

FONTERRA SHAREHOLDERS' FUND 2025 ANNUAL MEETING
15 DECEMBER 2025
FSF CHAIR'S ADDRESS

It has been another great year for Fonterra, delivering a third consecutive year of strong profit.

Fonterra's normalised continuing operations' operating profit was \$1.4 billion, and normalised earnings per share came in at 71 cents per share.

Based on the strong result, Fonterra declared a total dividend of 57 cents per share which flows through to unit holders as a distribution of 57 cents per unit.

This was made up of an interim distribution of 22 cents per unit and a final distribution of 35 cents per unit.

In addition to the strong operating performance, the progress on the Consumer divestment has also positively impacted the Fund's performance.

In October, Fonterra shareholders voted in favour of the divestment of the Consumer business for \$4.22 billion to Lactalis

Fonterra is targeting a tax-free capital return of \$2 per share to shareholders and unit holders with a timeline of its distribution still to be confirmed.

Peter and Miles will speak further to Fonterra's operational performance and divestment in their presentations.

Before I move on to discuss the Fund's performance in more detail it is important to acknowledge the role of the Board of FSF Management Company.

The Board has statutory responsibilities for the activities of the Management Company and the Fund. These include monitoring compliance with regulatory requirements and ensuring that unit holders' interests are managed and protected in accordance with the constituent documents that relate to the Fund.

Directors of the Fund have no role in the governance or operation of Fonterra.

Although we have no decision-making role in these areas, we do consider it important to actively represent the interests and views of unit holders to Fonterra, and we do that.

The Board has discussed and engaged where appropriate with Fonterra management on the divestment of the Consumer business and its implications for the Fund and unit holders.

We have also continued to hold regular education sessions on areas of particular interest. This provides more transparency on activities within Fonterra and the markets in which Fonterra operates. Helping to further building our understanding of the key drivers that can impact the performance of the Fund.

As mentioned, Fonterra's strong performance, and progress on the divestment of its Consumer business is reflected in the total shareholder returns for the 12-months of 68%.

Contributing to the 68% is 300 cents in unit price appreciation and 57 cents in distributions.

Over the same period, FCG and the S&P NZX50 Index returned 50% and 5%, respectively.

It is pleasing to see the strength of cash distributions over the past couple of years, and based on the 2026 Quarter 1 results released a fortnight ago, Fonterra is well positioned for another solid performance.

Looking at the composition of the register, there continues to be a healthy shift from retail investors and supplying Fonterra farmers to private wealth and institutions.

The drop off in units held by supplying farmers is an ongoing trend reflecting Fonterra Co-operative shares can no longer flow through to the Fund under Fonterra's capital structure.

Of the 65% or 70 million units held by retail investors, just under 30 million are held by former supplying farmers. When combined with the nearly 7 million units held by supplying farmer shareholders, around 30% of the Fund is held by current or former supplying farmers. This is a material decrease on the prior year where roughly 40% of the Fund was held by this group and roughly half the year before.

The Fund Board are pleased to see this improving spread of ownership type, which supports liquidity through different investment horizons and trading behaviours.

Not unexpected is the slight reduction in units held geographically in Australia, a reflection of delisting FSF from the ASX at the start of the year.

Lastly from me, I will briefly touch on some of the key Fund statistics.

The cap on the Fund is a permanent feature of the capital structure and there has been no change in the 107 million units on issue.

Fonterra's market capitalisation is up \$2.6 billion to \$9.6 billion, and the Fund's market capitalisation is \$886 million, up \$322 million.

The Fund's increase in market capitalisation is due to an increase in the unit price, from \$5.25 this time last year to a closing unit price of \$8.25 last Friday.

The Fund size as a percentage of the total Fonterra shares remains unchanged year-on-year at 6.7% due to there being no buyback of Fonterra shares over the last year.