Group historical pro forma Statements of Profit or Loss. Normalising these costs would increase Mainland Group's operating profit (EBIT) for the year ended 31 July 2025 by $106 million.

	For year ended 31 July 2024			For year ended 31 July 2025		
NZD million	**Fonterra reported discontinued operations**	Pro Forma Adjustments	Mainland Group historical Pro Forma (Pre-eliminations)	**Fonterra reported discontinued operations**	Pro Forma Adjustments	Mainland Group historical Pro Forma (Pre-eliminations)
Revenue from sale of goods	2,399	2,663	5,062	2,339	3,262	5,601
Cost of goods sold (excluding depreciation and amortisation)	(1,498)	(2,602)	(4,100)	(1,358)	(3,166)	(4,524)
Gross profit	**901**	**61**	**962**	**981**	**96**	**1,077**
Operating expenses (excluding depreciation and amortisation)	(591)	(6)	(597)	(720)	(16)	(736)
Other	14	-	14	14	-	14
EBITDA	**324**	**55**	**379**	**275**	**80**	**355**
Depreciation and amortisation[1]	(106)	-	(106)	(103)	-	(103)
Operating profit (EBIT)	**218**	**55**	**273**	**172**	**80**	**252**
Net finance costs	(1)	-	(1)	(2)	-	(2)
Profit before tax	**217**	**55**	**272**	**170**	**80**	**250**
Tax expense	(96)	(4)	(100)	(95)	(12)	(107)
Profit after tax	**121**	**51**	**172**	**75**	**68**	**143**

1. Depreciation and amortisation presented above have been extracted from Cost of goods sold and Operating expenses line items within Fonterra Reported Statement of Profit or Loss

Historical pro forma Statement of Financial Position

NZD million	Fonterra reported	Fonterra historical Pro Forma	Pro Forma adjustments	Mainland Group historical Pro Forma
As at 31 July 2025				
Total assets	17,527	13,710	(197)	4,014
Total liabilities	(9,189)	(8,145)	197	(1,241)
Net assets	**8,338**	**5,565**	**-**	**2,773**

The Fonterra reported historical Statement of Financial Position has been compiled by extracting total assets and liabilities from the Fonterra Group consolidated financial statements as at 31 July 2025.

Fonterra	As at 31 July 2025		
NZD million	Fonterra Reported Total Group less Held for Sale	Pro Forma adjustments	Fonterra historical Pro Forma
Total assets	13,712	(2)	13,710
Total liabilities	(8,220)	75	(8,145)
Net assets	**5,492**	**73**	**5,565**

The Fonterra historical pro forma Statement of Financial Position has been compiled by extracting total assets and liabilities from the Fonterra Group consolidated financial statements as at 31 July 2025 and deducting assets and liabilities classified as held for sale (excluding $27 million and $5 million of unrelated assets and liabilities).

Pro forma adjustments were made to:

- add back Mainland Group’s trade balances with Fonterra at 31 July 2025 (extracted from Fonterra’s accounting records), which following the transaction will become external trade balances; and
- reflect changes to the transaction perimeter not classified as Held for Sale in Fonterra Group’s Statement of Financial Position.

Mainland Group	As at 31 July 2025		
NZD million	Fonterra Reported Total Held for Sale	Pro Forma adjustments	Mainland Group historical Pro Forma
Total assets	3,815	199	4,014
Total liabilities	(969)	(272)	(1,241)
Net assets	**2,846**	**(73)**	**2,773**

Compiled by extracting assets and liabilities classified as held for sale in the Fonterra Group historical financial statements as at 31 July 2025 (Held for Sale).

Pro forma adjustments were made to:

- exclude $27m and $5m of unrelated assets and liabilities;
- add back Mainland Group’s trade balances with Fonterra at 31 July 2025 (extracted from Fonterra’s accounting records), which following the transaction will become external trade balances; and
- reflect changes to the transaction perimeter not classified as Held for Sale.

Summary of historical pro forma financial ratios

The proceeds from the transaction are not included in the historical pro forma financial information and ratios presented in the Summary of pro forma financial ratios below.

Summary historical pro forma financial ratios	For year ended 31 July 2025		
	Fonterra reported	Fonterra historical Pro Forma	Mainland Group historical Pro Forma
Adjusted net debt (NZD $m)	2,620	2,614	6
Gearing ratio	23.9%	32.0%	
Debt to EBITDA ratio	1.1x	1.3x	
Average capital employed (NZD $m, 13 month rolling average)	12,348	9,347	3,001
Return on capital	10.9%	11.6%	8.8%

Supplementary adjusted historical pro forma financial ratios have been presented below to illustrate the likely impact of the proceeds from the transaction on these ratios as at 31 July 2025.

