FONTERRA ANNUAL MEETING
11 DECEMBER 2025
CHAIR'S ADDRESS

Shortly I will ask Miles to take us through a brief summary of our financial performance. Before we hear from Miles, let me start today by saying a sincere thank you to all of the farmers out there for your engagement and support over, not just this past year, but the past 3-5 years.

We know we've asked for a lot of your time as we've reviewed our capital structure and the divestment of some significant assets.

Thank you for taking the time to consider the economic rationale behind these divestment decisions we have made together, for attending meetings, and for putting forward your individual perspectives. Robust challenge and constructive feedback have always been part of what makes this Co-op special. We get better outcomes as a result.

Finally, thank you for trusting the judgment of the people on the stage beside me, who are entrusted to guide the Co-op's strategic direction on your behalf.

2025 was a milestone year for our Co-op.

The team was proud to put up another year of consistent strong financial performance, where we met our commitments to farmers and shareholders. Back-to-back years of a combined strong milk price and a respectable dividend is something that often eluded us in the past.

Our final Farmgate Milk Price of $10.16 per kgMS exceeded opening expectations and our topline earnings performance of 71 cents per share was near the top end of our guidance range.

The Co-op delivered a return on capital of 10.9%, also largely consistent with last year and in line with the target average range of 10-12%.

Overall, Fonterra delivered $16.2 billion in total cash returns to shareholders, up more than 30% on last year.

I want to extend my thanks to Miles, his leadership team and all staff globally for their performance over the past 12 months.

At the same time, Fonterra has made considerable progress on strategy, announcing significant investments in our Foodservice capacity, supply chain network, and new partnerships with two major customers that acknowledge farmers' efforts to reduce on-farm emissions through financial incentives.

I'd also like to acknowledge the efforts of our Farm Source team for winning and retaining milk supply in an incredibly competitive domestic market. Excluding land-use change, the Co-op experienced a small but symbolic net increase in our market share.

One of the clear strengths of our Co-operative is that as farmer owners we have a direct say in key decisions that impact the future of Fonterra. It was great to see just over 80% participation in the vote to divest the Co-op's global Consumer and associated businesses, Mainland Group, to Lactalis for $4.22 billion. Combined with the 88.47% of the total farmer votes cast in support of the recommendation, this represents a strong mandate from farmers.

We're continuing to work away in the background to secure the last regulatory approvals and to separate the Mainland Group business from Fonterra.

Some of the regulatory approvals required have been obtained, including approval from the Overseas Investment Office in New Zealand, which Lactalis confirmed they received last week. Other regulatory approvals are still pending.

Subject to these steps being achieved, we still expect the transaction to complete in the first half of the 2026 calendar year, and we are still targeting a tax-free capital return of $2 per share to shareholders and unit holders once the sale is complete.

The process for the capital return is complex, but similar to the way we handled the capital return following the divestment of Soprole in 2023. The process involves a share buyback, cancellation and subdivision by way of a Court-approved scheme of arrangement. It is designed to ensure that no shareholder's compliance with Fonterra's minimum shareholding requirements or their voting entitlement is affected by the capital return.

The capital return requires approval by at least 75% of the votes cast on the resolution at a Special Meeting, which we are planning for the 19th of February next year.

A record date for the capital return has not yet been set, but it will be close to the time payment is made. We will share the record date when it is confirmed.

The divestment of Mainland Group is our last significant asset sale and signals the end of our structural changes to focus and re-shape the Co-op toward our comparative advantages.

What this means is a more capital-efficient Co-op with the ability to invest further in up-stream value add opportunities in our speciality ingredients and foodservice businesses.

The foundational work is underway. You see that with the manufacturing and supply chain investments announced this year. They have us well positioned to service the demand that our sales teams are driving in-market.

What you can expect from us in 2026 and the years that follow can be boiled-down into two things:

1. A continued focus on getting the basics right. In particular we will be working hard on tighter cost management, reducing our cost of quality and improving our manufacturing efficiency.

2. And second, a renewed focus on sustainable growth and new opportunities in our ingredients and foodservice businesses. You will see the Co-op continuing to invest further up the value chain. Those investments will be within regional New Zealand, where our contribution to local communities will remain significant.

With the Co-op's foundations well set and our risk appetite better aligned to an intergenerational farming business, it's time to put more energy into going after these growth opportunities.

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