Supplementary adjusted financial ratios For year ended 31 July 2025	
	Fonterra adjusted historical pro forma
Adjusted net debt (NZD $m)	1,814
Gearing ratio	22.2%
Debt to EBITDA ratio	0.9x

The supplementary adjusted historical pro forma financial ratios have been prepared on the basis that the remaining proceeds from the transaction, amounting to approximately $800 million, are applied to debt repayment as at 31 July 2025. The remaining proceeds are calculated as total transaction proceeds of $4.22 billion, less a $3.2 billion distribution to Fonterra Shareholders and estimated transaction costs of $200 million yet to be incurred. Debt repayments are assumed to occur on 31 July 2025. Accordingly, the calculations do not reflect any potential impact on finance costs or the associated tax effects. In addition, the calculations do not incorporate any potential settlement adjustments (for example, in relation to working capital or net debt).

Adjusted Net Debt, Gearing and Debt to EBITDA ratios

(tables presented on slides 55 - 57)

The Fonterra reported adjusted net debt, gearing and Debt to EBITDA ratios have been extracted from the Fonterra Group financial statements as at 31 July 2025.
The Fonterra historical pro forma adjusted net debt and gearing ratios have been calculated by adjusting the reported ratios to reflect:

- the exclusion of Mainland Group assets and liabilities classified as Held For Sale; and
- changes to the transaction perimeter not presented in Discontinued operations.

The proceeds from the transaction are not included in the Historical Pro Forma Financial Information, and as a result not included in the pro forma historical financial ratios presented.
The Fonterra historical pro forma Debt to EBITDA ratio has been calculated using Continuing operations normalised EBITDA (which excludes Soprole profit after tax of $8 million) as at 31 July 2025, adjusted to:

- remove the effects of Fonterra’s existing transfer pricing arrangements related to Mainland Group which will cease following the divestment;
- recognise the impact of the supply agreements between Fonterra and Mainland Group; and
- reflect changes to the transaction perimeter not classified as Held for Sale

Fonterra historical pro forma adjusted net debt

	As at 31 July 2025		
NZD million	**Fonterra reported**	Pro Forma adjustments	Fonterra historical Pro Forma
Total borrowings (including lease liabilities)	3,138	(1)	3,137
Add: Bank overdraft	30	(2)	28
Less: Cash and cash equivalents	(309)	7	(302)
Add: Borrowings attributable to disposal groups held for sale	104	(104)	-
Less: Cash and cash equivalents attributable to disposal groups held for sale	(94)	94	-
Add: Cash adjustment of 25% for cash held by subsidiaries	49	-	49
Less: Derivatives used to manage changes in hedged risks on debt instruments	(298)	-	(298)
Adjusted Net Debt	**2,620**	**(6)**	**2,614**
Equity excluding hedge reserves	8,327	(2,773)	5,554
Total capital	**10,947**	**(2,779)**	**8,168**

Gearing ratio	**23.9%**		**32.0%**

Fonterra historical pro forma normalised EBITDA

	For year ended 31 July 2025		
NZD million	**Fonterra reported**	Pro Forma adjustments	Fonterra historical Pro Forma
Profit after tax	1,079	(151)	928
Add: Net finance costs from continuing operations	184	-	184
Add: Net finance costs from discontinued operations	2	(2)	-
Add: Tax expense from continuing operations	372	(12)	360
Add: Tax expense from discontinued operations	95	(95)	-
Total Group operating profit (EBIT)	**1,732**	**(260)**	**1,472**
Add: Depreciation and amortisation from continuing operations	532	-	532
Add: Depreciation and amortisation from discontinued operations	103	(103)	-
Less: EBITDA relating to divestments	-	-	-
Add: Normalisation adjustments	106	(106)	-
Less: Share of profit of equity accounted investees	(10)	-	(10)
Less: Net foreign exchange gains from continuing operations	(9)	-	(9)
Less: Net foreign exchange gains from discontinued operations	(7)	7	-
Total normalised EBITDA excluding divestments, share of profit of equity accounted investees and foreign exchange gains/losses	**2,447**		**1,985**

Mainland Group historical pro forma adjusted net debt

The Mainland Group historical pro forma adjusted net debt has been calculated by;

- Extracting relevant assets and liabilities held for sale in Fonterra Group consolidated financial statements as at 31 July 2025 (excluding $27m and $5m of unrelated assets and liabilities); and
- Reflecting changes to the transaction perimeter not classified as Held for Sale.

	For year ended 31 July 2025		
NZD million	**Held for sale**	Pro Forma adjustments	Mainland Group historical Pro Forma
Total borrowings (including lease liabilities)	104	1	105
Add: Bank overdraft	-	2	2
Less: Cash and cash equivalents	(94)	(7)	(101)
Add: Borrowings attributable to disposal groups held for sale	-	-	-
Less: Cash and cash equivalents attributable to disposal groups held for sale	-	-	-
Add: Cash adjustment of 25% for cash held by subsidiaries	-	-	-
Less: Derivatives used to manage changes in hedged risks on debt instruments	-	-	-
Adjusted Net Debt	**10**	**(4)**	**6**
Equity excluding hedge reserves	2,846	(73)	2,773
Total capital	**2,856**	**(77)**	**2,779**

Fonterra historical pro forma average capital employed and return on capital

(table presented on subsequent slide)

The Fonterra reported average capital employed and return on capital has been extracted from the Fonterra Group financial statements as at 31 July 2025.

The Fonterra historical pro forma average capital employed calculation extracts Total Fonterra Group assets and liabilities from the Fonterra Group consolidated financial statements as at 31 July 2025 and deducts Held for Sale balances (excluding $27m and $5m of unrelated assets and liabilities). Pro forma adjustments were made to:

- Reclassify Mainland Group’s trade balances with Fonterra at 31 July 2025 (sourced from Fonterra’s accounting records), which will become external balances following the transaction; and
- Reflect changes to the transaction perimeter not classified as Held for Sale.

The Fonterra historical pro forma return on capital has been calculated using Total Fonterra Group operating profit (EBIT). Pro forma adjustments were made to:

- Exclude operating profit (EBIT) in relation to discontinued operations;
- Exclude transaction costs directly related to the transaction as at that date;
- Remove the effect of Fonterra’s existing transfer pricing arrangements related to Mainland Group that will cease post-divestment;
- Incorporate the impact of the supply agreements between Fonterra and Mainland Group; and
- Reflect changes to the transaction perimeter not presented in Discontinued operations nor as Held for Sale.

Fonterra historical pro forma average capital employed and return on capital

	For year ended 31 July 2024			For year ended 31 July 2025		
NZD million	**Fonterra reported**	Pro Forma adjustments	Fonterra historical Pro Forma	**Fonterra reported**	Pro Forma adjustments	Fonterra historical Pro Forma
Adjusted net debt	**2,605**	**(14)**	**2,591**	**2,620**	**(6)**	**2,614**
Less: Cash adjustment	(47)	-	(47)	(49)	-	(49)
Add: Cash and cash equivalents held by subsidiaries for operation purposes	180	(99)	81	161	(74)	87
Add: Equity excluding hedge reserves	8,247	(2,736)	5,511	8,327	(2,773)	5,554
Less Net deferred tax	(73)	(42)	(115)	(79)	(77)	(156)
Capital employed	**10,912**		**8,021**	**10,980**		**8,050**
Impact of seasonal variation in capital employed	992		979	1,368		1,297
Average capital employed (13 month rolling average)	**11,904**		**9,000**	**12,348**		**9,347**
Operating profit (EBIT)	**1,527**	**(182)**	**1,345**	**1,732**	**(260)**	**1,472**
Normalisation adjustments	66	(91)	(25)	106	(106)	-
Normalised operating profit (EBIT)	**1,593**	**(273)**	**1,320**	**1,838**	**(366)**	**1,472**
Add: Finance income on long-term advances	14	-	14	8	-	8
Less: Notional tax charge	(259)	-	(215)	(498)	98	(400)
Normalised operating profit (EBIT) including finance income on long-term advances less notional tax charge	**1,348**		**1,119**	**1,348**		**1,080**
Return on capital	**11.3%**		**12.4%**	**10.9%**		**11.6%**

Mainland Group historical pro forma capital employed and return on capital

(table presented on subsequent slide)

The Mainland Group historical pro forma average capital employed calculation extracts Held for Sale balances (excluding $27m and $5m of unrelated assets and liabilities). Pro forma adjustments were made to:

- Reclassify Mainland Group's trade balances with Fonterra at 31 July 2025 (sourced from Fonterra's accounting records), which will become external balances following the Transaction; and
- Reflect changes to the Transaction perimeter not presented in Discontinued operations nor as Held for Sale,

The Mainland Group historical pro forma return on capital has been calculated using operating profit (EBIT) for Discontinued operations, disclosed in Note 2(b) to the Fonterra Group financial statements for the year ended 31 July 2025. Pro forma adjustments were made to:

- Exclude the Soprole profit after tax of $8 million;
- Exclude transaction costs directly related to the transaction;
- Remove the effect of Fonterra's existing transfer pricing arrangements related to Mainland Group that will cease post-divestment;
- Incorporate the impact of the supply agreements between Fonterra and Mainland Group; and
- Reflect changes to the Transaction perimeter not presented in Discontinued operations nor as Held for Sale.

Mainland Group historical pro forma capital employed and return on capital

	For year ended 31 July 2024			For year ended 31 July 2025		
NZD million	**Held for sale**	Pro Forma adjustments	Mainland Group historical Pro Forma	**Held for sale**	Pro Forma adjustments	Mainland Group historical Pro Forma
Adjusted net debt	**16**	**(2)**	**14**	**10**	**(4)**	**6**
Less: Cash adjustment	-	-	-	-	-	-
Add: Cash and cash equivalents held by subsidiaries for operation purposes	95	4	99	67	7	74
Add: Equity excluding hedge reserves	2,842	(107)	2,736	2,846	(73)	2,773
Less Net deferred tax	42	-	42	77	-	77
Capital employed	**2,996**	**(105)**	**2,891**	**3,000**	**(70)**	**2,930**
Impact of seasonal variation in capital employed	13	-	13	71	-	71
Average capital employed (13 month rolling average)	**3,009**	**(105)**	**2,904**	**3,071**	**(70)**	**3,001**
Operating profit (EBIT)	**218**	**(36)**	**182**	**172**	**80**	**252**
Normalisation adjustments	-	91	91		106	106
Normalised operating profit (EBIT)	**218**	**55**	**273**	**172**	**186**	**358**
Add: Finance income on long-term advances	-	-	-	-	-	-
Less: Notional tax charge	(57)		(71)	(45)		(93)
Normalised operating profit (EBIT) including finance income on long-term advances less notional tax charge			**202**			**265**
Return on capital			**7.0%**			**8.8%**

Scorecard and Glossary

FY25 Integrated Scorecard

	Key Metrics	FY23 Actual	FY24 Actual	FY25 Scorecard	FY25 Actual
People	Serious harm[1]	18	16	12	6
	Percentage of Health, Safety and Wellbeing priority actions fully completed by due date	76%	77%	95%	96%
	Culture Measure	79	79	81	81
Nature	GHG emissions (Scope 1,2)[2]	(14.1)%	(18.5)%	(21.1)%	(20.7)%
	Absolute water reduction across manufacturing sites (15% by FY30)[2]	(6.7)%	(12.4)%	(13.1)%	(14.7)%
Relationships	Share of New Zealand milk collected for the season to 31 May	79.0%	78.1%	78%	77.8%
	Delivered in full, on time (DIFOT, ex-New Zealand)	53.2%	70.8%	80%	81.5%
Financial / Assets & Infrastructure	Cash operating expenses per kgMS (real)[3]	1.38	1.39	1.46	1.40
	Core Operations manufacturing cash costs per kgMS (real)[4]	2.79	2.65	2.65	2.67
	Return on capital (FY)	12.4%	11.3%	8%-10%	10.9%
	Farmgate Milk Price ($)	$8.22	$7.83	$7.75-$9.25	$10.16
Alignment Rights	Total shareholder return (12-month Volume Weighted Average Price of FCG share plus dividend)[5]	$2.38 $1.00	$2.66 $0.55		$4.70 $0.57
	On-farm profitability ($ per hectare)[6]	$3,017	$2,845	Not Available	Not Available

1. A broader definition, which also includes Contractors, was been adopted for FY25 resulting in an increased number of injuries captured under the revised definition
2. Relative to FY18 Baseline. Scope 1&2 including energy and industrial emissions from farms under our operational control
3. Based on New Zealand and Australia milk solids. FY25 excludes divestment related costs. Restated using FY25 as the base year
4. Based on New Zealand milk solids collected. Excludes the cost of milk. Restated using FY25 as the base year
5. Value Weighted Average Price (VWAP) for the period 1 October to 30 September. FY25 Actual is 12-month VWAP to 16 September 2025
6. DairyNZ Economic Survey 2023-2024 (Owner-Operator)

FY26 Integrated Scorecard

	Key Metrics	FY24 Actual	FY25 Actual	FY26 Scorecard
People	Serious harm[1]	16	6	5
	Quality of post-Health, Safety and Wellbeing incident actions	0.41	0.4	0.6
	Culture Measure	79	81	80
Nature	GHG emissions reduction (Scope 1,2)[2]	(18.5)%	(20.7)%	(26.7)%
	Additional percentage of New Zealand supplying Farms achieving Emissions Excellence	–	(2.2)%	6%[3]
Relationships	Share of New Zealand milk collected for the season to 31 May	78.1%	77.8%	78%
	Delivered in full, on time (DIFOT, at time of arrival)	66.1%	73.7%	77%
Financial / Assets & Infrastructure	Cash operating expenses per kgMS (real)[4]	1.42	1.43	1.41
	Core Operations manufacturing cash costs per kgMS (real)[5]	2.71	2.72	2.72
	Return on capital (FY)	11.3%	10.9%	10%-12%
	Farmgate Milk Price ($)	$7.83	$10.16	$9.00-$11.00
Alignment Rights	Total shareholder return (Volume weighted average share price plus distributions (dividend, capital returns))[6]	$2.66 $0.55	$4.70 $0.57	Not Available
	On-farm profitability ($ per hectare)[7]	$2,845	Not Available	Not Available

1. Includes Contractors
2. Relative to FY18 Baseline. Scope 1&2 including farms under our operational control
3. Additional 490 farms with minimum of 270 reducing footprint
4. Based on New Zealand and Australia milk solids. FY25 includes IT and digital transformation costs. Targets are aligned to FY26 base year, comparisons aligned to a FY25 base year are FY24: $1.39, FY25: $1.40
5. Based on New Zealand milk solids collected. Excludes the cost of milk. Targets are aligned to FY26 base year; targets aligned to FY25 base year were FY24: $2.65, FY25: 2.66
6. For the period 1 October to 30 September. As an indication, FY25 is the 12-month VWAP to 16 September 2025.
7. DairyNZ Economic Survey 2023-2024 (Owner-Operator)

Data sources

Dairy Production and Imports

- **12-month production**
  - Australia, New Zealand, US (Jul 2024 to Jul 2025) Dairy Australia, DCANZ, USDA
  - EU (Jun 2024 to Jun 2025), Eurostat
- **3-month production**
  - Australia, New Zealand, US (May 2024 – Jul 2024 to May 2025 – Jul 2025) Dairy Australia, DCANZ, USDA
  - EU (Apr 2024 – Jun 2024 to Apr 2025 – Jun 2025) Eurostat
- **12-month imports**
  - China, LATAM, Asia (excl. China), Middle East & Africa (Jul 2024 – Jul 2025) S&P Global
- **3-month imports**
  - China, LATAM, Asia (excl. China), Middle East & Africa (May 2024 – Jul 2024 to May 2025 – Jul 2025) S&P Global

Non-GAAP Measures

Fonterra uses several non-GAAP measures when discussing financial performance. Non-GAAP measures are not defined or specified by NZ IFRS.

Management believes that these measures provide useful information as they provide valuable insight on the underlying performance of the business. They may be used internally to evaluate the underlying performance of business units and to analyse trends. These measures are not uniformly defined or utilised by all companies. Accordingly, these measures may not be comparable with similarly titled measures used by other companies. Non-GAAP financial measures should not be viewed in isolation nor considered as a substitute for measures reported in accordance with NZ IFRS. Non-GAAP measures are not subject to audit unless they are included in Fonterra's audited annual financial statements.

Please refer to the Glossary for definitions of non-GAAP measures referred to by Fonterra.

Glossary

Adjusted net debt
is calculated as total borrowings, plus bank overdraft, less cash and cash equivalents, plus a cash adjustment for 25% of cash and cash equivalents held by the Group's subsidiaries, adjusted for derivatives used to manage changes in hedged risks on debt instruments. Amounts relating to disposal groups held for sale are included in the calculation.

Attributable to equity holders of the Co-operative
is used to indicate that a measure or sub-total excludes amounts attributable to non-controlling interests

Average capital employed
is a 13-month rolling average of capital employed

Bulk liquids
means bulk raw milk that has not been processed and bulk separated cream

Capital employed
is adjusted net debt less the cash adjustment (used in calculating adjusted net debt), plus cash and cash equivalents held by subsidiaries for working capital purposes, plus equity excluding hedge reserves and net deferred tax assets

Capital invested
is capital expenditure plus right of use asset (e.g. leases) additions and business acquisitions, including equity contributions, long-term advances, and other investments

Cash operating expenses per kgMS
is continuing operations operating expenses, less non-cash costs (depreciation, amortisation and impairments. Shown by kilogram of New Zealand and Australia milk solids collected

Consumer
is the channel of branded consumer products, such as powders, yoghurts, milk, butter and cheese

Continuing operations
means operations of the Group that are not discontinued operations

Core Operations
represents core operating functions including New Zealand milk collection and processing operations and assets, supply chain, Fonterra Farm Source™ retail stores, and the physical and financial commodity portfolio management function

Core Operations manufacturing cash costs per kgMS
is the logistics costs, variable and fixed costs of the COO business unit less non-cash costs (depreciation, amortisation and impairment) shown by kilogram of New Zealand milk solids collected. Excludes milk, ocean freight and farm costs.

Debt to EBITDA
is adjusted net debt divided by Total Group normalised earnings before interest, tax, depreciation and amortisation (Total Group normalised EBITDA) excluding share of profit/loss of equity accounted investees, net foreign exchange gains/losses and any normalised EBITDA relating to entities divested during the year

Discontinued operations
means a component of the Group that is classified as held for sale (or has been sold) and represents, or is part of a single coordinated plan to dispose of, a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale

Eliminations
represents eliminations of inter-business unit sales

Glossary

Foodservice
represents the channel selling to businesses that cater for out-of-home consumption; restaurants, hotels, cafés, airports, catering companies etc. The focus is on customers such as; bakeries, cafés, Italian restaurants, and global quick-service restaurant chains. High performance dairy ingredients including whipping creams, mozzarella, cream cheese and butter sheets, are sold in alongside our business solutions under the Anchor Food Professionals™ brand

Gearing ratio (%)
is adjusted net debt divided by total capital. Total capital is equity excluding hedge reserves, plus adjusted net debt

Global Markets
represents the Ingredients, Foodservice and residual Consumer channels outside of Greater China.

Greater China
represents the Ingredients, Foodservice and Consumer channels in Greater China

Ingredients
represents the channel comprising bulk and specialty dairy products such as milk powders, dairy fats, cheese and proteins manufactured in New Zealand, Australia and Europe, or sourced through our global network, and sold to food producers and distributors

Mainland Group
Mainland Group Holdings Limited is the parent company of the Consumer and associated businesses at the divestment date

Net debt
means adjusted net debt

Non-Reference Products
means all NZ milk solids processed by Core Operations, except for Reference Commodity Products

Normalisation adjustments
means adjustments made for certain transactions that meet the requirements of the Group's Normalisation Policy. These transactions are typically unusual in size and nature. Normalisation adjustments are made to assist users in forming a view of the underlying performance of the business. Normalisation adjustments are set out in the Non-GAAP Measures section. Normalised is used to indicate that a measure or sub-total has been adjusted for the impacts of normalisation adjustments. E.g. 'Normalised operating profit'

Price relativities
refers to the difference in the weighted average price (in USD) between the Reference Product portfolio and Non-Reference Product portfolio. The difference between these two weighted average prices is a key driver of the Ingredients' gross margin

Product Channel
Fonterra has two product channels: Ingredients and Foodservice

Reference Products
are the five commodity groups used to calculate the Farmgate Milk Price, being Whole Milk Powder (WMP) and Skim Milk Powder (SMP), and their by-products Butter, Anhydrous Milk Fat (AMF) and Buttermilk Powder (BMP)

Total Group
is used to indicate that a measure or sub-total comprises continuing operations, discontinued operations and non controlling interests. E.g., 'Total Group operating profit'

Trade working capital
is total trade and associate receivables plus inventories, less trade and associate payables and accruals. It excludes amounts owing to suppliers and employee entitlements and includes trade working capital classified as held for sale

Working capital days
is calculated as 13-month rolling average working capital divided by revenue from the sale of goods (excluding impact of derivative financial instruments) multiplied by the number of days in the period. The working capital days calculation excludes other receivables, prepayments, other payables and includes working capital classified as held for sale

Dairy for life